

Appendix A: Budget Calculation Instructions

Instructions for using the Oregon Department of Education’s excel file to calculate costs of the Breakfast in the Classroom (BIC) program.*

Before you start the worksheets, gather the following information:

1. Invoices of recently purchased foods to obtain food cost information
2. Number of free, reduced price and paid students in school
3. Current reimbursement rates for breakfast
4. School calendar
5. Breakfast labor hours and hourly rate of pay
6. Calculator

Complete worksheets 1 through 6 in order, as the process is sequential.

MEAL COSTING – Worksheet 1

Classroom breakfast meals must be simple, quick to prepare, serve and consume. Cost the typical *sample* meals below to determine the average per meal cost in your area. Start with the table on the left (note: these meals do not conform to any specific USDA menu planning option).

Day 1: Food Items	Cost per item
Muffin (2 oz., prewrapped)	
Juice (4 oz. 100%) or fruit (1/2 cup)	
Carton of milk	

Total Meal Cost _____

Day 2: Food Items	Cost per item
Cereal Bowl – Single serving	
Graham Cracker Packet (2 pieces)	
Juice (4 oz. 100%) or fruit (1/2 cup)	
Carton of milk	

Total Meal Cost _____

Day 3: Food Items	Cost per item
PBJ or Cheese Sandwich	
Juice (4 oz. 100%) or fruit (1/2 cup)	
Carton of milk	

Total Meal Cost _____

Day 4: Food Items	Cost per item
Breakfast bar	
Juice (4 oz. 100%) or fruit (1/2 cup)	
Carton of milk	

Total Meal Cost _____

Day 5: Food Items	Cost per item
Yogurt (4 oz)	
Soft Pretzel	
Juice (4 oz. 100%) or fruit (1/2 cup)	
Carton of milk	

Total Meal Cost _____

Day 6: Food Items	Cost per item
Breakfast burrito (packaged)	
Juice (4 oz. 100%) or fruit (1/2 cup)	
Carton of milk	

Total Meal Cost _____

Day 7: Food Items	Cost per item
Cereal Bar	
Juice (4 oz. 100%) or fruit (1/2 cup)	
Carton of milk	

Total Meal Cost _____

Determine the Average Food Cost per Breakfast:

1. Cost food items (left)
2. Add “Total Meal Cost” for each day:

Day 1: _____

Day 2: _____

Day 3: _____

Day 4: _____

Day 5: _____

Day 6: _____

Day 7: _____

Total: _____

3. Divide this total by seven (7) to obtain the average daily cost per breakfast:

$$\frac{\text{Total meal cost}}{7} =$$

\$ _____
Average cost of breakfast before supplies

4. Add \$0.02 to this meal cost (for paper supplies, trash bags, and other non food items):

$$\text{\$ } \frac{\text{Total meal cost}}{7} + \$0.02 =$$

\$ _____
Average cost of breakfast

DETERMINING ANNUAL REVENUE BEFORE EXPENSES – Worksheet 2

Directions:

Column 1: Insert number of free, reduced and paid students in your school for the most current month

Column 2: List the number of school days that breakfast is served in a single school year

Column 3: Multiply column 1 by column 2 to obtain the *maximum* number of breakfast meals by category

Column 4: The .80 represents an 80% participation factor (an estimate of the number of students who will participate daily in the classroom breakfast program). The 80% participation rate is a conservative figure for a complimentary breakfast program – in many schools the participation rate has exceeded 90%. For now, however, use this conservative number and adjust this percentage as needed for your program

Column 5: Multiply column 3 by column 4 to obtain the estimated annual number of breakfast meals by category

Add column A5+B5+C5 to obtain Total Annual Breakfast Meals (D5)

Column 6: Insert current breakfast reimbursement rates for the school by category

Column 7: Multiply column 5 by column 6

Add A7+B7+C7 (and D7, if applicable) to obtain Total Annual Revenue before Expenses (E7)

*****If your state offers additional funding for breakfast, add the annual amount in D7.**

		1	X	2	=	3	X	4	=	5	X	6	=	7
		Number of eligible students		Annual number of school days breakfast is served		Maximum annual number of breakfast meals by category		Participation factor		Estimated annual number of breakfast meals by category		Current reimbursement rates		Total annual breakfast revenue before expenses
A	Free		X		=		X	.80	=		X	\$	=	\$
B	Reduced		X		=		X	.80	=		X	\$	=	\$
C	Paid		X		=		X	.80	=		X	\$	=	\$
D											Total Bkfst: (Add 5A, 5B, 5C) ...		***Other Revenue ...	\$
E											Total Revenue: (Add 7A, 7B, 7C, 7D)	...	\$	

DETERMINING ANNUAL FOOD AND SUPPLY COSTS – Worksheet 3

Directions:

Multiply the number in column 8 by the number in column 9 to obtain the total in column 10.

8	X	9	=	10
Total breakfast meals (from D5 of worksheet 2)		Food/supply cost per breakfast (from Worksheet 1)		Total annual food/supply costs
	X	\$	=	\$

WHAT ABOUT LABOR?

Schools have had to increase labor little or none when implementing classroom breakfast, depending on the number of breakfast meals served prior to the classroom breakfast. Kitchen staff is usually already available for the traditional cafeteria breakfast program and shifting to a classroom breakfast program only meant a shift in production. In addition, morning cashiers were eliminated and that labor became available for the classroom breakfast labor pool. Once the program is up and running, you can expect one employee to produce 300 to 350 breakfast meals per hour.

DETERMINING ANNUAL LABOR COSTS– Worksheet 4

Directions:

Multiply the number in column 11 by the number in column 12 by the number in column 13 to obtain the number in column 14.

	11		12		13		14
	Total Daily Labor Hours	X	Hourly Rate + Payroll taxes	X	Operating Days for Breakfast	=	Total annual labor cost
Employee 1		X	\$			=	\$
Employee 2		X	\$			=	\$
Employee 3		X	\$			=	\$
Employee 4		X	\$			=	\$
Employee 5		X	\$			=	\$
TOTAL		X	\$			=	\$

DETERMINING ANNUAL REVENUE AFTER COSTS – Worksheet 5

Directions:

Subtract the numbers in columns 16, 17 and 18 from the number in column 15 to obtain the total in column 19. The total in column 19 shows the projected annual profit or loss for classroom breakfast. If this number is positive, then you should consider a non-pricing classroom breakfast program. However, if the total annual revenue is less than the total food/supply costs, then consider a pricing classroom breakfast. Please see worksheet below (we do not recommend charging the reduced price students).

DETERMINING COST FOR PRICING PROGRAM – Worksheet 6

Directions:

Divide the number in column 20 by the number in column 21 to obtain the total in column 22.

20		21		22
Total Breakfast loss from 19 above.	÷	Total paid breakfast meals (from C5 of worksheet 2)	=	Paid student charge necessary to break even
\$	÷	\$	=	\$

THE IMPORTANCE OF CONTROLLING FOOD COSTS

Worksheet 1 (Menu Costing) provided an average cost of breakfast. As you develop your school's classroom breakfast menu, use the menu costing worksheet as a template to determine your exact food costs. An average breakfast meal cost of \$0.70 to \$0.80 is a good target. Once you have set your breakfast food costs, it is VERY important to control them. Nothing will derail a program more quickly than out of control food costs.

Here are two important tasks to keep food costs in-line:

1. Correct portion sizes. Make sure that the correct portion sizes of items are listed, and followed, on the breakfast menu production record.
2. Ensure that all food not consumed in the classroom be returned to the cafeteria. It cannot be stressed enough that all food not consumed in the classroom must be returned to the cafeteria. Cafeteria staff must check the student roster against the amount of meals returned to the cafeteria to ensure that the amount of food served matches the roster and that any leftover food has been returned. If there is a discrepancy, the food service manager must determine the cause. This is important because teachers sometimes keep extra food (juice, muffins, cereal, etc.) in their classroom, or allow a student to have more than one serving of an item. If that happens then food costs escalate. Teacher training is very important in this regard, and is covered in an upcoming chapter.

Remember: Oversight of the financial aspects of classroom breakfast is important. Run different scenarios with the financial worksheets as your classroom breakfast unfolds to keep ahead of any financial surprises!

15		16		17		18		19
Total annual revenue (obtain from worksheet 2)	-	Total food and supply costs (obtain from worksheet 3)	-	Total annual labor costs (obtain from worksheet 4)	-	One time cost estimate for additional equipment (see end of chapter)	=	Total Breakfast Revenue/ Loss
\$	- minus	\$	- minus	\$	- minus	\$	=	\$

* Source: Oregon Department of Education Child Nutrition Programs. *Breakfast in the Classroom: A How-To Manual for Schools*. Sept. 2008.