

## Meal and Food Costing Methods

### Overview

There are a number of methods to determine the cost of purchasing food or the cost of meals for a food service program or operation. Costing is a topic essential for good fiscal management of your program. It is a big topic and takes time to learn and build tools to track and monitor spending. Here are some methods of food and meal costing to get you started, along with a few of the best resources available to tackle this aspect of program management.

### Calculate Average Meal Costs Using Annual Food Expense and Number of Meals Served

Using this method, one would simply divide number of meals served (breakfast and lunch) into the total amount of money spent on food in a year. It provides a rough idea of food cost per meal.

Annual Food Expenses: \$ \_\_\_\_\_

# of Lunches served in a year \_\_\_\_\_ + # of Breakfasts served in a year \_\_\_\_\_

= Total meals served in a year \_\_\_\_\_

Annual Food Expenses \$ \_\_\_\_\_ ÷ Total meals served in a year \_\_\_\_\_

= Average Meal Cost \_\_\_\_\_

### Track Food Costs Monthly with Inventory

This is a more accurate method of calculating the actual cost of serving meals. Start with the value of inventory, then add all food purchases made in a one-month period. Add the value of inventory on hand to food purchases. Subtract inventory at the end of the month from this total and divide by the total number of meals served. In order to calculate the food costs for breakfast and lunch it would be necessary to track these expenses separately. You can set up a spreadsheet that looks at this calculation monthly and gives a very accurate picture of how much money is spent on food. This is a valuable tool to use when you need to watch expenses and can be helpful in making financial adjustment to meet budgets.

### Food Cost Worksheets

This method can be used to calculate average cost of meals by costing out a menu for two weeks and averaging the total meal costs. For this method you must determine the cost of each recipe



or food item first, then divide by the number of meals being served to get a cost per serving of each menu item. This method is most helpful to budget or forecast food costs for specific programs. There are some inaccuracies in this method because you need to use averages for general categories of food like “fruit” and “milk”, but it is a good forecasting and budgeting tool. A [Breakfast and Lunch Food Cost Worksheet](#) is available as part of the Cycle Menu Toolkit to aid in this process.

### **Food Costing Resources for School Nutrition Programs:**

To learn more about food costing in School Nutrition Programs, please refer to the following resources:

[The Lunch Box](#) is a great resource for all aspects of School Nutrition Program Management including fiscal management, procurement, marketing, education, and much more. The module on food costing offers worksheet to do annual food and meal costing.

[Iowa Department of Education – CNP Food Cost Calculator](#) is a tool only available to State of Iowa Child Nutrition Programs. That being said, the video tutorials listed on the website, which are available to the public, offer great information on the topic of food costing in school meals programs.

[USDA School Nutrition and Meal Cost Study](#) discussed key finding from the study in a webinar series, including a webinar on School Meal Costs and Foodservice Revenues.