

The School Lunch and Breakfast Cost Study II

Conducted by Abt Associates, Inc.
Cambridge, MA

Task Order No. AG-3198-D-05-0069

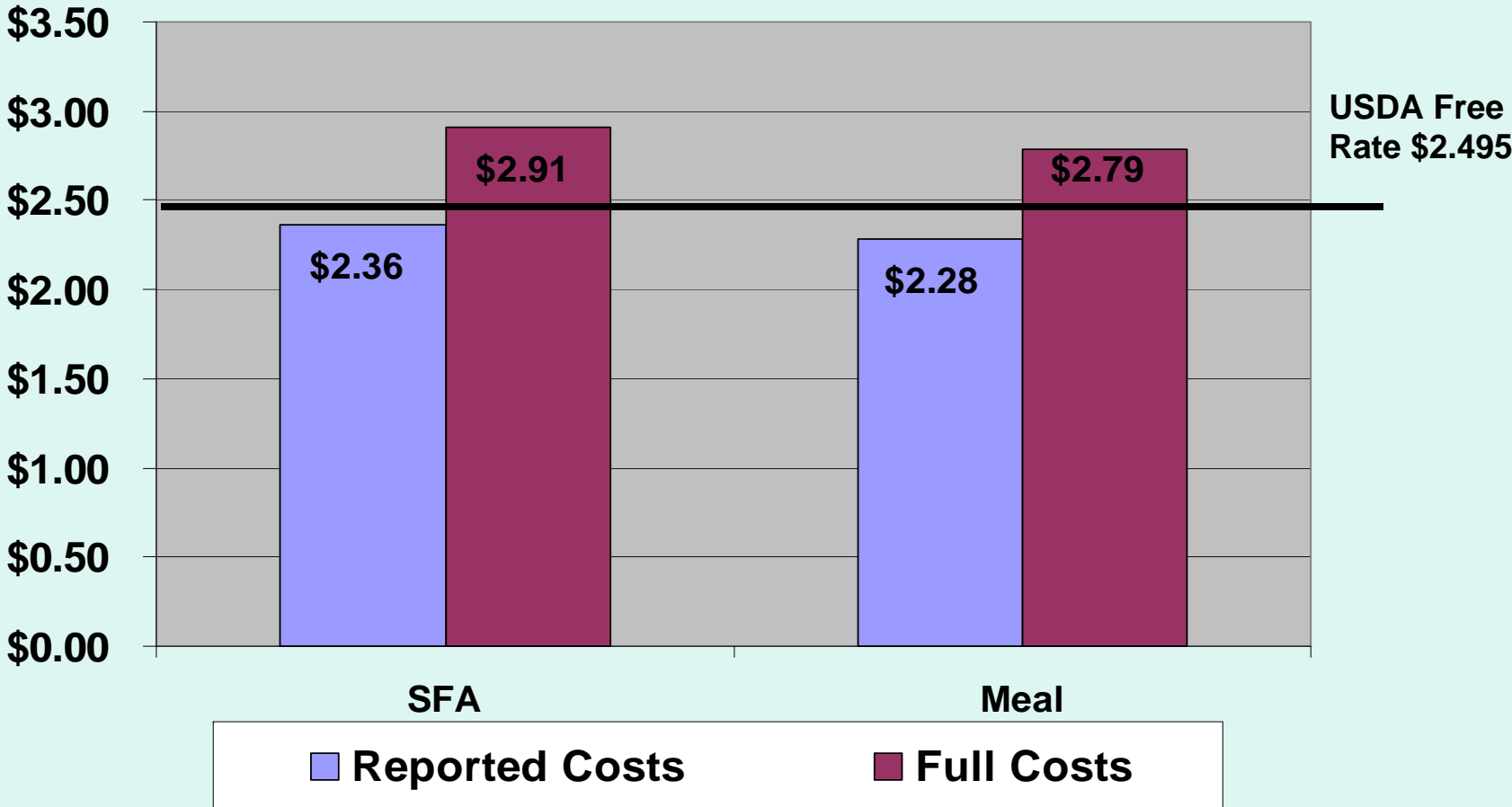
Research Questions

- What is the national mean reported cost and full cost to produce reimbursable meals in the NSLP and SBP? How do these compare with Federal free meal subsidies?
- What portion of reported costs and full costs for reimbursable meals is attributable to food costs? To labor costs? To other costs?
- What is the composition of SFA revenues?
- How do reported costs and full costs compare with the revenues derived from their sale?
- How has the cost of producing reimbursable meals changed over time?

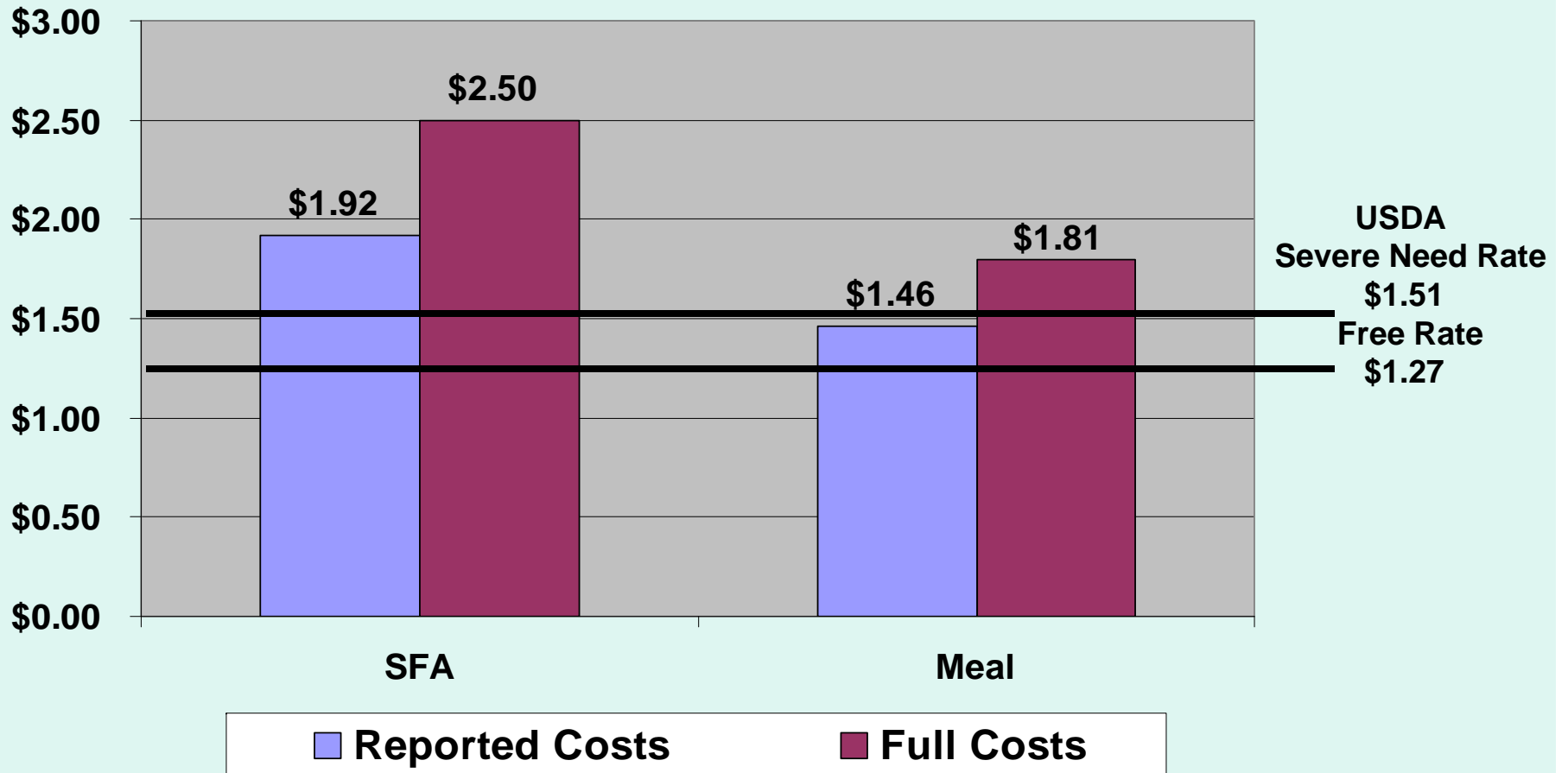
Study Design and Analysis

- Nationally representative sample of 120 SFAs and 353 schools (1-5 per SFA)
- Data collected for SY 2005-06 to estimate:
 - Reported Costs – costs charged to the school foodservice budget
 - Full Costs – reported costs plus unreported costs (costs incurred by the school district in support of SFA but not charged to the SFA)
- Costs of producing reimbursable meals examined from 2 perspectives:
 - SFA-level (cost of a “typical” SFA)
 - Meal-level (cost of an average meal)

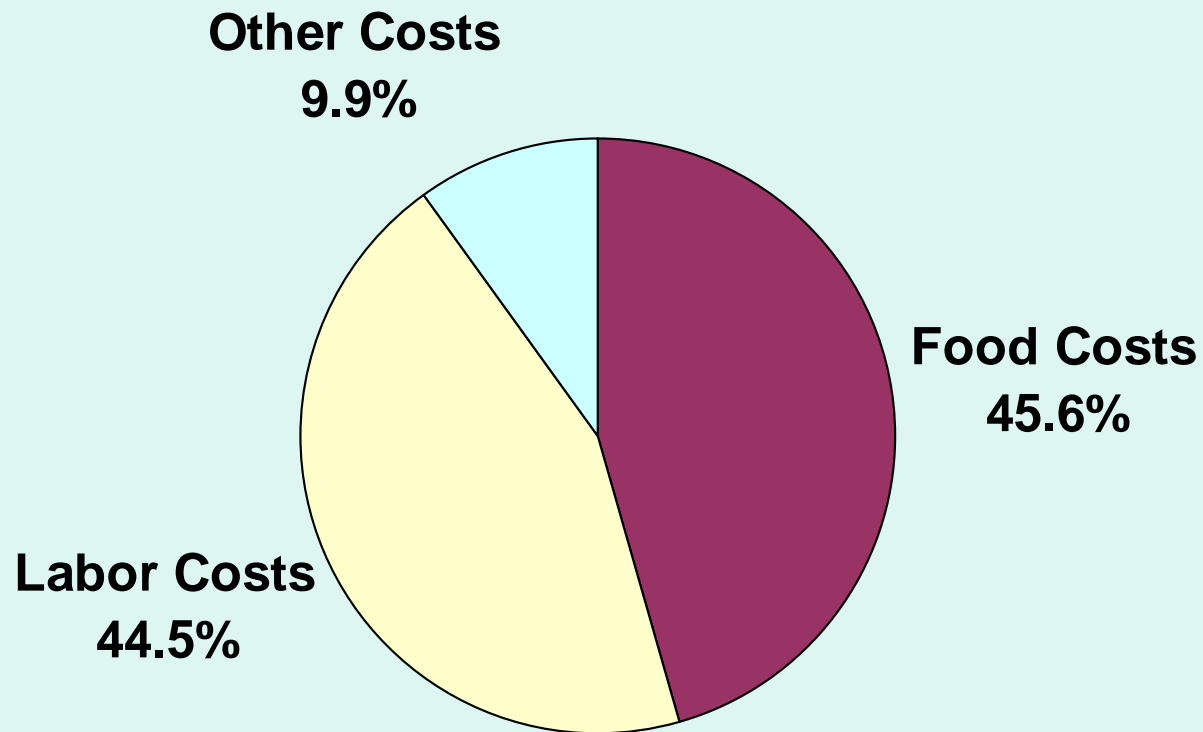
Mean Reported and Full Cost per Reimbursable Lunch



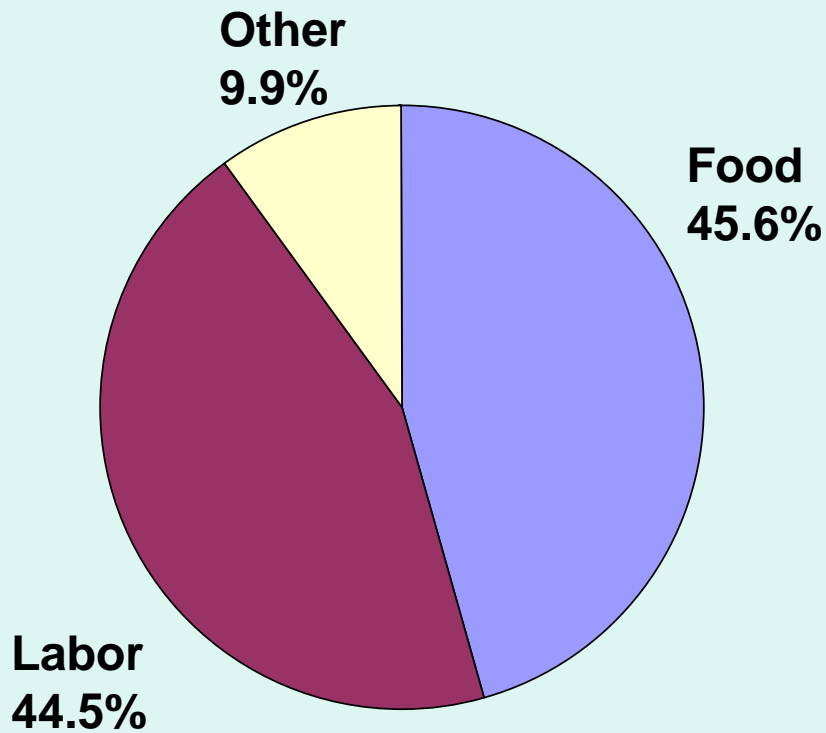
Mean Reported and Full Cost per Reimbursable Breakfast



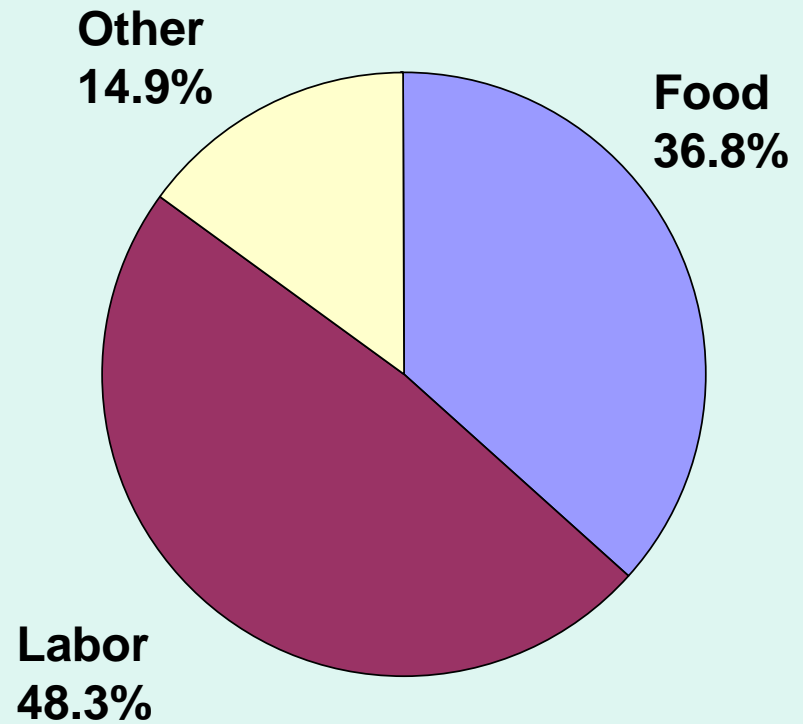
Composition of Reported Costs



Composition of Reported Costs and Full Costs

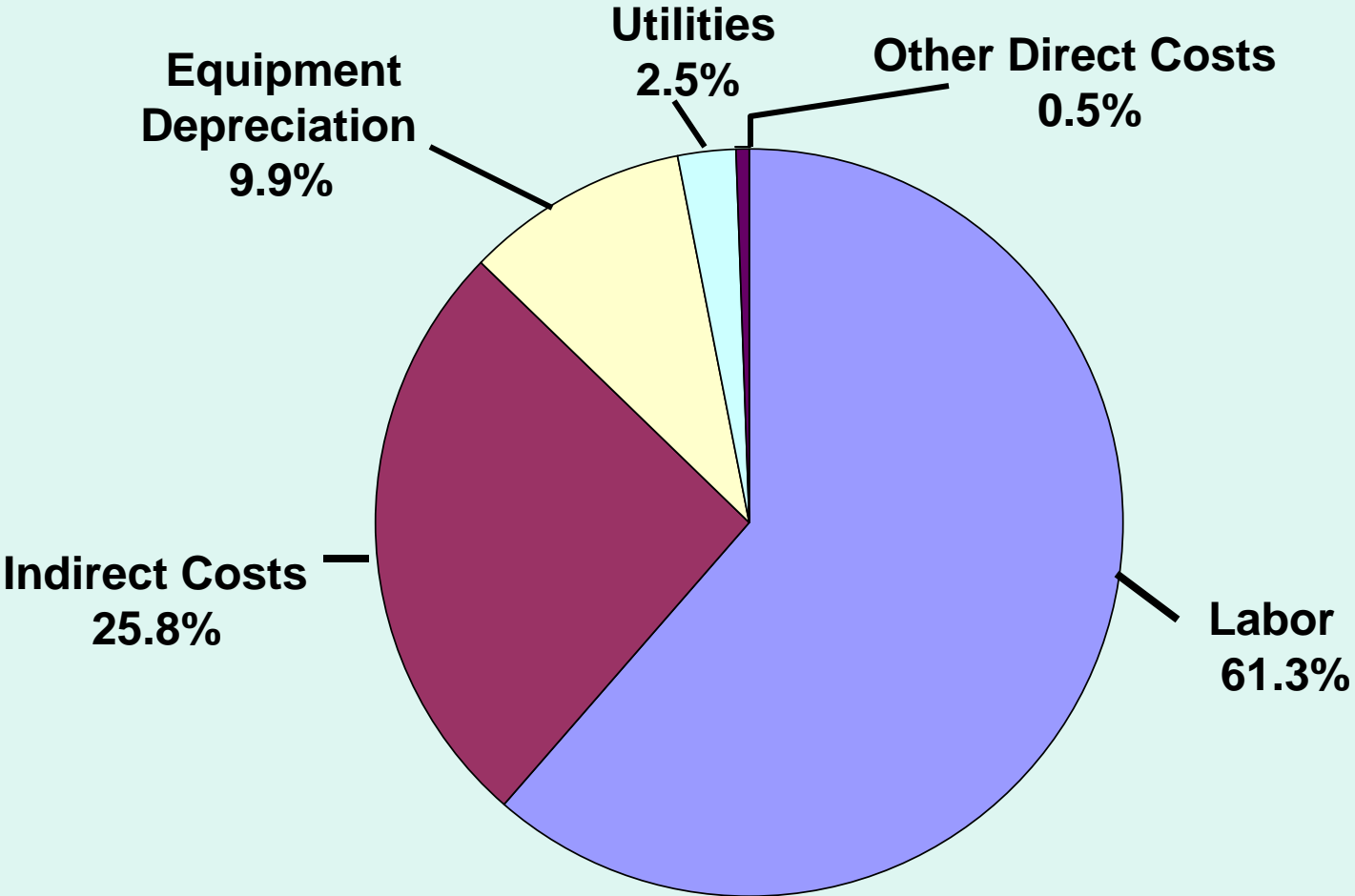


Reported Costs

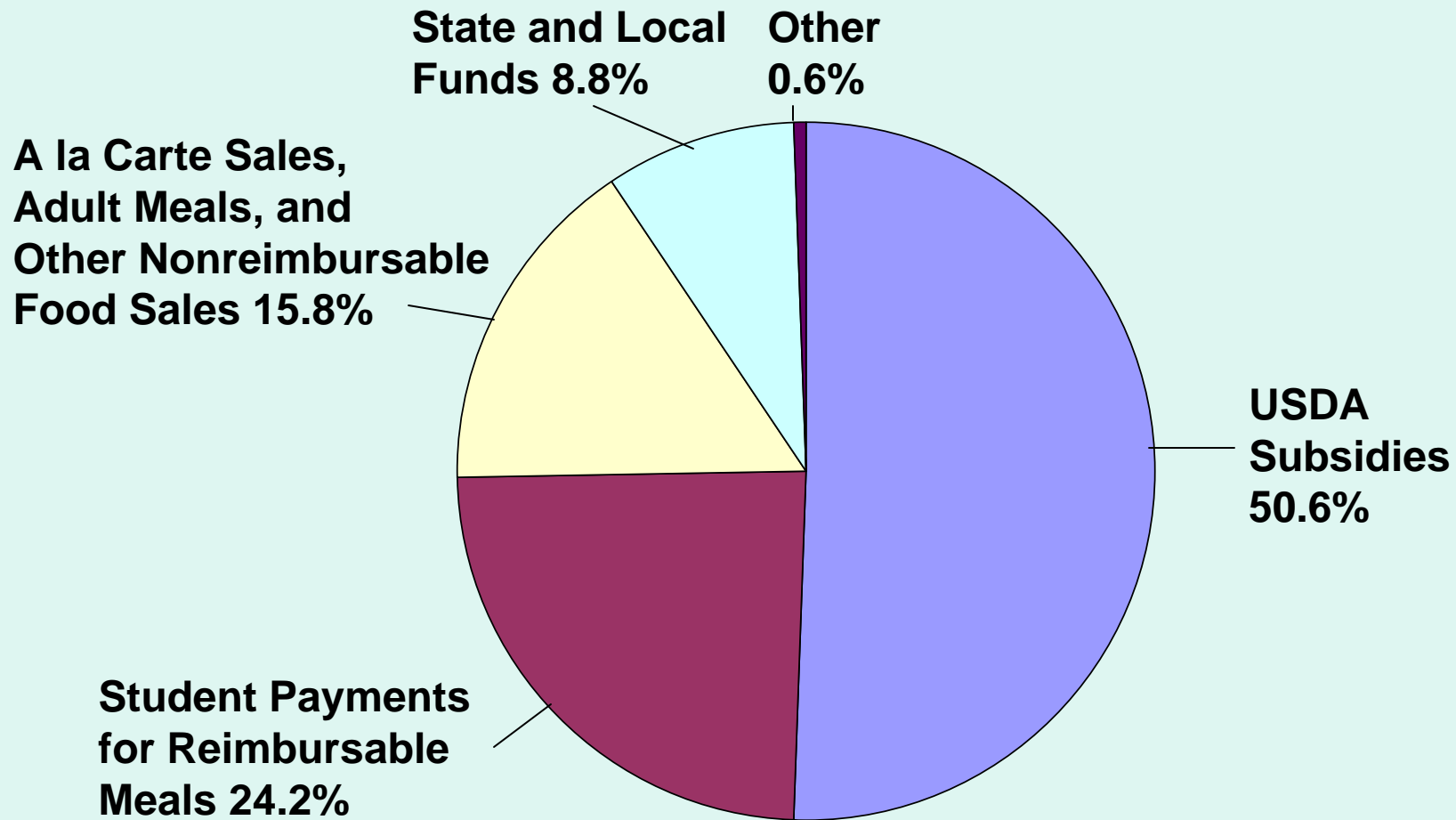


Full Costs

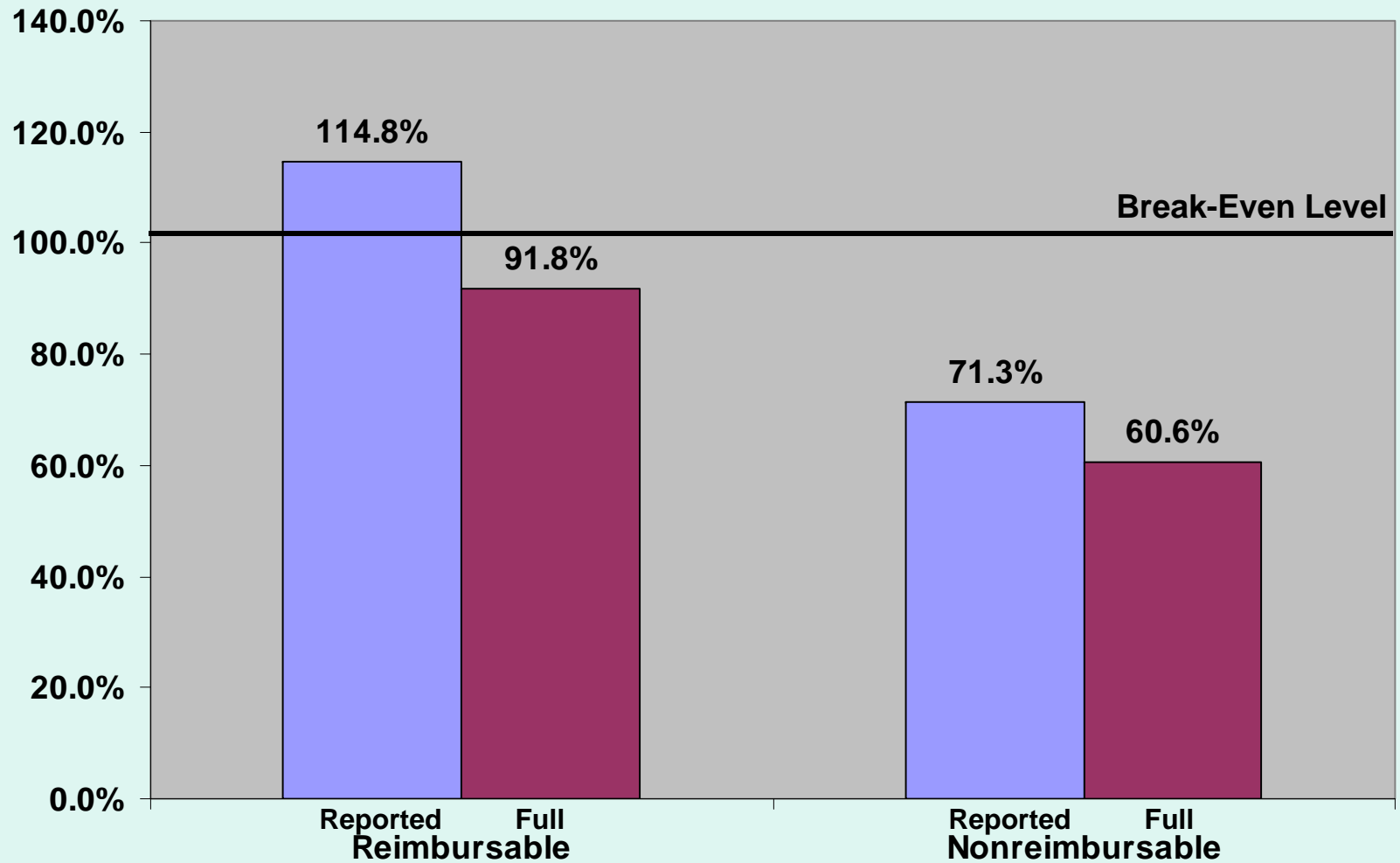
Composition of Unreported Costs



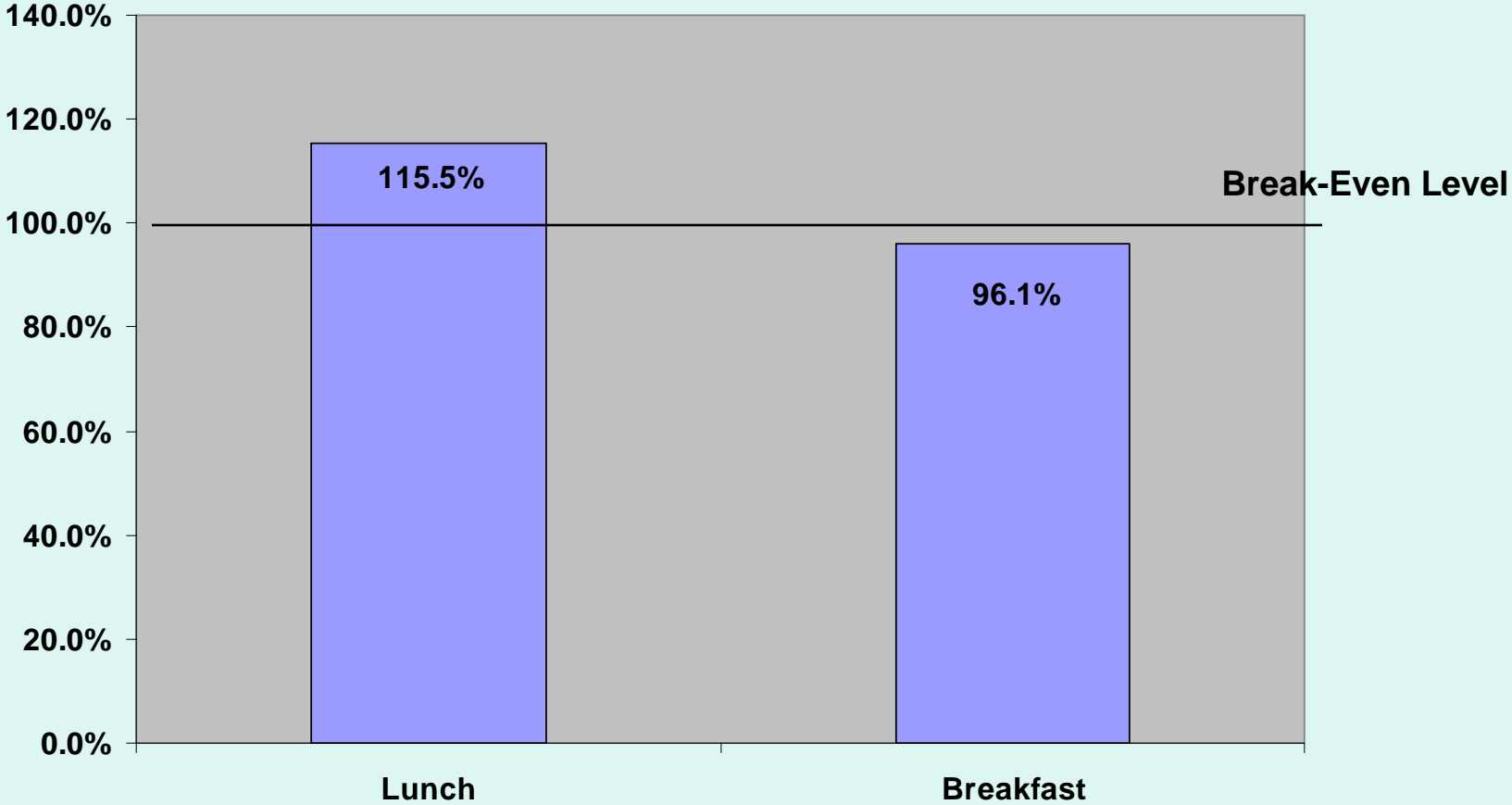
Composition of SFA Revenues



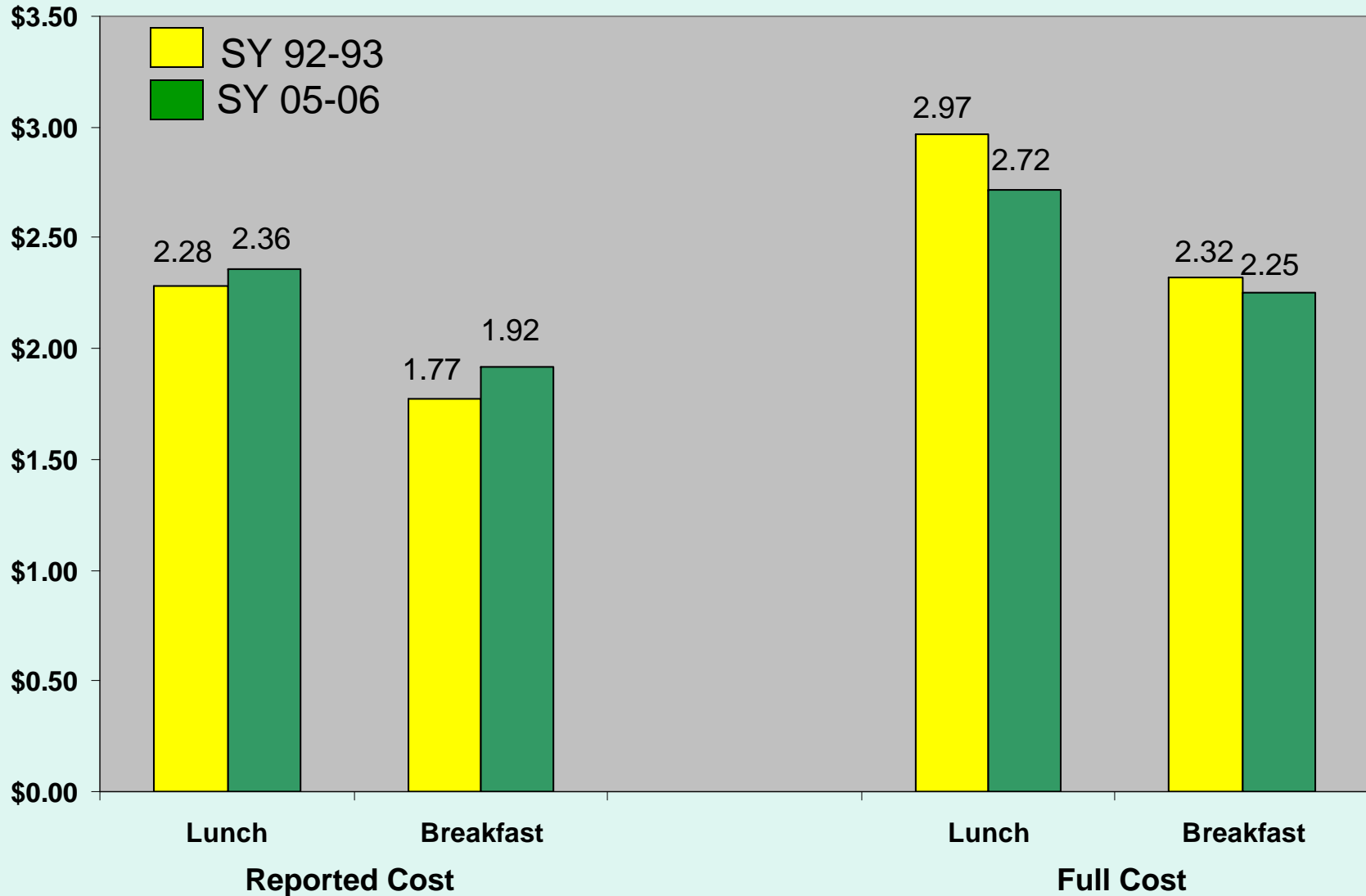
Ratio of Revenue to Reported/Full Cost for Reimbursable and Nonreimbursable Meals



Ratio of Revenue to Reported Cost for Reimbursable Lunches and Breakfasts



Comparison of the Inflation Adjusted Mean Reported and Full Costs per Reimbursable Meal: SY 92-93 vs. SY 05-06



Conclusions

- In general, things haven't changed much since the last meal cost study.
- On average, SFA revenues just cover reported costs; they fall short of covering full costs.
- Free Federal lunch subsidy covers the reported cost of producing a reimbursable lunch while the free Federal breakfast subsidy does not cover reported breakfast costs.
- Reimbursable lunches cross-subsidize breakfasts and non-reimbursable meals (e.g., a la carte).
- Real full costs of producing reimbursable meals have decreased over time reflecting a decrease in unreported costs.

EXTRA SLIDES

Sample Design

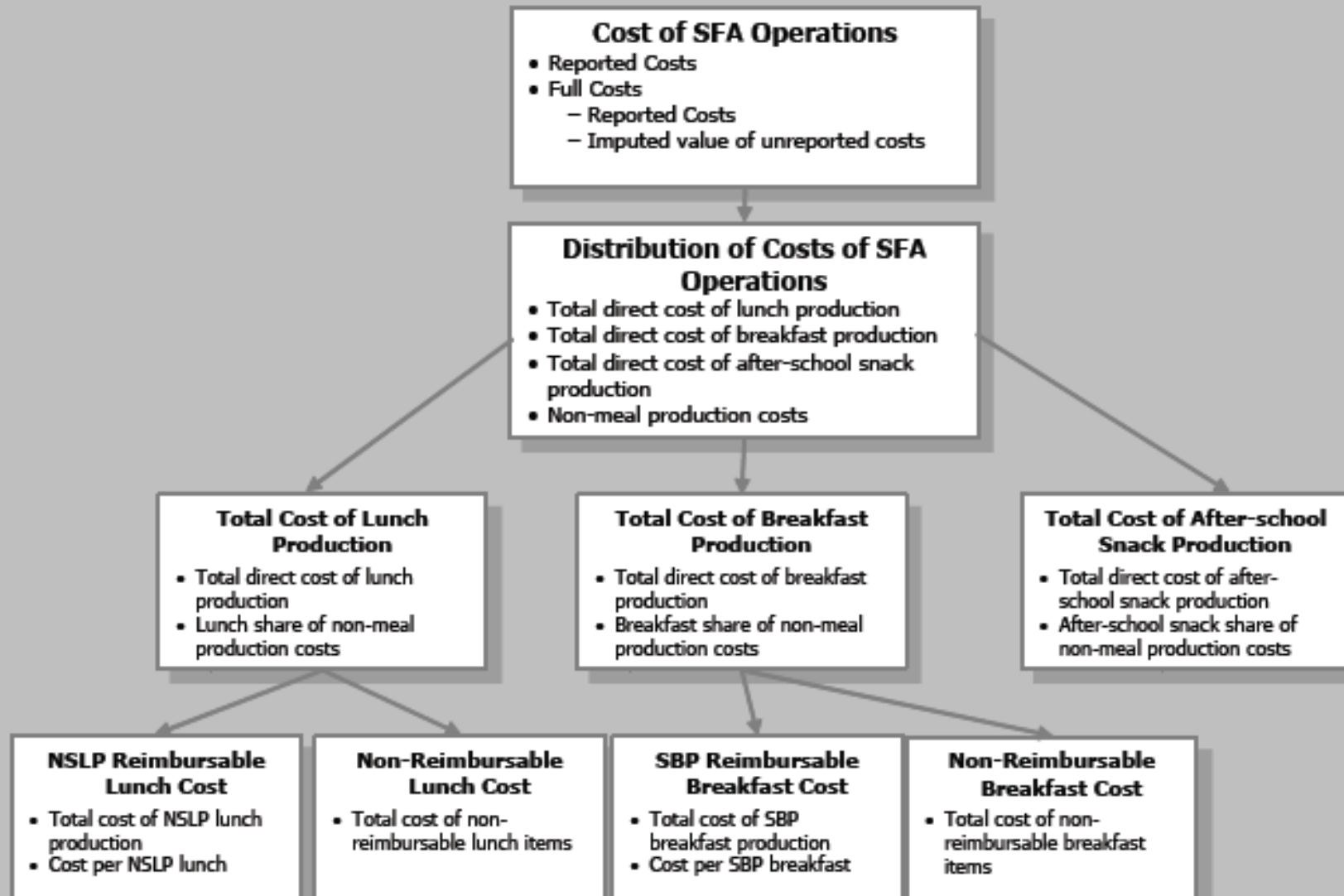
- Nationally representative sample of 120 SFAs and 353 schools
- SFA sampling:
 - Stratified by meal production system
 - 20 largest districts selected with certainty
- Schools sampled within districts:
 - Schools sorted by grade
 - PPS sampling with number of reimbursable lunches as measure of size
 - Between 1 and 5 schools (average=3) selected within each district

Data Collection Activities

- Phase 1: March 2006 – June 2006
 - Menu records for one week period in schools
 - Observations of reimbursable breakfasts and lunches selected by students
 - Interviews with SFA director and kitchen managers
 - Interviews with State CN Directors and finance managers
- Phase 2: November 2006 – February 2007
 - Financial information – revenues and costs
 - Other information needed to estimate “hidden” costs – principal survey, other support for food service activities

Exhibit 2.1

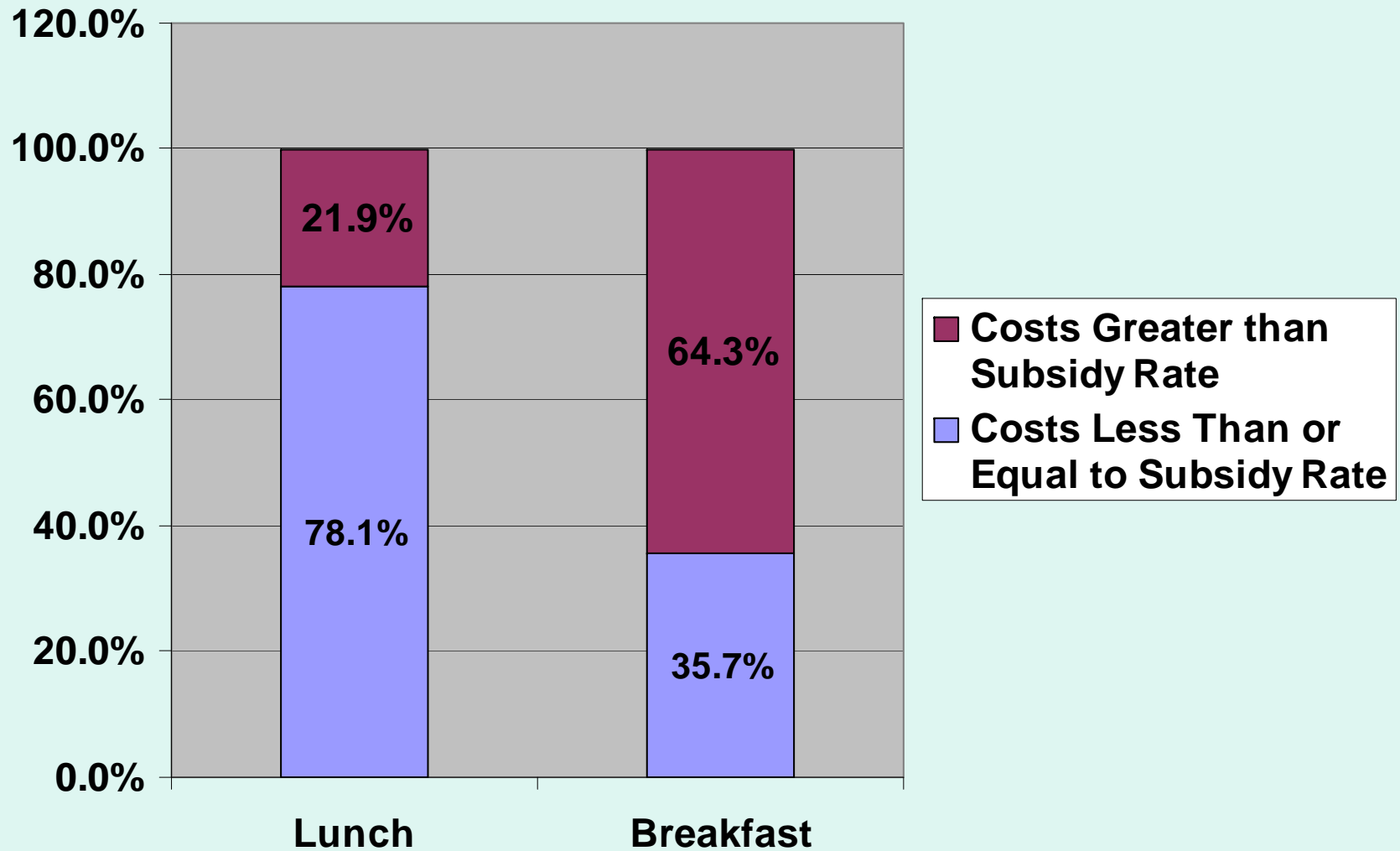
Overview of Meal Cost Methodology Framework



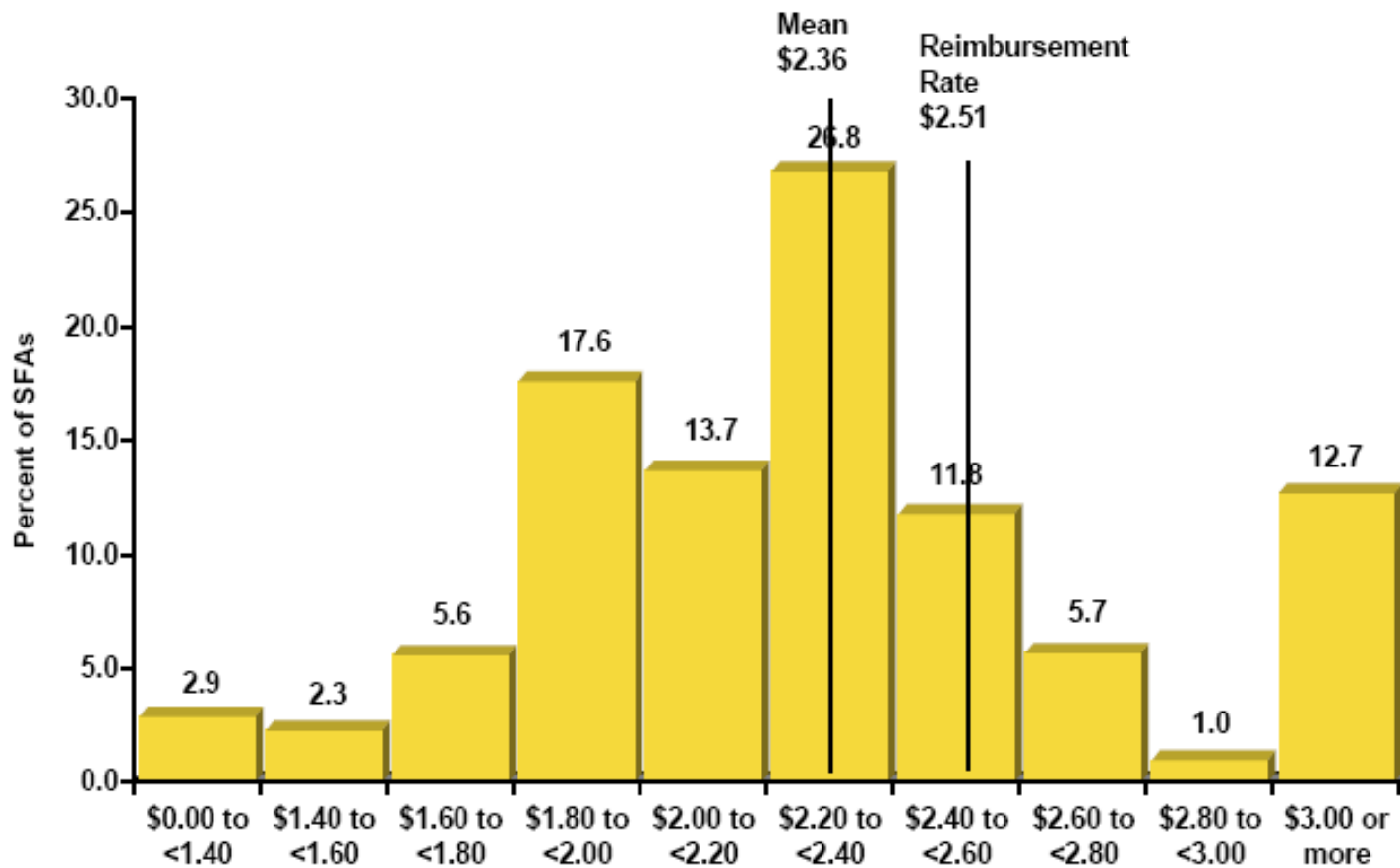
Data Analysis

- Reported Costs vs. Full Costs
 - Reported Costs – costs charged to the school foodservice budget
 - Full Costs – reported costs plus unreported costs (costs incurred by the school district in support of SFA but not charged to the SFA)
- Unit of Analysis:
 - SFA – average cost for a “typical” SFA
 - Meal – average cost of an average reimbursable meal

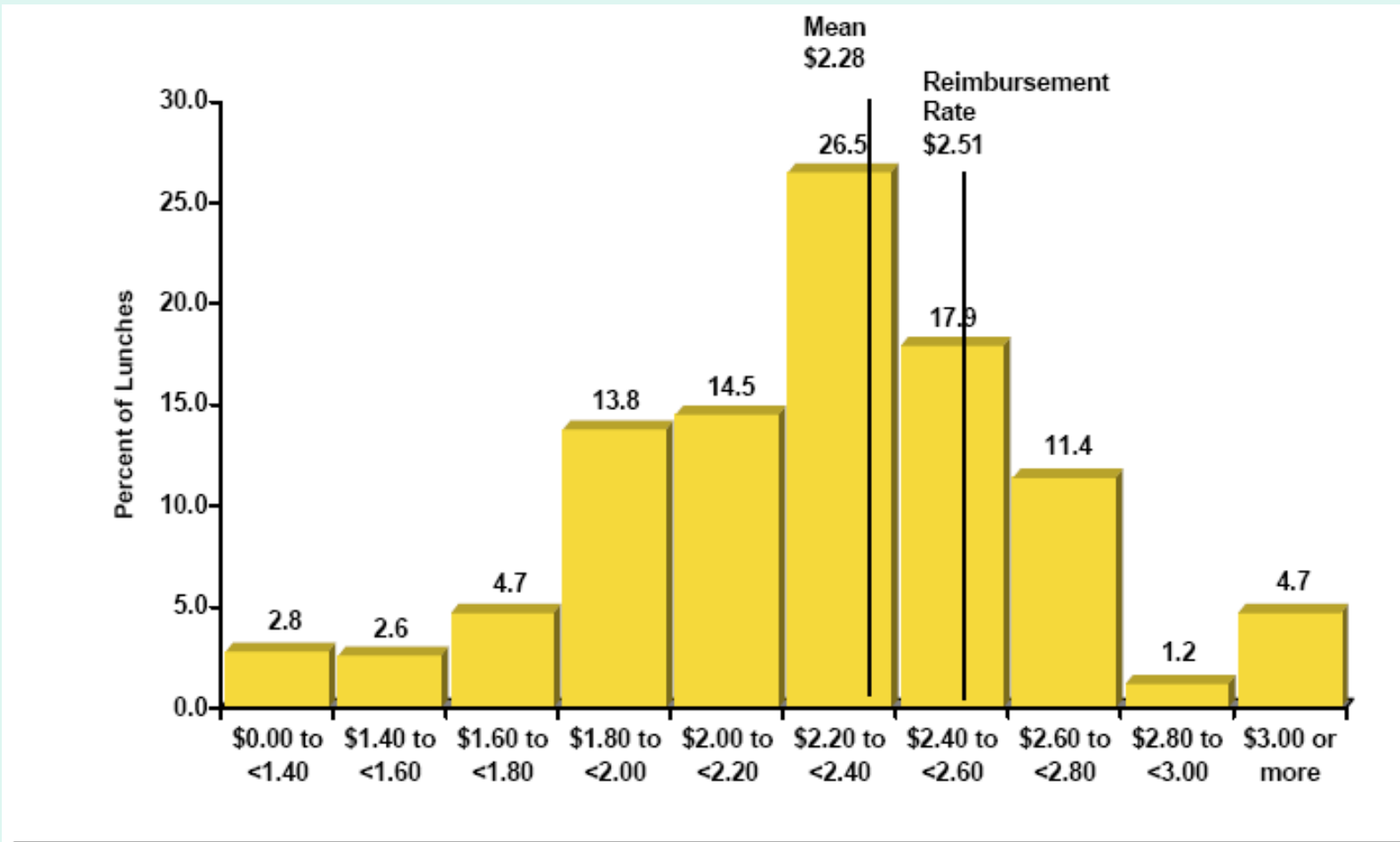
Percent of SFAs with Reported Costs Greater and Less Than the Subsidy Rate for a Free Meal



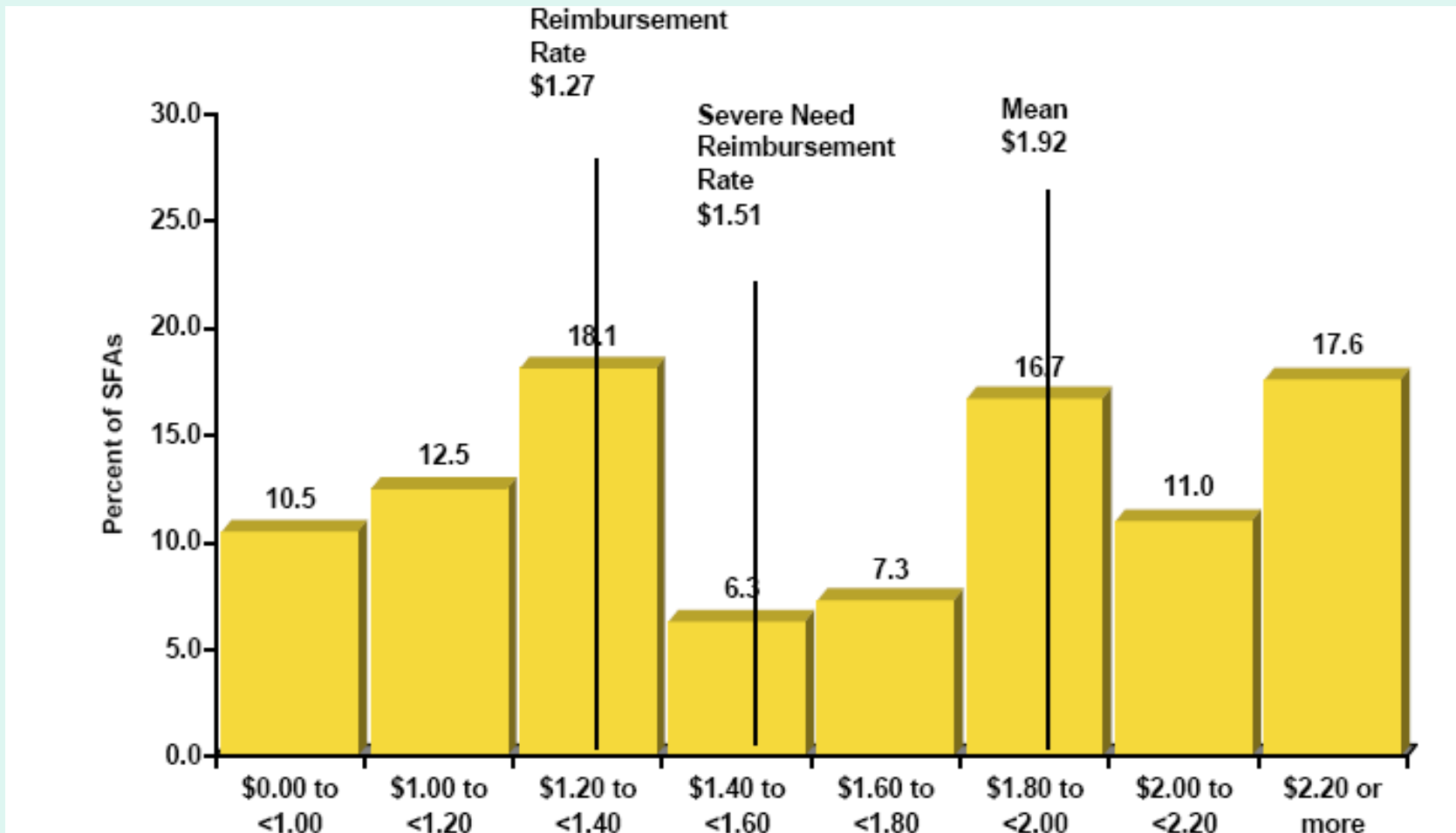
Distribution of SFAs by Reported Cost per Reimbursable Lunch



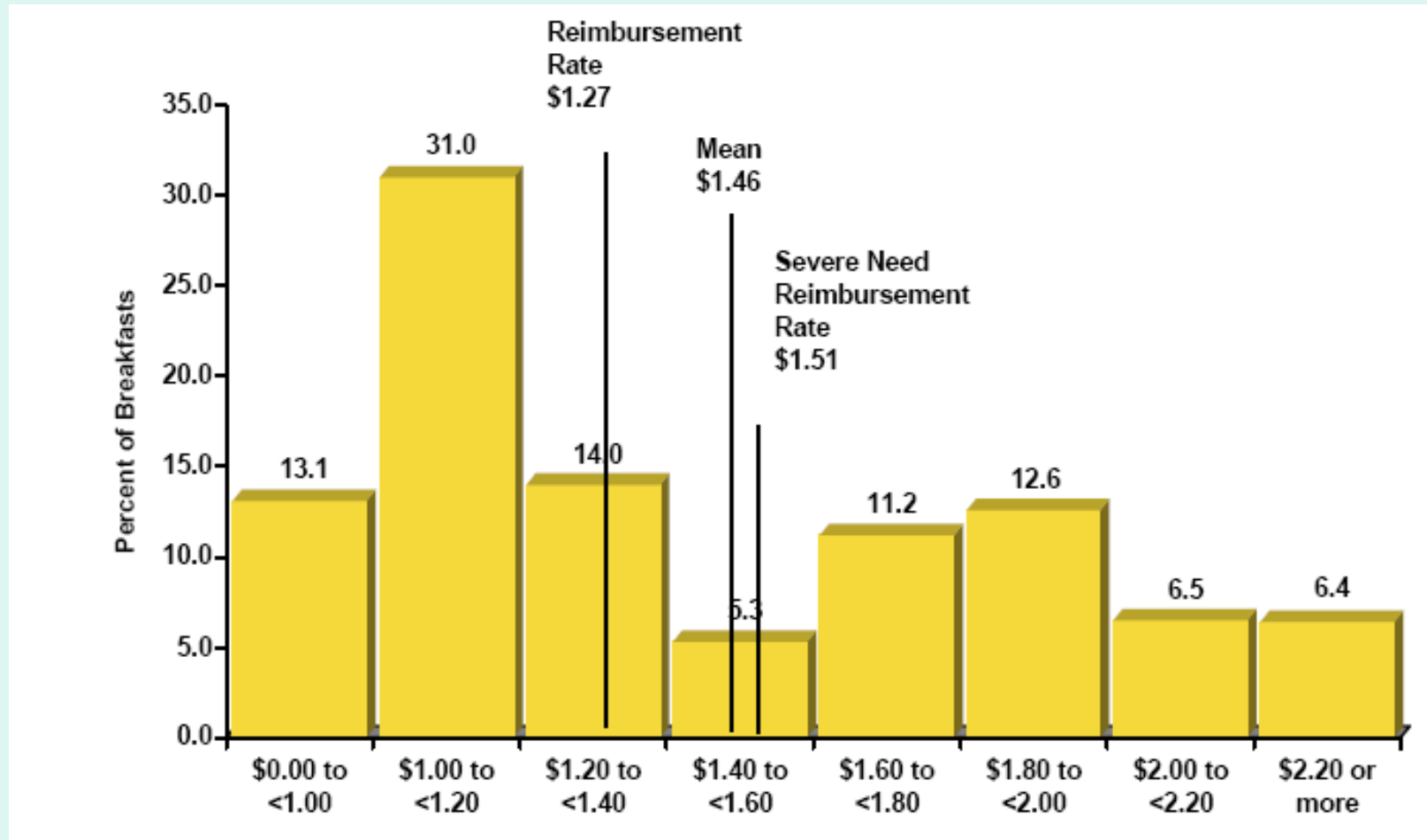
Distribution of Lunches by Reported Cost per Reimbursable Lunch



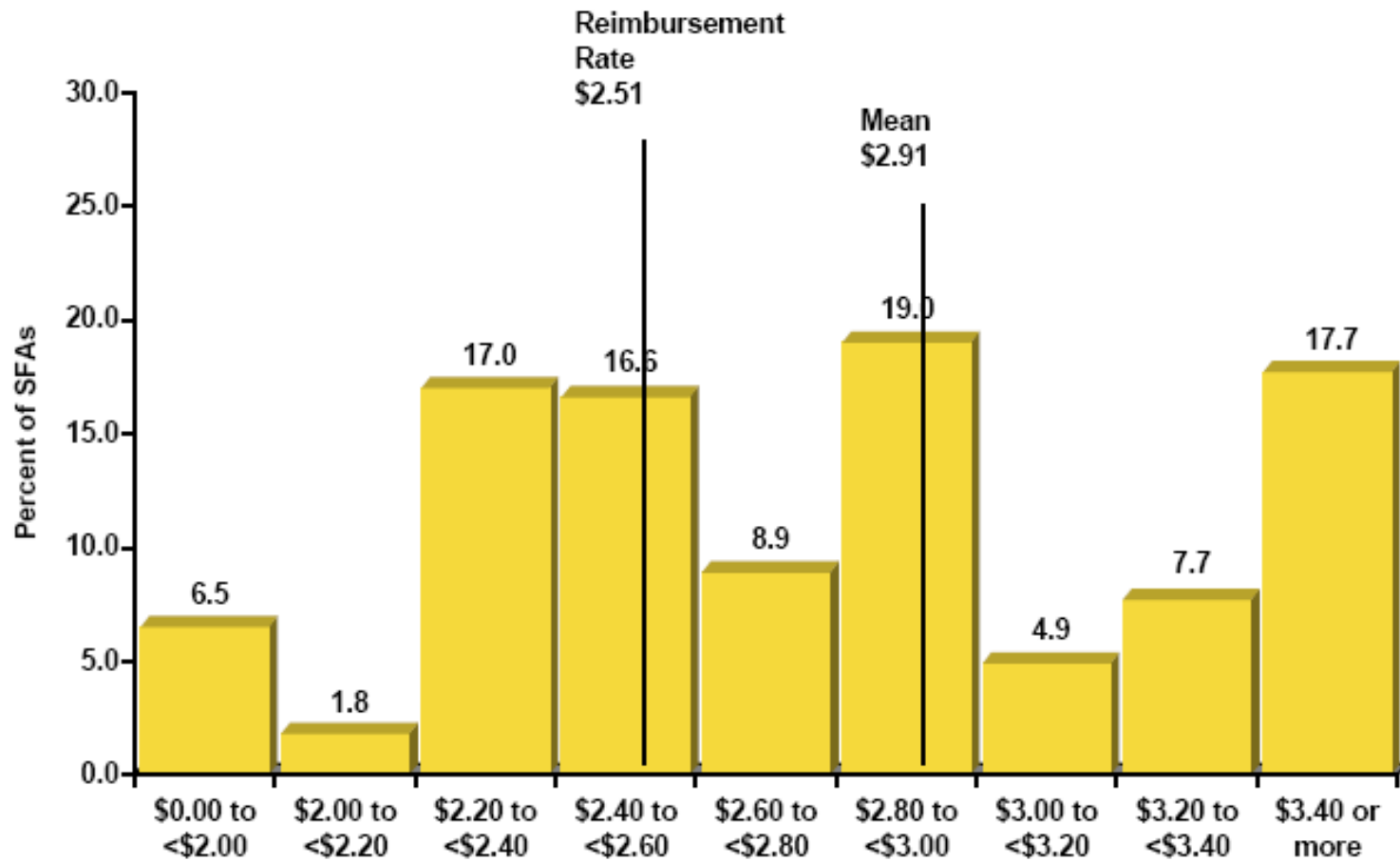
Distribution of SFAs by Reported Cost per Reimbursable Breakfast



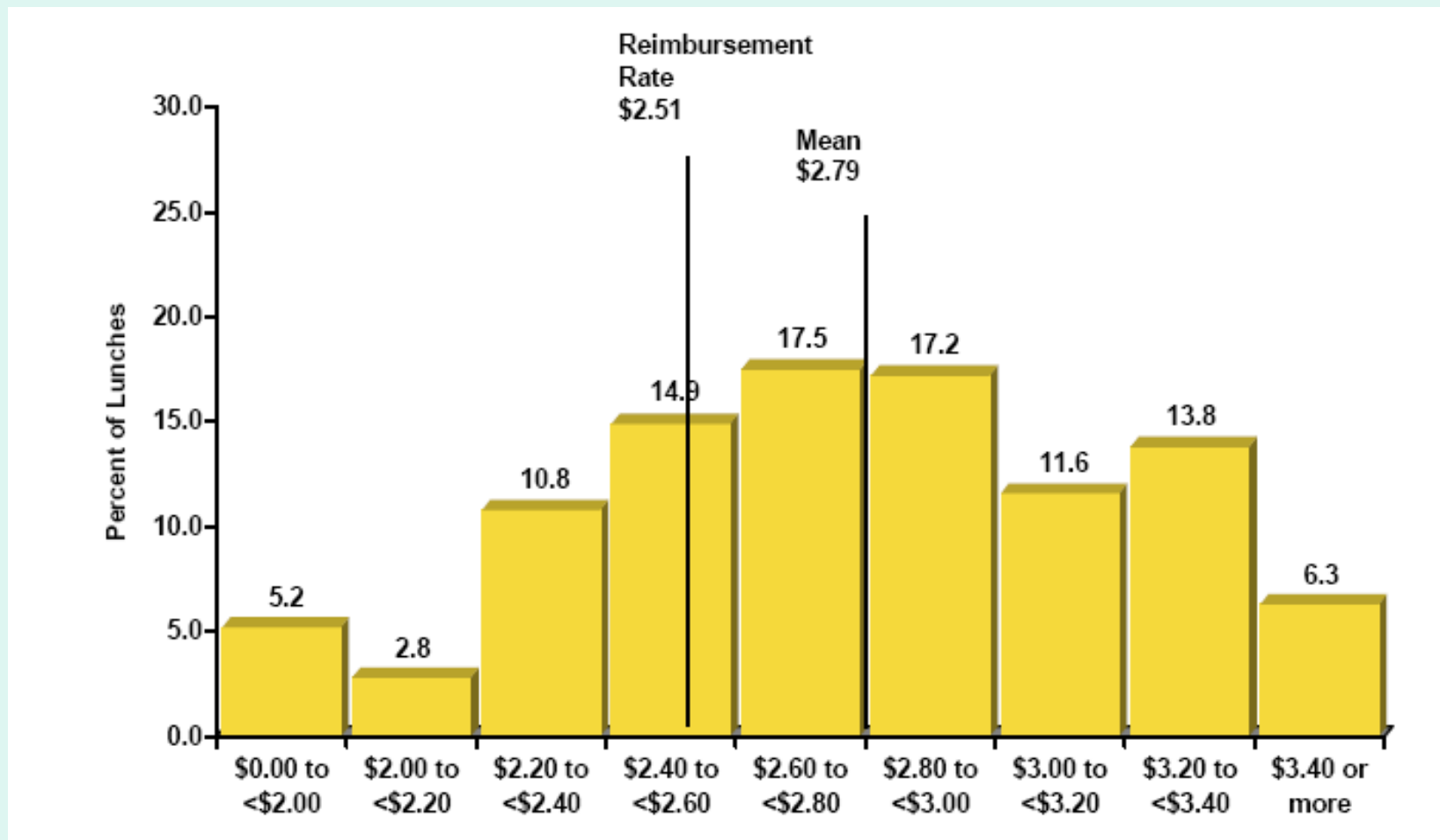
Distribution of Breakfasts by Reported Cost per Reimbursable Breakfast



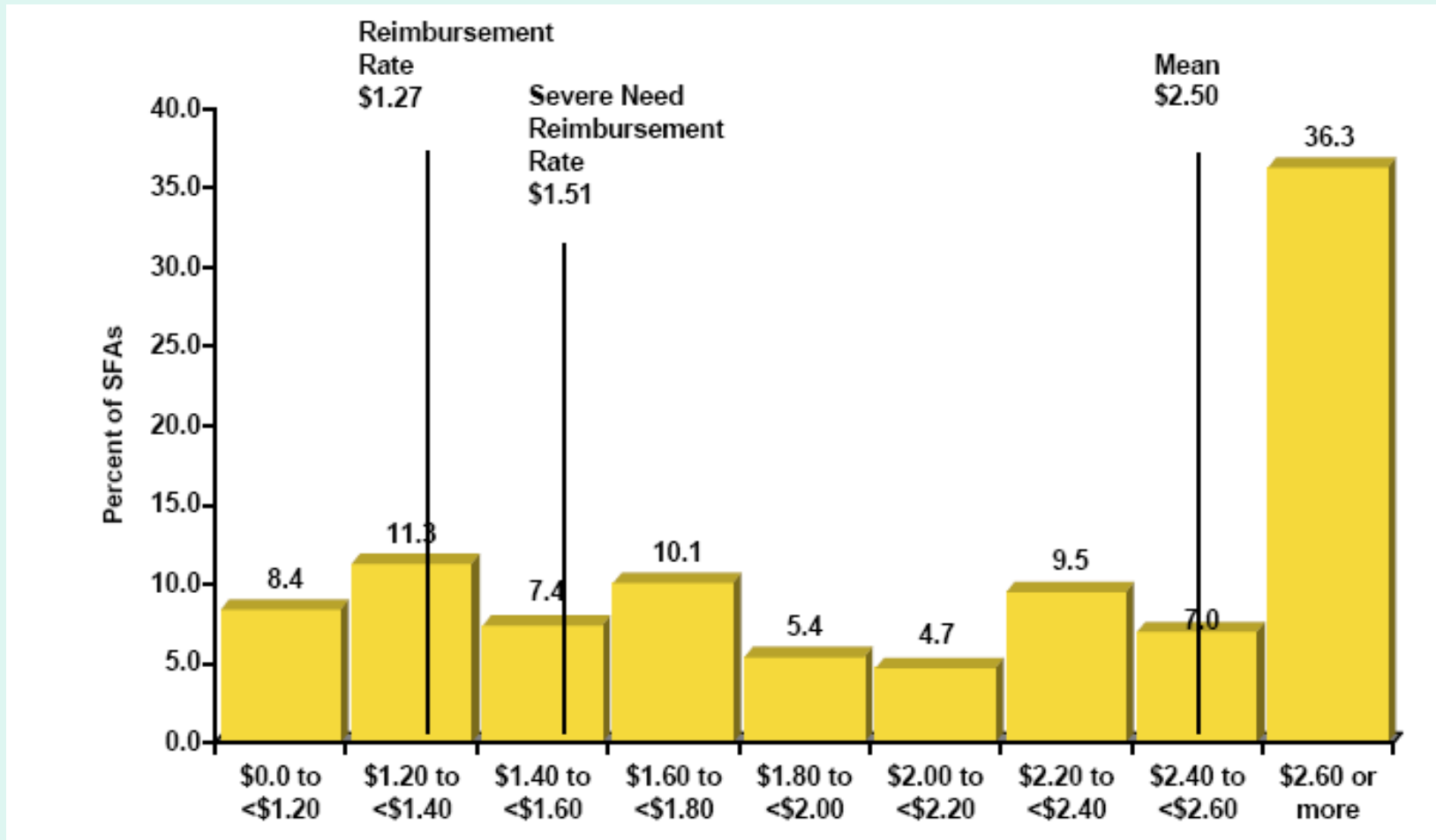
Distribution of SFAs by Full Cost per Reimbursable Lunch



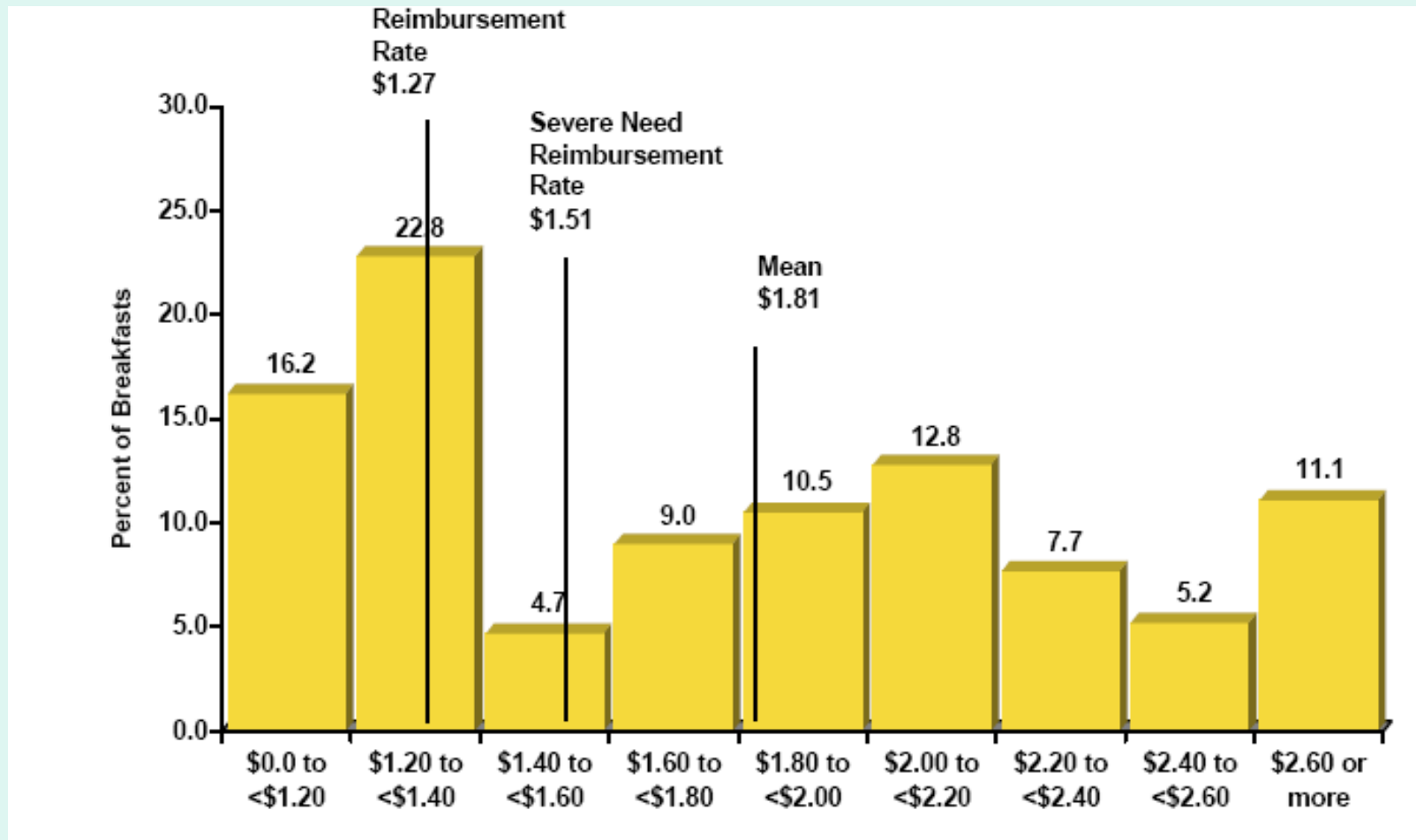
Distribution of Lunches by Full Cost per Reimbursable Lunch



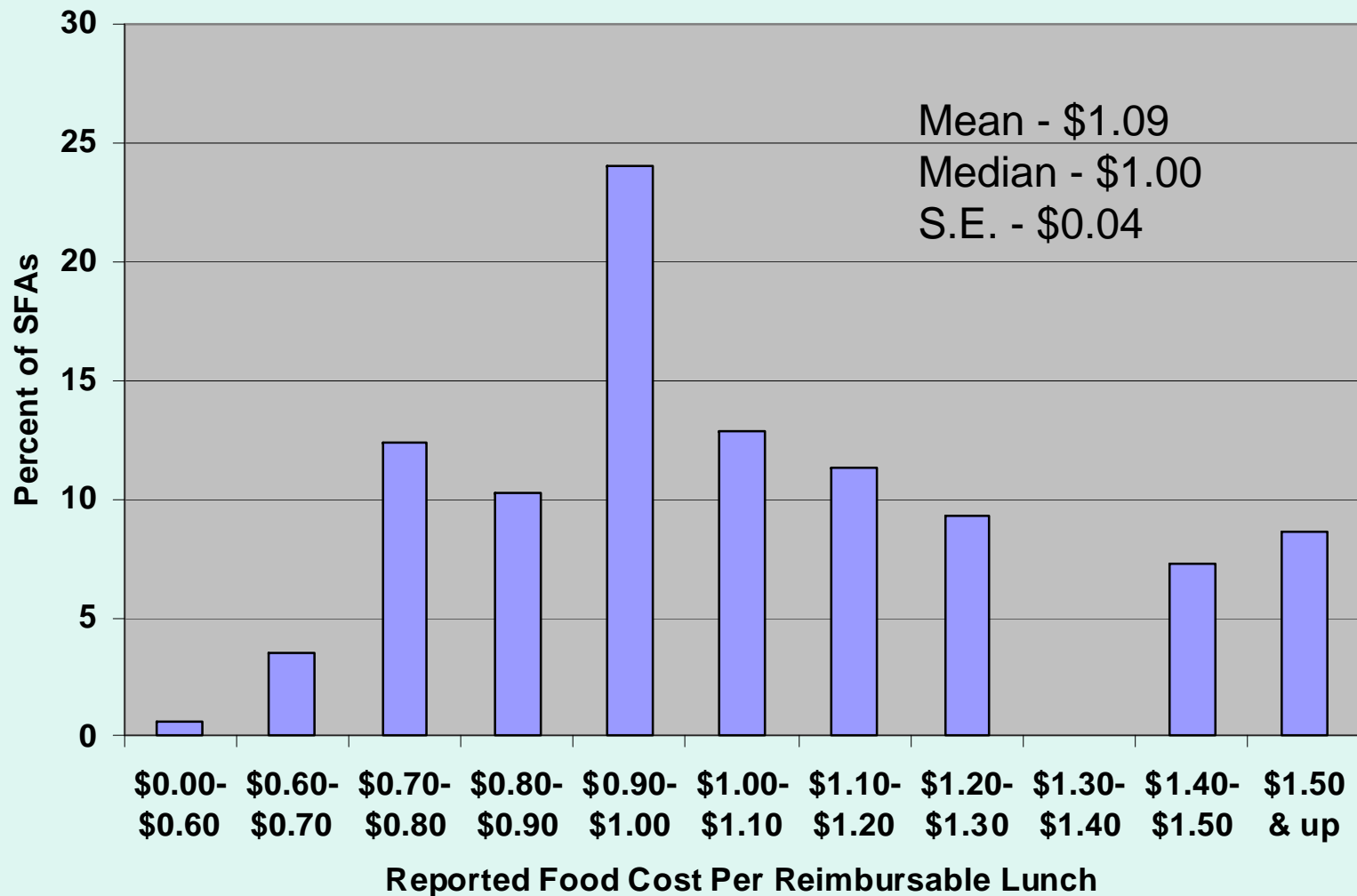
Distribution of SFAs by Full Cost per Reimbursable Breakfast



Distribution of Breakfasts by Full Cost per Reimbursable Breakfasts



Distribution of SFAs for Reported Food Costs per Reimbursable Lunch



Distribution of SFAs for Reported Food Costs per Reimbursable Breakfast

