

KPI

Mini-Series

for School Nutrition Programs

Cost Per Meal Equivalent (MEQ)

Objective: Calculate cost per meal equivalent to ensure the costs to produce a meal do not exceed the revenue per meal equivalent.

Preparation Checklist

Instructions: The following tasks are necessary for presenting the trainings. Keep track of the progress by checking off tasks as they are completed. (Items may vary according to needs of particular lessons.)

Task	Person Responsible	Completion Date	✓
<p>Reserve equipment and gather supplies as needed for use on the day of class (6 weeks prior).</p> <p>Roster of participants attending for instructor Participants' sign-in sheets</p> <p>Task to do before the training Print handouts and activities for each participant Print activity answer keys for each participant to pass out at the end of the lesson</p> <p>List of equipment and supplies needed Microphone (preferably wireless) Calculators Pens, pencils, note paper, self-adhesive notes, (each table) Chart paper and markers</p>	Instructor		

Objective: Calculate cost per meal equivalent to ensure the costs to produce a meal do not exceed the revenue per meal equivalent.

SAY: Hello, everyone. Welcome to the KPI lesson on cost per meal equivalent (MEQ). Today, we are going to look at the cost per meal equivalent (MEQ) and how to calculate it. Cost per meal equivalent is the dollar amount utilized by a school nutrition (SN) program to produce one MEQ. It is essential to calculate this key performance indicator (KPI) to measure the performance of the SN program. When the costs to produce a meal exceeds the revenue per meal equivalent, action must be taken.

ASK: How often should you calculate cost per meal equivalent?

DO: Allow time for participants to respond.

FEEDBACK: Cost per meal equivalent can be calculated weekly or monthly.

SAY: Let's look at the equation you should use to calculate the cost per meal equivalent, and then complete an activity.

$$\text{Expenditure} \div \text{Total Meal Equivalents (MEQs)} = \text{Cost Per Meal Equivalent}$$

DO: Distribute copies of worksheet **Calculating Cost Per Meal Equivalent**. Ask the participants to complete this worksheet.

SAY: Let's complete an activity to see what you have learned. Look at the **Calculating Cost Per Meal Equivalent** activity worksheet.

DO: Read the instructions. Give participants about five (5) minutes to complete the activity. Walk around to help anyone that may have questions or needs help. At the end of the five minutes, go over the answers. Explain how to calculate the answers if someone does not understand.

Calculating Cost Per Meal Equivalent

Instructions: Anywhere School District receives \$3.33 per MEQ. Using the information in the table, calculate the cost per MEQ to determine if the school district is making a profit, breaking even, or losing money and the amount. Carry the answers out four places behind the decimal. You will have about five minutes to complete the activity.

Expenditure (Cost) Source	Costs/ Expenditures	÷	Total MEQs	=	Cost Per Meal Equivalent
Salaries and Wages	\$40,000	÷	49,463	=	
Employee Benefits	\$15,000	÷	49,463	=	
Purchased Food	\$40,000	÷	49,463	=	
USDA Foods	\$12,000	÷	49,463	=	
Food Production/Cleaning Supplies	\$22,000	÷	49,463	=	
Total Expenditures		÷	49,463	=	

Calculating Cost Per Meal Equivalent Answer Key

Expenditure (Cost) Source	Costs/ Expenditures	÷	Total MEQs	=	Cost Per Meal Equivalent
Salaries and Wages	\$40,000	÷	49,463	=	0.8087
Employee Benefits	\$15,000	÷	49,463	=	0.3033
Purchased Food	\$40,000	÷	49,463	=	0.8087
USDA Foods	\$12,000	÷	49,463	=	0.2426
Food Production/Cleaning Supplies	\$22,000	÷	49,463	=	0.4448
Total Expenditures	\$129,000	÷	49,463	=	2.6081

ASK: Is Anywhere School District making a profit, breaking even, or losing money and by how much?

DO: Allow time for participants to respond.

FEEDBACK: The school district is making a profit — about \$0.7184 or \$0.72 per MEQ.

SAY: You will need to obtain expenditures by source and meal count data to calculate cost per meal equivalent. Meal count data is usually captured electronically or manually at the point-of-sale system utilized by SN programs.

The expenditure information can be found on the revenue and expenditure statement, or you can obtain the information from the business office. The revenue and expenditure statement is sometimes called an income statement or statement of activities. This report identifies revenues, expenditures, and fund balance for the current period, the previous period, and year-to-date. It is usually prepared at the end of the month by the SN office or the school business office.

When expenditures are categorized, each cost (e.g., food, labor, supplies, and other costs) can be calculated per MEQ. Cost per meal equivalent can be compared to budget projections, to the previous month's cost per meal equivalent, and the previous year's figures. Trends and directions for improvement can be identified so that better financial decisions are made. Cost per meal equivalent should be compared to revenue per meal equivalent to ensure costs are lower than revenues to ensure an SN program is self-supporting.

SAY: The following is a list of some factors that can influence cost per meal equivalent:

- Type of meal preparation system
- Availability of labor
- School “start-up” expenses
- Seasonal price changes (e.g., fresh fruit and other market driven items)
- One-time purchases (e.g., equipment)
- Unplanned expenses (e.g., repair bills, food loss due to power failure)

ASK: Do you have any questions about cost per meal equivalent and how to calculate it?

DO: Answer questions to the best of your ability. If there are questions you cannot answer, tell the participants you will find out the answer and get back with them.

SAY: Thank you for participating in today’s training. I hope you will take this information back to your school and begin to use it to determine cost per meal equivalent.

References

- Institute of Child Nutrition. (2018). *Essential KPIs for school nutrition success*. University, Mississippi: Author.
- U.S. Department of Agriculture. (2015). *Professional standards for school nutrition professionals*. <https://www.fns.usda.gov/school-meals-professional-standards>
- U.S. Department of Agriculture, Food and Nutrition Service. (2019). *Food distribution program: Value of donated foods* (July 1, 2019 - June 30, 2020). <https://www.fns.usda.gov/usda-fis/fr-081219>
- U.S. Department of Agriculture, Food and Nutrition Service. (2019). *National school lunch, special milk, and school breakfast programs, national average payments/maximum reimbursement rates*. <https://www.federalregister.gov/documents/2019/08/07/2019-16903/national-school-lunch-special-milk-and-school-breakfast-programs-national-average-paymentsmaximum#p-31>



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