National Alliance for Nutrition & Activity

Dispelling School Food Funding Myths

<u>Myth:</u> Schools will lose revenue if they switch to selling healthier food.

Reality: Across the country, schools are switching to healthier foods and are not losing revenue.[1] According to the U.S. Department of Agriculture (USDA) and the Centers for Disease Control and Prevention (CDC), "students will buy and consume healthful foods and beverages – and schools can make money from selling healthful options."[2] A number of studies have evaluated the financial impact of switching to healthier school snack and beverage options. Although sometimes there is an initial drop in revenue, sales rebound and total revenues *increase* at the majority of schools, often because meal revenue increases exceed any losses from the sale of foods and beverages outside of the meals.[3,4,5]

In addition, a consistent set of national nutrition standards for foods sold outside of meals will help reduce costs for food and beverage manufacturers because products could be sold to schools across jurisdictions with less need to provide many different formulations in multiple package sizes. National standards also will reduce costs and increase the availability of healthy options for schools.

<u>Myth:</u> Vending contracts are lucrative for schools.

Reality: While vending contracts provide a discretionary source of funding for schools, they generate a modest amount of revenue per student per year for schools. One national study found that school vending contracts raise an average of just $18 per student per year for schools and/or school districts.[6] That translates to less than one-quarter of one percent of the average cost of a student's education.[7] Another national study found that soft drink sales in schools raise a median of $0.70 per student per year in middle schools and $6.38 per student per year in high schools.[8]

Also, the money comes out of the pockets of children, and schools typically keep only 33% (or less) of the funds.[6] In Austin Independent School District, students spent $504,000 per year on products from school vending machines, but their schools received only $90,000 of the proceeds.[9]

<u>Myth:</u> Revenue raised through vending machines is "new" money coming into the school.

Reality: School vending revenue appears to be largely a shift in funds from school food service to the vending account. The Texas Department of Agriculture estimates that Texas schools

raise $54 million per year from vending sales, while the state's school food service operations likely *lose* at least $60 million per year to the sale of foods sold outside of the meal programs.[10] In effect, money from students (and their parents) is making up for the loss to schools of available federal reimbursements for school meals.

<u>Myth:</u> Schools need to sell foods through a la carte to help fund school meal programs.

Reality: Money earned through reimbursable school meals fund a la carte foods, not the other way around. A national meal cost study conducted by USDA showed that by an average of 29%, revenues from non-reimbursable foods (such as foods sold a la carte) fell short of the cost of producing those foods.[11] The average school uses revenues from their reimbursable meals to offset the cost of producing and selling a la carte and other non-reimbursable food items.

<u>Myth:</u> Selling unhealthy food in schools makes financial sense for the community.

Reality: The money schools earn through vending machines is pocket change compared with the $147 billion the United States is spending *each year* on obesity-related diseases.[12]

References

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