



State of Arizona  
Department of Education

CN# 06-12  
USDA SP# 39-2011

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**MEMORANDUM**

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**TO:** Sponsors of the National School Lunch Program

**FROM:** Mary Szafranski, Deputy Associate Superintendent  
Arizona Department of Education, Health and Nutrition Services

Cara Peczkowski, Director  
Arizona Department of Education, School Nutrition Programs

**DATE:** July 18, 2011

**SUBJECT:** Child Nutrition Reauthorization 2010: Guidance on Revenue from Non-program Foods

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*Original Signed*

This memorandum is regarding the interim rule relating to sections 205 and 206 of the Healthy, Hunger-Free Kids Act (Public Law 111-296). These provisions establish requirements for School Food Authorities (SFAs) concerning revenue from foods sold outside of reimbursable meals when those foods are purchased with school food service account funds.

For the purpose of this regulation, a non-program food is a food or beverage that is sold in a participating school outside of a reimbursable meal and is purchased using funds from the school food service account. Revenues from the sales of non-program foods must generate at least the same proportion of SFA revenues as they contribute to SFA food costs.

In order to determine the appropriate revenues from non-program food sales, first calculate the total food costs and the proportion of that total that is non-program food. Then, calculate the share of the total revenue generated from non-program food sales over the same period. If the second amount is equal to or greater than the first amount, the SFA is generating sufficient revenue from non-program food sales.

The following example shows how this provision is applied:

**Example:**

A SFA has the following characteristics:

- Total costs: \$1,000,000
- Total food costs: \$500,000

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- Cost of food for reimbursable meals: \$450,000
  - Cost of non-program food: \$50,000
- Total Revenue: \$1,000,000

**Revenue Requirements:**

- Minimum proportion of revenue required from the sale of non-program foods:  
 $\$50,000/\$500,000 = 10\%$  (Cost of non-program food / Total food costs)

- Minimum dollar revenue required from the sale of non-program foods:  
 $10\% \times \$1,000,000 = \$100,000$  (Cost of non-program food/ Total food costs x Total Costs)  
If this SFA earns \$100,000 in revenue from non-program food sales, they are in compliance.

SFAs may price some non-program foods lower than their actual cost **if** the total revenue generated from all non-program food sales meets the proportional requirement described above.

Please contact your School Nutrition Programs Specialist at (602) 542-8700 if you have any questions.

Revised CNI 10/12

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