

# Child Nutrition Program Operations Study II: School Year 2017–18 (Report Summary)

## Background

The United States Department of Agriculture Child Nutrition Program Operations Study II is a multiyear study series that provides the USDA’s Food and Nutrition Service with current information on National School Lunch Program and School Breakfast Program policies, practices, and needs from State agencies and School Food Authorities (SFAs). Specifically, it covers policies related to school nutrition service operations, financial management, meal counting, eligibility, nutrition standards, and personnel. Results inform Child Nutrition program management and policy development. This study in the series covers school year (SY) 2017–18.

## Key Findings

- USDA meal reimbursements accounted for nearly two-thirds of SFAs’ annual revenues in SY 2016–17, while labor and food costs accounted for 80 percent of expenditures.
- The average price SFAs charged students for a paid lunch increased from \$2.49 in SY 2015–16 to \$2.63 in SY 2017–18.
- Among the 47 percent of SFAs that tracked unpaid meal charges *and* reported any money owed in SY 2016–17, the median SFA was owed approximately \$1,500 total.
- 28 percent of SFAs ever requested an exemption from the whole grain-rich requirement.
- Eight percent of SFAs requested an exemption to serve flavored, low-fat (1%) milk in SY 2017–18.
- 26 percent of SFAs used an exception to the Buy American provision in SY 2017–18.

## Methods

The third year of the study relies on data collected from April to August 2018 through a web-based census survey of State CN directors and a nationally representative stratified sample of SFA directors from public school districts with at least one school participating in the National School Lunch Program or School Breakfast Program. Fifty-three State CN directors and 1,653 SFA directors provided usable data for analysis; Puerto Rico and the Virgin Islands were not asked to participate due to hurricanes in the region. While survey questions primarily asked about SY 2017–18, the questionnaire asked for financial data from SY 2016–17.

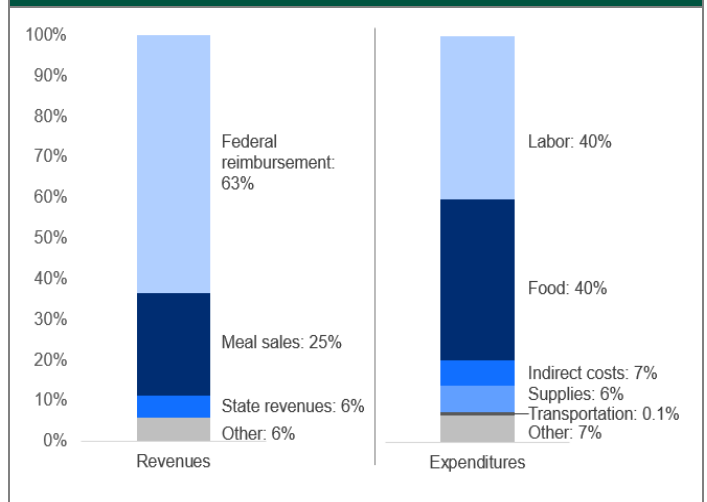
## Findings

### Financial Management

**USDA meal reimbursements accounted for nearly two-thirds of SFAs’ annual revenues in SY 2016–17, while labor and food costs accounted for 80 percent of expenditures.** On average, SFAs reported that Federal reimbursements accounted for 63 percent of their annual revenues, while meal sales accounted for another 25 percent. State subsidies and other sources accounted for approximately 6

percent each. SFAs’ annual expenditures predominantly consisted of labor and food costs (40 percent each, on average). See Figure 1.

**Figure 1. Average percentage of SFA revenues and expenditures from various sources**



**About 70 percent of SFAs either broke even or experienced a financial surplus in SY 2016–17.** Breaking even was defined as having revenues that were within 5

percentage points (95 to 105 percent) of total expenses. Consistent with the previous school year, about 46 percent of SFAs reported breaking even in SY 2016–17, 25 percent reported greater revenues than expenditures, and 28 percent reported greater expenditures than revenues. SFAs with fewer students more often reported operating at a financial deficit, while larger SFAs more often reported operating at a financial surplus.

**The average price SFAs charged students for a paid lunch increased from \$2.49 in SY 2015–16 to \$2.63 in SY 2017–18.** SFA prices for paid lunches were highest in middle and high schools (\$2.71 for both school types). To comply with the Paid Lunch Equity provision (7 CFR 210.14(e)) in SY 2017–18, half of SFAs increased paid lunch prices in all schools. Approximately 33 percent of SFAs took no action (i.e., their lunch pricing already complied with the provision), 10 percent of SFAs added non-Federal funds to the food service account, 4 percent of SFAs requested a waiver from the provision, and 4 percent of SFAs increased paid lunch prices in some schools.

**Forty-seven percent of SFAs tracked unpaid meal charges and reported any amount of money owed in SY 2016–17. Among these, the median SFA was owed approximately \$1,500 total in unpaid meal charges.** Some students who are required to pay for meals do not have money at lunchtime. If the student is served a meal and does not pay, the district incurs an unpaid meal charge. Consistent with SY 2014–15, larger SFAs and urban/city SFAs incurred more unpaid meal charges.

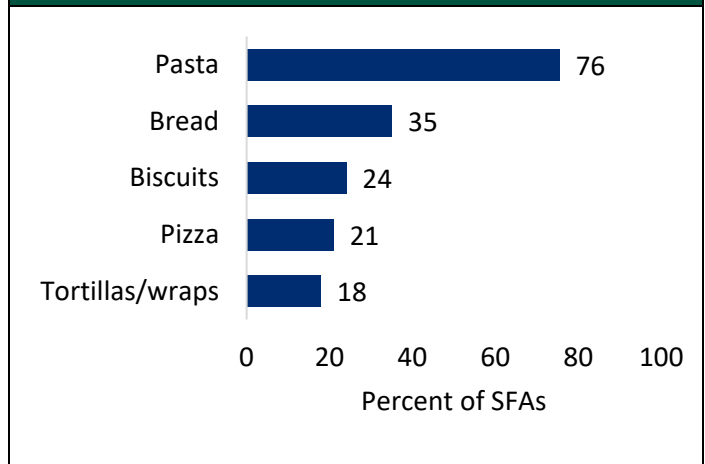
### Meal Requirements

**SFAs experienced challenges with the whole grain-rich requirement.** A majority of SFAs reported lack of student acceptance (71 percent) and increased food waste (65 percent) due to the requirement, and many reported increased food costs (48 percent).

**Despite the challenges, only 28 percent of SFAs reported ever requesting an exemption from the whole grain-rich requirement.** Larger SFAs were more likely to request an exemption than smaller SFAs.

**Only 8 percent of SFAs requested an exemption to serve flavored, low-fat (1%) milk in SY 2017–18.** Approximately 84 percent of SFAs that requested this exemption had the request approved.

**Figure 2. Products for which exemptions were requested (among SFAs ever requesting an exemption from the whole grain-rich requirement)**



### Buy American and Local Food Purchasing

**Twenty-six percent of SFAs reported using an exception to the Buy American provision in SY 2017–18.** Among these SFAs, the reasons cited for using an exception included limited supply of the commodity or product (88 percent), increased costs of domestic commodities or products (43 percent), and quality issues with available commodities or products (21 percent).

Nearly all of the SFAs that used exceptions during SY 2017–18 used them to purchase fruits (94 percent), while approximately half used exceptions to purchase vegetables (53 percent). On average, among SFAs that used exceptions to Buy American in SY 2017–18, products purchased under exceptions made up 8.5 percent of their total food purchase expenditures.

**Fifty-five percent of SFAs purchased foods from local sources in SY 2017–18.** Local food purchasing was less common among small SFAs (44 percent) than among large (78 percent) and very large (72 percent) ones. When asked about challenges they experienced related to local food purchasing, two-thirds of SFAs (68 percent) cited limited or seasonal food availability. Other challenges included lack of available producers (37 percent) and transportation barriers (27 percent).

#### For More Information:

Beyler, N., Murdoch, J., & Cabili, C. (2021). Child Nutrition Program Operations Study II: SY 2017–18. Prepared by 2M Research. AG-3198-C-15-0008. Alexandria, VA: U.S. Department of Agriculture, Food and Nutrition Service, Office of Policy Support, Project Officer: Holly Figueroa. Available online at: [www.fns.usda.gov/research-and-analysis](http://www.fns.usda.gov/research-and-analysis).