Total Cost per Meal Calculation
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At the end of this webinar you will be able to answer the following questions:

• What is the Total Cost Per Meal?
• Why should I want to calculate Total Cost per Meal?
• How do I calculate Total Cost per Meal?
• When should I calculate my Total Cost per Meal?

Important Terms

• Raw Food Cost
  – How much it costs to buy the food
  – Generally, food cost should be around 30-35%
  – Generally calculated per meal
• Labor Cost
  – You are paying someone to prepare the food, serve the food, and clean up after the food.
  – Staff benefits, to include sick leave, vacation, etc.
  – Generally, labor cost should be around 25-35%
  – Generally calculated per meal
• Other Cost
  – The cost of plates, cups, napkins, utensils, detergent, hair nets, etc.
  – The cost of the electricity, water, maintenance necessary to for the building
  – Generally calculated per meal
• Total Cost Per Meal
  – Refers to the total cost of a served meal. The total cost includes all of the above into the calculation.
  – It may seem like your total cost per meal is a lot more than necessary, but keep in mind that the total meal cost is more than just the food itself.
Let us discuss the following situations

Expense:
- Someone left the heater on 80° all weekend while the center was closed.
- The cost of milk has gone up.
- Sally is taking a vacation next week and Cynthia will have to work overtime.
- Participants do not like the green beans and always throw them away instead of eating them.

Which cost is affected by the expense described?
- Food Cost
- Other Cost
- Labor Cost

Which of these costs affect the Total Cost of a Meal?

Listen in on this conversation between two meal providers...

I am so excited, I just figured out that my last month’s meal costs were $2.10.

Really? Something must be wrong with my agency because my total cost per meal was $7.32.

You don’t have to do this, to calculate your Total cost per meal!
Worksheet Overview

- Raw Food Cost Worksheet
- Labor Cost Worksheet
- Other Cost Worksheet

Worksheet Section

- Raw Food Cost
  - Number of meals served for the month
  - Total Inventory Value
    - Must keep a record of the value of food on hand
    - Suggest keeping a cost per unit right on the product or on the shelf, to ease monthly inventory
  - Total Food Purchases
    - If food and non food are obtained from the same grocer then put those costs either under raw food cost or under other cost. Either way is ok, just be sure to always do it that way in the future.
RAW FOOD COST WORKSHEET

Calculates the raw food cost per meal.

Total Meals:
Add the month’s “daily meal count” together and record the monthly total for each meal type served.

Food Cost:
Beginning Inventory: Last month’s closing inventory.
Total Purchases: Add all food receipts for the month.
Closing Inventory: What the value of your inventory is on the last day of the month.
To ease end of the month inventory, try this:

When receiving items, either write the unit cost on the can, or the shelf. This will ease end of the month inventory.

RAW FOOD COST WORKSHEET

Net Meal Cost = equals raw food cost per meal.

Worksheet Section

- Labor Cost Per Day
  - Employee Hours per day
    - Assumes that employees are working every day.
    - Might have to average month's worth of information and then figure it out by day.
  - Cost of Salary and Benefits
    - Record benefits and salary for each employee.
  - Net Labor Cost
    - Calculates the labor cost per meal.
LABOR COST WORKSHEET

Calculate the cost of labor per meal served.

Employee Hours per day:
Assumes employees work the same hours every day. May need to edit it if your schedules are not standard.

Salary & Benefits:
Assumes employees work the same hours every day. May need to edit it if your schedules are not standard.
LABOR COST WORKSHEET

Total Labor Cost per Day: How much is cost for your employees. Don't forget to list managers and administrators too.

LABOR COST WORKSHEET

Calculate the cost of labor per meal served.

Worksheet Section

- Other Cost Per Day
  - Daily Expenses
    - Monthly cost associated with having a facility
    - Might want to list non food products here, or under food expenses (but not both)
  - Total Daily Expenses per month
    - If bills are exactly on a monthly cycle then just start with most recent bill (ex. If electric bill’s cycle starts on the 15th of the month, then start with a given month, and follow the cycle)
OTHER COST WORKSHEET

Monthly Expenses
List individual monthly bill amounts.

Total of all expenses

OTHER COST WORKSHEET

Other cost per meal calculation

Taa Daa!
The final calculation

When to Calculate Total Cost Per Meal

• When you anticipate you will not have enough money to serve everyone!
• When you want to figure out how you can improve your budget.
• When you want to explain how your program’s budget works to others, such as participants, program sponsors or Elders.
• When you need to charge guests for a meal.
• When you want to offer your meals to paying customers.
Be an informed program manager!

Know your Total Cost Per Meal Per Month!

Total Cost of Meal Calculation

EXCEL VERSION

Complete only the yellow highlighted sections. The form automatically completes the rest of the document.
Net Meal Cost (or total cost of meal)

Labor Cost

Other Cost
Total Cost Per Month

Type in month

Type in total number of Operating Days that month
The form automatically fills in the staff's days per month. You can change this number if it isn't accurate.

Type in the number of meals you serve this month.

Total number of meals served is automatically calculated for you.
Add Inventory. 
Your food cost per meal is calculated.

Add Labor hours and benefits. 
The following are automatically calculated for you: monthly employee cost and labor cost per meal.

Add other costs. 
The following are automatically calculated for you: total monthly cost and other cost per meal.
When to Calculate Total Cost Per Meal

- When you anticipate you will not have enough money to serve everyone!
- When you want to figure out how you can improve your budget.
- When you want to explain how your program’s budget works to others, such as participants, program sponsors or Elders.
- When you need to charge guests for a meal.
- When you want to be an informed manager.
Which of these program managers know their Total Meal Cost?

I am so excited, I just figured out that my last month's meal costs were $2.50.

Really? Something must be wrong with my agency because my total cost per meal for last month was $7.52.

Be an informed program manager!

Know your Total Cost Per Meal Per Month!

Thank you for your active participation!

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