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| EED_logo_blk | **Summer Food Service Program**Budget Outline & Description | *Child Nutrition Programs**Teaching and Learning Support**801 West 10th Street, Suite 200**P.O. Box 110500* *Juneau, Alaska 99811-0500**Phone: (907) 465-4788* *Fax: (907) 465-8910* |

Each Summer Food Service Program Sponsor is required to submit a complete administrative and operating budget annually for State Agency review and approval. The administrative budget shall contain the projected administrative and operating expenses which a sponsor expects to incur during the operation of the Program, and shall include information in sufficient detail to enable to State Agency to assess the sponsor’s ability to operate the Program within its estimated reimbursement.

**Administrative Costs**

Administrative costs are costs incurred by a sponsor related to planning, organizing, and managing a food service under the program, and excluding interest costs and operating costs. Administrative costs may include allowable direct and indirect costs. All Administrative Costs must be documented.

 **Administrative Labor** costs are allowable when the amounts claimed are based upon hourly rates that are reasonable for the services provided (consistent with rates paid for similar wok in the area in which the sponsor is located), and documented by payroll records. Administrative staff who spend only a portion of their day working with the SFSP must establish a daily log or other valid record in order to document time spent working solely on the administrative operations of the SFSP. Administrative labor costs include:

* Planning the food program
* Organizing the food program
* Managing the food program

**Rental Costs** for office space is an allowable administrative expense. Allowable facility service costs include:

* Costs incurred by the sponsor for rental of office space needed to administer the SFSP, and office equipment. Facilities are considered to be buildings, or parts of buildings (not land), used for the administration of the program. All rental agreements must be in writing and show responsibilities of all parties involved, they may not include fees for equipment, or facilities which exceed the rental fees of comparable equipment, or facilities in the same locality.
* Costs to repair equipment when the need for the repair is attributable to the program. Repairs may only constitute normal maintenance for the equipment and shall not include purchased that rebuild or appreciably prolong the life expectancy of the equipment.
* Maintenance costs of keeping rented facilities in a clean and efficient operating condition, only if those costs are not already reflected in the rental agreement. Maintenance costs to the facility shall not include improvements of permanent nature, or improvements that will exceed the duration of the program operations.

**Utility Costs** incurred in the operation of the facility or equipment utilized for administrative operations are allowable costs to the extent that those expenses are not already reflected in the rental agreement, and the extent of the expenses are related to the administrative operations of the SFSP.

**Office Supplies** are documented costs for office supplies purchased solely for program needs. An inventory of office supplies must be conducted at the beginning and end of SFSP operations. Allowable office supplies include:

* Printing paper
* Pens, pencils, other writing utensils
* Printer and fax toner
* Staples, paper clips, etc.
* Other supplies needed for SFSP administrative operations

**Audit Fees** incurred by SFSP Sponsors that are required by regulation to have a program specific Audit (sponsors receiving $500,000 in Federal Funds total for all Programs operating during the year) are allowable. Audit fees must be documented.

 **Transportation Costs** may include costs incurred by monitors, or other administrative staff in order to conduct pre-operational visits, site visits and site reviews. All transportation costs must be documented by a mileage log, or actual receipts (air/boat travel). Will we pay for air travel?? I can’t find guidance on this.

**Other Costs** may include the cost of materials used to conduct administrative, monitor, or site training. Please contact the State if you have questions about what other administrative costs may be allowable.

**Operating Costs**

Operating costs are expenses incurred in operating a food service under the SFSP. Operating costs shall include allowable direct and indirect cost expenditures. All Operating costs must be documented. Operating costs that you may include on your budget include:

 **Program Labor** costs are allowable when the amounts claimed are based upon hourly rates that are reasonable for the services provided (consistent with rates paid for similar work in the area in which the sponsor is located), and documented by payroll records. Operating costs for program labor involve labor performed to accomplish the following tasks:

* Preparation, delivery, and service of program meals and cleanup;
* Supervision of children during the meal service; and
* Onsite preparation of records required for the program.

**Food Costs** are costs related to obtaining food used for consumption by children in the SFSP. Costs of processing, distributing, storing, and handling of purchased and donated food are allowable food costs. Sponsors must, at a minimum, take a single food inventory at the beginning and at the conclusion of the program to determine the cost of food used. Sponsors that purchase unitized, prepackaged meals delivered by a food service management company under contract must report “food used” based upon delivery receipts itemized to show the number of meals included in each delivery. Delivery receipts must verified for accuracy by the site supervisor, and signed in order for delivered meals to be allowable. Records maintained in support of the cost of purchased food used shall include at a minimum:

* Receiving reports prepared at sites or wherever food is received from suppliers and signed by receiving personnel.
* Purchase invoices received from food suppliers.
* Records reflecting costs of processing, distributing, transporting, storing, and handling of purchased food when such costs are invoiced separately from the original purchase invoice.
* Records of returns, allowances, cash discounts, and other credits when they are not reflected on purchase invoices.
* Canceled checks or other forms of receipts for payment.
* Inventory records that show the kinds of food items on hand at the end of a period, the quantity of each item, the dollar value assigned to each food item, and the total value of the inventory.
* Sponsors which contract with schools or food service management companies to provide all meals, including supplements, must maintain billings by site from the school or company, less returns, allowances, discounts, and rebates for the program meals delivered.

**Facilities Service Costs (Rental Costs)** are costs of services other than labor that are necessary to operate the SFSP. Allowable facility service costs include:

* Costs incurred by the sponsor for rental of food service operation facilities and food service equipment. Facilities are considered to be buildings, or parts of buildings (not land), used for the preparation of food. All rental agreements must be in writing and show responsibilities of all parties involved, they may not include fees for equipment, or facilities which exceed the rental fees of comparable equipment, or facilities in the same locality.
* Food service equipment is equipment designed for the receipt, preparation, refrigeration, storage, cleanup, service, and transportation of food.
* Costs to repair equipment when the need for the repair is attributable to the program. Repairs may only constitute normal maintenance for the equipment and shall not include purchased that rebuild or appreciably prolong the life expectancy of the equipment.
* Maintenance costs of keeping rented facilities in a clean and efficient operating condition, only if those costs are not already reflected in the rental agreement. Maintenance costs to the facility shall not include improvements of permanent nature, or improvements that will exceed the duration of the program operations.

**Utility Costs** incurred in the operation of the facility or equipment utilized for program operations are allowable costs to the extent that those expenses are not already reflected in the rental agreement, and the extent of the expenses are related to program food service operations.

**Nonfood Supplies** are documented costs for nonfood supplies purchased solely for program needs. An inventory of nonfood supplies must be conducted at the beginning and end of SFSP operations. Allowable nonfood supplies include:

* Paper Napkins
* Paper Plates
* Straws
* Plastic utensils
* Plastic cups
* Dishwashing compounds
* Other equipment items of minor dollar value (please contact SA if you’re unsure about allowable nonfood supplies)

**Other Costs** can include costs for transporting food to children or costs for transporting children. For example, costs directly associated with transporting food to children include the cost involved with picking up prepared lunches at a central kitchen location and distributing them to various feeding sites. Rural sponsors may claim the cost of transporting children to a central feeding location within the rural area.

**Direct costs**

Direct Costs are those that can be identified specifically with an organization’s SFSP operation, and are assignable entirely to the SFSP. Typical direct costs include:

* Compensation of employees for the time and efforts devoted specifically to the execution of the program;
* Cost of materials acquired, consumed, or expended specifically for the SFSP;
* Equipment and other approved capital expenditures; and
* Other items of expense incurred specifically to carry out the program.

**Indirect costs**

Indirect Costs are those that have been incurred for common or joint objectives and cannot be readily identified or assignable wholly to the SFSP. Typical indirect costs include:

* Depreciation and use allowances on buildings and equipment,
* Costs of operating and maintain facilities, and
* General administrative expenses of the organization