



STATE OF CONNECTICUT
DEPARTMENT OF EDUCATION



TO: Sponsors of School Child Nutrition Programs

FROM: John Frassinelli, Chief
Bureau of Health/Nutrition, Family Services and Adult Education

DATE: February 11, 2014

SUBJECT: Operational Memorandum #12-14
School Food Service Account Revenue from the Sale of Non-program Foods

Section 7 CFR 210.14 (f) of the U.S. Department of Agriculture (USDA) regulations for the National School Lunch Program (NSLP) requires all revenue from the sale of non-program foods to accrue to the nonprofit school food service account. **“Non-program foods”** are defined as foods sold in a school at any time or location on the school campus (other than reimbursable meals), that are **purchased using funds from the non-profit school food service account**. Please note that this definition is different than “competitive foods,” which include all foods and beverages (other than reimbursable meals) sold to students during the school day. This memorandum provides clarification on the requirements for the accrual of revenue from the sale of non-program foods.

Previously, the USDA regulations allowed the sale of non-program foods in the food service area if the revenue from these sales accrued to the benefit of the nonprofit school food service account, the school or a student organization approved by the school. Due to the changes required by Section 206 of the Healthy, Hunger-Free Kids Act, **all revenue from the sale of non-program foods sold in schools at any time or location on the school campus must accrue only to the school food service account**. Sales of non-program foods are no longer allowed to benefit student organizations or school programs.

While “revenue sharing” is no longer allowed, there are ways that the school food service program can continue to partner with school programs and student organizations. It is still possible for the school food service program to purchase goods for other entities officially sanctioned by the school through existing food service contracts, as long as the purchase cost is paid in full by the other entity, including any labor costs associated with purchasing these goods. If entities officially sanctioned by the school use the school food service program to provide goods and/or services, the school food service program must be fully reimbursed for any and all costs due to these arrangements. The additional purchases also must not create a material change in the school food authority’s contracts.

In arrangements where school food service labor is used to prepare goods for an outside entity (e.g., catering), the school food service program must ensure that all costs, including labor and any other costs incurred, are covered by the entity that is being served by the school food service program. Since estimating these costs may be difficult, the school food service program should be cautious that food service funds are not lost when entering into these types of arrangements.

When entering into arrangements with outside entities, the school food service program is best served having an agreement in place regarding costs and all other terms and conditions, including a stipulation that all risk relating to revenue losses must be covered by the outside entity and not the school food service program.

A common example of how school approved organizations can still work with the school food service program includes a sports team that wants to hold a fundraiser during a sporting event. The sports team could pay the school food service program for the full cost of:

- food purchased through an existing food service contract;
- any labor incurred in ordering the extra food; and
- any other role the school food service may play, e.g., preparing food.

The sports team can then sell the food at the sporting event and keep any revenue from those sales.

Questions may be directed to:

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