

**VIRGINIA DEPARTMENT OF EDUCATION
SCHOOL NUTRITION PROGRAMS (SNP)**

**Severe Need Breakfast
Application Instructions and Information
SY 2002-2003**

SCHOOL DIVISION APPLICATION PROCESS. To receive Severe Need Reimbursement rates for the School Breakfast Program, school divisions must document that the regular (non-severe need) reimbursement rates are insufficient to cover the costs of the school's breakfast program.

- 1) **PARTICIPATING SCHOOLS:** The application form lists the schools within the division that qualify for "Severe Need" based on 40% of the lunch meals served in SY 1999-2000 being served to free and reduced price eligible students.
 - a) For each school listed, you must indicate whether you want that school to participate by writing either **YES or NO** in the column next to the school name.
 - b) For each "**YES**" response, include a per meal breakfast cost estimate in the designated column.

- 2) **ESTIMATED PER MEAL BREAKFAST PROGRAM COSTS:** The estimate should be based on projected costs for food, labor, employee benefits, supplies, purchased services, and other costs.
 - a) **Food costs** should be determined based on the daily breakfast menu for elementary, middle and high school meals and the estimated food product costs to produce those meals.
 - b) **Labor Costs:** Labor and employee benefit costs are determined based on the hourly labor and benefit costs for all employees preparing and serving breakfast meals. Calculate the daily amount of time involved with direct labor hours at the breakfast sites. Include all time spent for food preparation, roster and meal count tallies, placing food orders, and a portion of any central office labor used to implement the school breakfast program.
 - c) **Others cost:** Supplies, purchased services, and other costs (such as administrative and indirect costs) are determined based on the amount of those costs directly attributed to the breakfast program. If these costs cannot be identified by program, determine the share of the costs attributed to the breakfast program, as compared to the total cost to all meal programs.

- 3) **SIGNATURE:** The Division Superintendent must sign and date the application

- 4) **ACTUAL COST DOCUMENTATION.**
 - a) At the end of the school year, the school division will be required to submit actual cost documentation for each school that received "Severe Need" rates. This documentation, required by federal regulation must be verified by the Department of Education, and provide the **actual costs** involved to operate the breakfast program. Year-end accounting records must be used to verify the actual costs for food, labor, employee benefits, supplies and other costs. Cost documentation must be maintained on file for three years after the school year to which it pertains, for audit and review.

 - b) When the actual cost documentation is submitted to DOE at the end of the school year, the School Nutrition Programs:

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- ◆ Will determine the breakfast program expenditures for free and reduced price meals. The total cash income received for reduced price breakfast payments will be deducted to determine the net per meal cost for a free or reduced price breakfast meal.
- ◆ If the school's per meal breakfast cost is **equal to or greater** than "Severe Need" Reimbursements received, the school division has justified the receipt of severe need payments and no fiscal action is required.
- ◆ If the school's per meal breakfast cost is **less than** "Severe Need" reimbursement rate paid, **but greater than the standard reimbursement** rate, a fiscal reclaim for difference between the school's per meal cost and the severe need rates paid will be taken. The excess funds will have to be repaid to the Department of Education.
- ◆ If the school's per meal breakfast cost is **equal to or less than the "Standard"** reimbursements rate, and the school was **paid** at the "Severe Need" rate, a fiscal reclaim for the difference between the standard rate of reimbursement and the severe need rates paid will be taken. The excess funds will have to be repaid to the Department of Education.