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## **14.0 FOOD SERVICE**

This chapter addresses district programs and activities relevant to the administration of the district's school food service operations. This chapter contains 18 major sections:

- 14.1 Scope of Food Service Programs and Activities
- 14.2 Departmental Financial Performance
- 14.3 Communication Program
- 14.4 Student Lunch Participation
- 14.5 Student Breakfast Participation
- 14.6 Paid Cafeteria Monitor Positions
- 14.7 Complimentary Lunch Meals for Custodial Staff
- 14.8 Part-Time Employee Benefits Costs
- 14.9 Emergency Meal Practices
- 14.10 Disposable Serving Products
- 14.11 Staff Menus and Serving Lines
- 14.12 Warehouse Freezer Storage
- 14.13 Staffing Shortages
- 14.14 Condition of Kitchen Facilities and Equipment
- 14.15 Food Service Administrative Authority
- 14.16 Cash Handling Practices
- 14.17 Budgeting and Financial Reporting
- 14.18 Food Costs

### **14.1 Scope of Food Service Programs and Activities**

#### **CURRENT SITUATION**

The school district's Food Service Department operates district food service programs and activities with the following three main goals:

- to provide quality meals and quality service to every customer every day;
- to increase the number of customer meals served daily; and
- to operate a well-managed business that remains financially solvent.

The department, with annual revenues of over \$44 million, offers breakfast and lunch meals to students and adults at the district's 174 campuses. The kitchens at 157 of the district's campuses prepare and serve meals at their locations. Some of these kitchens also prepare and deliver meals to the remaining 17 satellite kitchens, where the meals are then served. The department serves 28,443 breakfasts and 102,755 lunches on an average daily basis. This translates to a 19 percent student breakfast participation rate and a 70 percent student lunch participation rate.

Based on *Food Service Director Magazine's* 1995 school food service industry census, the Hillsborough County School District ranked tenth in the United States in terms of the annual dollar volume of food purchases. These findings are based on a nationwide

survey of the largest 100 school food service programs in the nation. The district's four percent increase in 1995 food product expenditures over 1994 compared with an average national decrease of 0.7 percent in food purchases. This illustrates the continued growth of the district's food service program, relative to other similar-sized U.S. school districts. The only other school district in the *Food Service Director Magazine's* Top 10 that exceeded the district's growth in annual food purchases was Fort Lauderdale, Florida. The top 25 U.S. school food service programs in terms of the dollar volume of 1995 annual food purchases is presented in Exhibit 14-1.

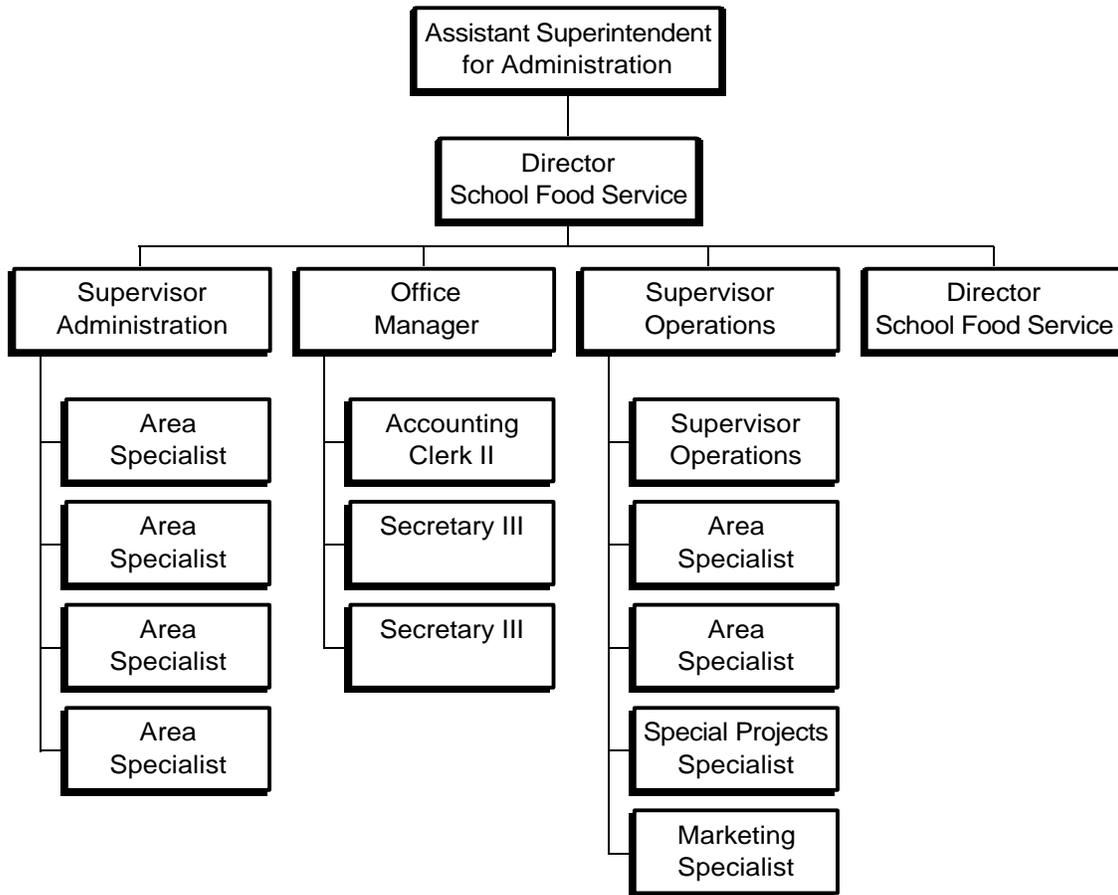
As illustrated in the department's current organizational structure in Exhibit 14-2, the Director of Food Service is responsible for the activities of the department and reports to the Assistant Superintendent of Administration. The department's current central office administrative and staff positions include the Director, a Supervisor of Operations, five area specialists, an office manager, an accounting clerk, and two secretaries. Central office positions that are presently vacant include the Supervisor of Operations, one area specialist, the special projects specialist, and the marketing specialist. The district's central office also provides specialized support services to the department in the functional areas of personnel, accounting, data processing, payroll and purchasing. All other departmental activities are performed by the 1,165 full-time and part-time positions located in the 174 district cafeterias.

**EXHIBIT 14-1  
TOP 25 UNITED STATES SCHOOL DISTRICTS  
1995 FOOD PURCHASES**

Rank	Districts	Number of Schools	1995 Food Purchases (\$000's)	Percent Change 1994-95
1	New York City, NY	1,396	\$106,955	-10
2	Los Angeles, CA	590	73,151	+3
3	Chicago, IL	600	50,000	0
4	Dade County, FL	318	32,000	+1
5	Honolulu, HI	242	25,000	0
6	Philadelphia, PA	284	23,430	-2
7	Houston, TX	248	20,000	-2
8	Ft. Lauderdale, FL	188	16,515	+5
9	Dallas, TX	196	15,000	+2
<b>10</b>	<b>Tampa, FL</b>	<b>172</b>	<b>14,988</b>	<b>+4</b>
11	Springfield, VA	175	12,630	+3
12	W. Palm Beach, FL	141	12,464	0
13	Orlando, FL	132	12,000	+4
14	Washington, DC	162	10,000	0
15	Memphis, TN	151	10,500	0
16	Louisville, KY	144	10,000	0
17	Baltimore, MD	185	9,500	+4
18	Decatur, GA	110	9,500	+20
19	Las Vegas, NV	181	9,265	+7
20	Cleveland, OH	116	9,094	+0
21	Jacksonville, FL	148	9,000	+3
22	New Orleans, LA	120	8,000	n/a
23	Upper Marlboro, MD	178	7,900	+5
24	Bartow, FL	96	7,800	+4
25	Atlanta, GA	99	7,761	+3

Source: *Food Service Director Magazine*, June 1996, page 57.

**EXHIBIT 14-2  
FOOD SERVICE DEPARTMENT IN THE  
HILLSBOROUGH COUNTY SCHOOL DISTRICT  
CURRENT ORGANIZATIONAL STRUCTURE**

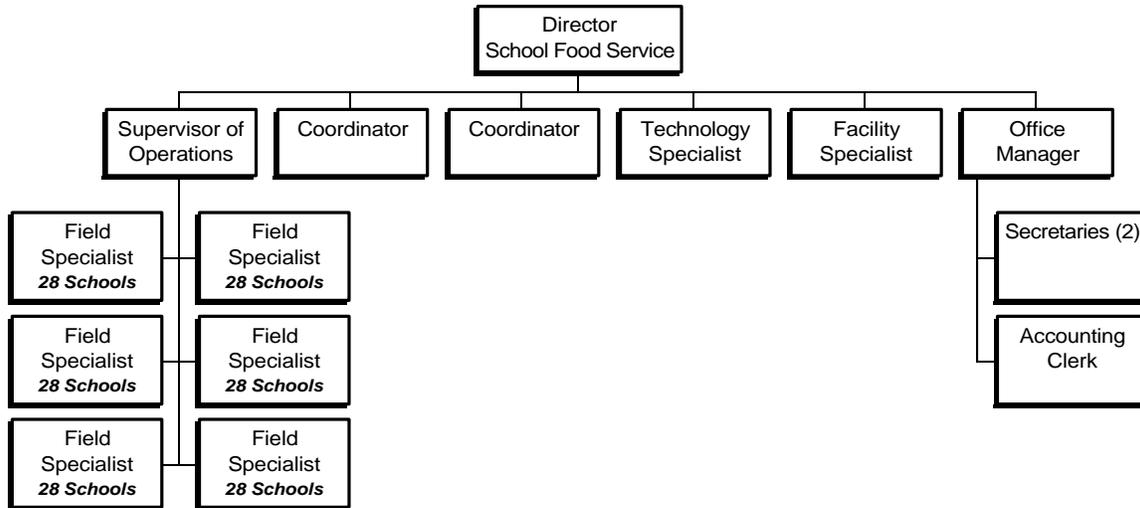


Source: Hillsborough County School District, Food Service Department, 1997.

As part of the district reorganization proposal, the director has submitted a departmental reorganization plan that, with Board approval, would become effective in July 1997. The proposed organizational structure is presented in Exhibit 14-3. The reorganization plan proposes that the vacant Supervisor of Administration position be eliminated and replaced with two coordinator positions. These two coordinator positions would assist with, but not be limited to, the responsibilities in the areas of food production, purchasing, government programs, catering services, finance, training, and policies and procedures.

Since the plan recommends that one of the current field specialists be moved into one of the proposed coordinator positions, this would result in two vacant field specialist positions. The plan proposes that these two vacant positions be filled. This will coincide with the reorganization of the district from four to six areas.

**EXHIBIT 14-3  
PROPOSED ORGANIZATIONAL STRUCTURE FOR  
FOOD SERVICE DEPARTMENT**



Source: Hillsborough County School District, Food Service Department, 1997.

The reorganization would also involve filling the two remaining vacant specialist positions and converting them from 10 month (213 days) to 12 month (257 days) positions. One position would be a technology specialist and the other position would be a facility specialist. Similar to other similar-sized school districts, the technology specialist would assist in managing computer operations in the district office and at school sites. This will be critical to the effective implementation of the new departmental computer system that will be phased in at district schools beginning in the 1997-98 school year. The facility specialist would assist in areas such as checking on maintenance requests, evaluating equipment requests, reviewing architectural drawings, inspecting facilities, and evaluating new equipment.

The estimated cost of the reorganization is \$109,000. However, the \$65,000 cost savings by the elimination of the vacant supervisor of administration position results in a net annual addition of \$44,000 to the departmental budget. The reorganization plan was developed based on the organizational structure of similar-sized districts, the unique needs of the district, and the State Board Rule 6A 7.045 that specifies the recommended number of district food service employees, based on a staffing formula.

The Director of Food Service is responsible for operating the department in compliance with the United States Department of Agriculture's (USDA's) School Breakfast Program (SBP) and National School Lunch Program (NSLP) regulations, as administered by the Florida Department of Education. Approximately 51 percent of the district's students are approved to receive free or reduced meal benefits through the USDA's school breakfast and lunch program. As a participant in the USDA's Child Nutrition Program, the district receives federal reimbursement income for free, reduced, and paid breakfast and lunch meals served. In addition to federal meal income reimbursements,

the district also receives USDA food commodities. One elementary school, Boyette Springs, participates in the NSLP on a year round basis.

## **FINDING**

In addition to serving breakfast and lunch meals during the regular school year to students and adults at campuses, the department has continued to expand its non-traditional sources of revenue. The department receives additional revenue in the summer by participating in the USDA Summer Food Service Program (SFSP) and by serving breakfast, lunch, and snack meals to programs or organizations outside of the district, such as area child care centers, school-age child care facilities, employee childcare centers, extended day care programs, Head Start, and the USF national youth sports program. The continued growth of the department's campus catering services has further enhanced revenues from non-traditional food service sources. Exhibit 14-4 illustrates the department's 40.7 percent increase in non-traditional revenue during the past three years.

The district began participating in the USDA Summer Food Service Program (SFSP) in Summer 1994. Schools are eligible to participate in the SFSP if at least 50 percent of their student population has been approved for free and reduced meal benefits. During the Summer 1996, the department served over 22,000 total average daily meals to students at 88 district elementary schools. The success of the program may be illustrated by the fact that 91 percent of the students enrolled at these 88 elementary school sites participated in the SFSP on a regular basis. Exhibit 14-5 illustrates that the department generated approximately \$1.7 million in revenues and achieved a profit of over \$681,500 from the 1996 participation in the SFSP.

## **COMMENDATION**

**The department is commended for achieving significant increases in revenue from non-traditional sources during the past several years.**

The insight and direction provided by the Food Service Director has led to a continued increase in food services revenue from sources outside of the traditional school breakfast and lunch program. These achievements have strengthened the financial stability of the department and have allowed for increases in annual departmental income transfers to the district's general fund.

**EXHIBIT 14-4**  
**FOOD SERVICE DEPARTMENT REVENUES**  
**FROM NON-TRADITIONAL SOURCES IN THE**  
**HILLSBOROUGH COUNTY SCHOOL DISTRICT**  
**1994 THROUGH 1996**

Source	1994	1995	1996	Percent Change 1994-96
School Age Child Care	\$99,956	\$162,777	\$255,020	155.1%
Dorothy Thomas	\$207,060	\$221,106	\$229,338	10.8%
Head Start	\$135,186	\$150,149	\$173,973	28.7%
Catering (in district)	\$143,867	\$93,771	\$126,735	-11.9%
Middle School Extended Day		\$47,214	\$97,390	--
Beulah Baptist Child Care	\$20,142	\$36,060	\$33,420	-16.8%
St. Peter Claver DC	\$31,768	\$29,173	\$21,611	-32.0%
Catering (outside district)		\$17,722	\$17,150	--
Seffner Christian Academy		\$27,283	\$16,828	--
Youth Sports Foundation			\$12,770	--
TPA Housing Authority	\$6,354	\$7,373	\$6,860	8.0%
Pebble's Child Care	\$4,179	\$17,538	\$6,709	60.5%
Linda's Daycare	\$4,410	\$5,261	\$6,069	37.6%
Migrant	\$6,350	\$6,490	\$6,004	-5.4%
Employee Child Care	\$8,255	\$6,778	\$5,687	-31.1%
St. Peter Claver School		\$12,845	\$4,636	--
Foster grandparents	\$12,754	\$11,558	\$3,484	-72.7%
First Baptist Lithia CCP	\$1,465	\$2,268	\$3,330	127.3%
Brandon Childcare	\$5,936	\$11,974	\$2,953	-50.3%
Golden Hours	\$2,264	\$2,942	\$2,947	30.2%
Redland's Migrant Center			\$1,553	--
Even Start	\$1,262	\$90		--
Active, Creative Learning	\$2,592			--
Westshore Alliance	\$20,751			--
<b>Total Revenue</b>	<b>\$736,555</b>	<b>\$872,367</b>	<b>\$1,036,464</b>	<b>40.7%</b>

Source: Hillsborough County School District, Food Service Department, 1997.

**EXHIBIT 14-5  
1996 SUMMER FEEDING PROGRAM  
REVENUE AND EXPENDITURES**

Revenue/Expenditure	Dollars	Percent of Revenue
<b>REVENUE</b>		
Reimbursement Income	\$1,629,330	97.57%
Contracted Meals Services	\$39,661	2.38%
Adult Paid Meals	\$868	0.05%
<b>Total Revenue</b>	<b>\$1,669,859</b>	<b>100.00%</b>
<b>EXPENDITURES</b>		
Food	\$435,714	26.09%
Labor	\$364,728	21.84%
Administrative	\$130,536	7.82%
Non-food	\$40,439	2.42%
Other	\$16,937	1.01%
<b>Total Expenditures</b>	<b>\$988,3564</b>	<b>59.19%</b>
<b>NET PROFIT</b>	<b>\$681,505</b>	<b>40.81%</b>

Source: Hillsborough County School District, Food Service Department, 1997.

## **14.2 Departmental Financial Performance**

### **CURRENT SITUATION**

As illustrated in Exhibit 14-6, the department reported a \$2.3 million net operating profit in the 1995-96 school year on operating revenues of \$42.8 million and operating expenditures of \$40.5 million. This equates to a 5.5 percent net profit margin. Payroll and benefits expenses represented almost 50 percent of departmental income, while the costs associated with food purchases represented approximately 37 percent of departmental revenues.

### **FINDING**

Food Services is a self-supporting department that has established and maintained a strong financial position during the 1990s. The current Food Service Director began in the 1990-91 school year, following a 1989-90 annual departmental operating loss in excess of \$2.5 million. Since the 1990-91 school year, the Food Service Director has engineered a significant financial turnaround. As illustrated in Exhibit 14-6, the department reported an operating profit in 1994-95 of over \$3.2 million.

**EXHIBIT 14-6**  
**PROFIT & LOSS STATEMENTS OF THE**  
**HILLSBOROUGH COUNTY SCHOOL DISTRICT**  
**FOOD SERVICE DEPARTMENT**  
**1993 THROUGH 1996**

Revenue and Expenditures	1993-94		1994-95		1995-96		Percent Change 1994-96
	Dollars	Percent of Revenue	Dollars	Percent of Revenue	Dollars	Percent of Revenue	
<b>REVENUE</b>							
Lunch reimbursement income	\$16,933,254	43.6%	\$17,659,483	42.0%	\$17,846,278	41.7%	5.4%
Breakfast and lunch cash sales	\$14,781,333	38.1%	\$15,881,570	37.8%	\$16,635,009	38.8%	12.5%
Breakfast reimbursement income	\$4,931,486	12.7%	\$5,237,178	12.5%	\$5,300,981	12.4%	7.5%
State supplemental income	\$1,545,670	4.0%	\$1,572,393	3.7%	\$1,570,617	3.7%	1.6%
Summer feeding program	\$475,245	1.2%	\$1,542,431	3.7%	\$1,410,564	3.3%	196.8%
Other revenue	\$126,327	0.3%	\$117,094	0.3%	\$59,547	0.1%	-52.9%
<b>Total Revenue</b>	<b>\$38,783,315</b>	<b>100.0%</b>	<b>\$42,010,049</b>	<b>100.0%</b>	<b>\$42,822,996</b>	<b>100.0%</b>	<b>10.4%</b>
<b>EXPENDITURES</b>							
Salaries	\$14,334,982	37.0%	\$15,077,997	35.9%	\$15,442,385	35.1%	7.7%
Benefits	\$5,651,356	14.6%	\$6,184,690	14.7%	\$6,126,256	14.3%	8.4%
Food	\$13,875,963	35.8%	\$14,946,290	35.6%	\$15,821,127	36.9%	14.0%
Non-food	\$1,196,373	3.1%	\$1,477,628	3.5%	\$1,640,508	3.8%	37.1%
Kitchen equipment	\$598,482	1.5%	\$306,344	0.7%	\$768,564	1.8%	28.4%
Repair and maintenance	\$378,453	1.0%	\$282,028	0.7%	\$325,262	0.8%	-14.1%
Other purchased services	\$269,103	0.7%	\$326,752	0.8%	\$215,444	0.5%	-19.9%
Other expenses	\$172,235	0.4%	\$164,123	0.4%	\$145,140	0.3%	-15.7%
<b>Total Expenditures</b>	<b>\$365,476,947</b>	<b>94.0%</b>	<b>\$38,765,852</b>	<b>92.3%</b>	<b>\$40,484,686</b>	<b>94.5%</b>	<b>11.0%</b>
<b>NET OPERATING INCOME</b>	<b>\$2,316,368</b>	<b>6.0%</b>	<b>\$3,244,297</b>	<b>7.7%</b>	<b>\$2,338,310</b>	<b>5.5%</b>	

Source: Hillsborough County School District, Food Service Department, 1997.

The Food Service Director's efforts to increase program revenues through non-traditional sources has contributed to the continued improvement in the department's financial performance in recent years. This may be illustrated by the addition of Summer Food Service Program (SFSP) revenue in 1993-94 and the subsequent increase in SFSP revenues. However, the key contributing factors to this major turnaround was the Director's initial focus on reducing departmental food and labor costs. These are the two prime cost areas of all school food service operations.

To reduce departmental food costs, the Director worked with the central purchasing staff to formalize the food procurement process. This included the initial documentation of bid specifications, product descriptions, and approved brands for all food products used in district kitchens. This documentation was used to establish a formal competitive bidding program. Following the implementation of this competitive bidding process, the average food cost per meal served at district cafeterias decreased by four cents. The district is now evaluating the potential for a co-operative purchasing agreement with other Florida counties to further reduce food costs.

To reduce departmental labor costs, the Food Service Director implemented staffing guidelines at each district kitchen. Staffing schedules at district kitchens are based on the productivity standards of meals served per labor hour. Meals per labor hour standards for the 1996-97 school year are presented in Exhibit 14-7.

**EXHIBIT 14-7  
MEALS SERVED PER LABOR HOUR STANDARDS IN THE  
HILLSBOROUGH COUNTY SCHOOL DISTRICT  
1996-97 SCHOOL YEAR**

School Classification	Average Daily Meals Served	Meals Per Labor Hour Standard
Elementary	0 - 300	12.00
	301 - 500	14.50
	501 - 700	16.00
	701 - 900	17.00
	901 +	17.50
Middle/Junior	401 - 700	15.50
	701 - 900	16.00
	901 - 1,400	17.50
	1,401 +	18.50
Senior	Double Sessions	15.00
	901 - 1,400	17.50
	1,401 +	18.00
Centers	0 - 300	12.00
	301 +	14.00
Pre-K Schools	501 - 700	16.00

Source: Hillsborough County School District, Food Service Department, 1997.

Following the implementation of productivity standards and corresponding staffing schedules at each district kitchen, departmental productivity increased each

subsequent year. To achieve these challenging productivity standards, the director initiated a hiring freeze. Through natural attrition and the transfer of food service personnel to other district kitchens, the director achieved continued productivity improvements without resorting to layoffs. These productivity increases by year are presented in Exhibit 14-8.

**EXHIBIT 14-8  
MEALS SERVED PER LABOR HOUR  
1990 THROUGH 1997**

<b>Fiscal Year</b>	<b>Average Daily Meals Served*</b>	<b>Labor Hours</b>	<b>Average Meals Served Per Labor Hour</b>
1997	129,062	7,684	16.80
1996	125,890	7,891	15.96
1995	122,833	7,719	15.92
1994	111,446	7,302	15.26
1993	107,988	7,303	14.79
1992	106,700	7,728	13.81
1991	100,456	7,152	13.42
1990	92,779	8,068	11.50

Source: Hillsborough County School District, Food Service Department, 1997.

\*Average meals based on average of one week count during September

Site-based management is a key factor that has contributed to the successful implementation of cost reduction initiatives at district kitchens. Cost per meal and productivity standards are communicated to each kitchen manager, who is then responsible for achieving those standards. Each kitchen manager records monthly cost per meal summaries on kitchen bulletin boards so that all food service personnel are involved in this performance improvement process. Kitchen managers are also informed as to their productivity results. Area specialists work with kitchen managers to reduce unfavorable variances from cost per meal and productivity standards.

**COMMENDATION**

**The strong leadership, focus, and commitment of the Food Service Director have resulted in a significant turnaround in the department's financial performance.**

The turnaround of the department's financial performance also may be attributed to the successful implementation of cost reduction initiatives by departmental area specialists and food service personnel at all cafeterias. The department's financial accomplishments provide a solid foundation for continued improvements in the program's operating performance. The Food Service Director has continued to set high performance standards and achieve increased operating efficiencies at district kitchens. These continued efforts have provided a strong financial position and long-term viability for the department.

### **14.3 Communication Program**

#### **CURRENT SITUATION**

To increase the effectiveness and efficiency of the department, the Food Service Director has continued to enhance communication with food service personnel at all district cafeteria locations. This has included the development of the *School Food Service Policies and Procedures Manual* and the *Manager's Information Guide for Food Service Operations*. Departmental policies, procedures, and other relevant internal information continue to be revised and updated. These documents serve as an excellent tool in management training and day-to-day site kitchen operation activities.

Detailed site visitation reports have been developed to monitor the quality of products and services at district kitchens on an ongoing basis. The area field specialists are responsible for conducting extensive reviews of their assigned kitchen operations and completing the detailed site visitation reports. The area field specialists meet with the kitchen manager and the school principal of their respective schools to discuss the results of the review and to develop an action plan to correct any deficiencies.

Regular meetings are held within the department to keep all food service personnel informed and to provide a forum for discussion. The Food Service Director holds weekly staff meetings with area specialists and meets with all levels of food service management monthly. Area specialists also meet on an ongoing basis with school principals to inform them of any issues relevant to their cafeteria operations.

The Food Service Director has established a steering committee of district principals. This steering committee is comprised of a representative number of principals from elementary schools. This committee provides a forum for the Food Service Director to solicit feedback concerning food service issues, or concerns and proposed changes.

#### **FINDING**

The department has established an effective internal and external communication program. The formal documentation of departmental policies and procedures guide the thinking, decisions, and actions of kitchen managers and their subordinates in achieving departmental standards. These policies, procedures, and information sources serve to increase managerial effectiveness by standardizing many routine decisions and clarifying the discretion of kitchen managers and their subordinates in performing their daily activities.

The ongoing and formal site review process by area specialists provides the opportunity for continued improvement at all district kitchen locations. The regular weekly staff meetings, and monthly site meetings, have served to further enhance the communication between the central office and kitchen personnel.

The relationship established between area specialists and principals is critical to the effectiveness and efficiency of district kitchen operations. The site visitation reports have served as an effective tool for area specialists to discuss key issues or concerns with school principals. In addition, the steering committee formed by the Food Service

Director has provided principals with the opportunity to provide their insights into critical issues relevant to district food service operations. This committee also provides an effective forum to initiate and gain support for program changes.

**COMMENDATION**

**The Food Service Director is commended for establishing and maintaining strong communication channels with food service personnel and school administrators.**

The effective communication between food service administrators, kitchen personnel, and principals has contributed to the continued improvement of the department's effectiveness and efficiency. Food service administrators, kitchen food service personnel, and district principals are commended for their efforts in working together to build supportive relationships through these effective channels of communication.

**14.4 Student Lunch Participation**

**CURRENT SITUATION**

As illustrated in Exhibit 14-9, student participation in the school district's lunch program increased significantly between 1992 and 1996. The most significant increases in participation occurred in 1995. After reaching a peak in 1995, there was a slight decline in lunch participation at elementary and high schools in 1996. However, middle or junior high school student participation remained stable or increased.

**EXHIBIT 14-9  
STUDENT LUNCH PARTICIPATION IN THE  
HILLSBOROUGH COUNTY SCHOOL DISTRICT  
1992 THROUGH 1996**

	<b>Elementary</b>	<b>Middle/Junior High</b>	<b>Senior High</b>
1992	70%	45%	53%
1993	70%	60%	51%
1994	70%	64%	55%
1995	75%	76%	74%
1996	74%	76%	72%
12/96	73%	77%	59%* 69%**

Source: Hillsborough County School District, Food Service Department, 1997.

\*Includes schools on double session

\*\*Excluding schools on double session

The district's January 1997 year-to-date average daily student lunch participation was 69.4 percent. A breakdown of year-to-date student participation percentages by school level is presented in Exhibit 14-10. This exhibit also provides a breakdown of student participation in the National School Lunch Program (NSLP). This indicates the

percentage of eligible students who were served a free, reduced price, or full price reimbursable lunch meal on an average daily basis. These meals served, unlike a la carte menu item cash sales, qualify for federal reimbursement income. During 1996-97, the district receives a \$1.66 plus .1975 for every free meal, \$1.26 plus .1975 for every reduced meal, and .1975 for every paid meal.

**EXHIBIT 14-10  
STUDENT LUNCH PARTICIPATION PERCENTAGE IN THE  
HILLSBOROUGH COUNTY SCHOOL DISTRICT  
YEAR-TO-DATE THROUGH JANUARY 1997**

School Level	Average Daily Participation Percentage	Participation Percentage of Approved Free	Participation Percentage of Approved Reduced	Participation Percentage of Paid
Elementary	70.9%	85.3%	67.4%	42.2%
Middle/Junior High	77.5%	71.3%	49.5%	14.6%
High School	62.3%	52.0%	40.3%	10.0%
<b>Total</b>	<b>69.4%</b>	<b>78.2%</b>	<b>59.7%</b>	<b>26.2%</b>

Source: Hillsborough County School District, Food Service Department, 1997.

Exhibit 14-11 presents a breakdown in the sources of lunch revenue between 1994 and 1996. Since district menu prices for reimbursable lunches were not increased during this time period, revenue increases would have been primarily the result of increased student participation, increased a la carte menu prices, or increased federal reimbursement rates. The primary factor contributing to the 7.8 percent increase in lunch revenue during this period was the 22 percent increase in lunch a la carte sales. The decline in reimbursable lunch sales was likely to have been the result of students shifting from reimbursable meals to a la carte menu choices.

**EXHIBIT 14-11  
STUDENT LUNCH REVENUE IN THE  
HILLSBOROUGH COUNTY SCHOOL DISTRICT  
1994 THROUGH 1996**

	1994	1995	1996	Change 1994-96
Free lunch reimbursement	\$13,350,725	\$13,875,215	\$13,851,878	3.8%
Student a la carte lunch sales	\$5,918,943	\$6,794,734	\$7,240,825	22.3%
Reimbursable lunch sales	\$5,233,140	\$5,115,561	\$5,199,420	-0.6%
Paid lunch reimbursement	\$2,480,107	\$2,581,523	\$2,615,855	5.5%
Reduced lunch reimbursement	\$1,102,422	\$1,202,745	\$1,378,546	25.0%
<b>Total Revenue</b>	<b>\$28,085,337</b>	<b>\$29,569,778</b>	<b>\$30,286,524</b>	<b>7.8%</b>

Source: Hillsborough County School District, Food Service Department, 1997.

The popularity of a la carte menu items may be reflected in the mix of student lunches served. Exhibit 14-12 illustrates that a la carte meals represent 48 percent of middle/junior high meals served and 66 percent of high school meals served. Conversely, 68 percent of lunch meals served at elementary schools are free or reduced priced, compared with 22 percent at high schools.

**EXHIBIT 14-12  
LUNCH MEAL TYPES AS A PERCENT OF TOTAL  
YEAR-TO-DATE THROUGH JANUARY 1997**

<b>School Level</b>	<b>Free</b>	<b>Reduced</b>	<b>Paid</b>	<b>À la Carte</b>
Elementary	60.8%	7.1%	25.0%	7.1%
Middle/Junior High	37.9%	4.5%	9.7%	47.9%
High School	19.8%	2.3%	11.7%	66.2%
<b>Total</b>	<b>48.4%</b>	<b>5.6%</b>	<b>19.1%</b>	<b>26.9%</b>

Source: Hillsborough County School District, Food Service Department, 1997.

**FINDING**

The Director's initiatives to continue the expansion of a la carte menu items and points of service at secondary schools significantly influenced the rapid escalation of student lunch participation between 1992 and 1995. The Director has continued to tailor menu choices and services to the tastes and preferences of students. This has involved a transition from the traditional cafeteria hot lunch meal to the more popular fast-food type menu featuring a wide selection of a la carte items. The disposable packaging, wide variety of menu choices, and self-serve style speeds the movement of lunch lines and allows for students to eat grab-and-go type items. These changes in products and services have allowed more students to participate in the school lunch program, despite the districtwide problems of overcrowded cafeterias and short lunch periods.

Despite achieving a relatively high student lunch participation, interviews and survey data revealed a general dissatisfaction with the food service program among principals and teachers. At least 55 percent of district principals and teachers surveyed expressed the need of some improvement or major improvement to the district's school food service program. Concerns were noted with respect to food quality, menu choices, and the dining room environment. With respect to food quality and menu choices, student tastes and preferences may be quite different from school staff and administrators. This may be illustrated by the increase in student lunch participation that has resulted from the expansion of popular menu choices and points of service. Further, our interviews revealed that few complaints are received in the central office or schools from parents who are dissatisfied with the school lunch program.

Following the continued escalation of student lunch participation from 1992 through 1995, there has been a decline in participation at elementary and high schools. Correspondingly, the rate of lunch revenue increases have declined since 1995. Although Exhibit 14-11 illustrates a 7.8 percent growth in lunch revenue between 1994 and 1996, most of this increase occurred between 1994 and 1995. The increase in

lunch revenue was 5.8 percent between 1994 and 1995, compared with 2.4 percent between 1995 and 1996.

Student participation at elementary and high schools has declined since 1995. However, middle or junior high school participation has remained relatively stable. A major factor contributing to the decline in high school participation in the past year is likely to be the increase in high schools that have double sessions. These double session arrangements significantly reduce student lunch participation, as students either eat lunch after they are dismissed or before they arrive at school.

As illustrated in Exhibit 14-10 and 14-12, participation in the NSLP among the district's students follows a progressive decline from elementary to high school in all three categories (free, reduced price, paid). Only 71 percent of middle/junior high school students and 52 percent of high school students who are approved to receive free lunches participate in the NSLP on an average daily basis. Further, less than 50 percent of those students approved to receive reduced priced meals regularly purchase the reimbursable lunch. Thus, the district is not maximizing its revenue potential from federal reimbursement income.

One major barrier to increasing student lunch participation in district schools is the inadequate dining area capacity to serve the student population with the traditional number of lunch periods and length of lunch periods. Present campus policies at most district schools result in an insufficient number of lunch periods, overcrowded dining rooms, and too short of a time for a student to eat lunch. This is particularly true in high schools, where only two lunch periods are scheduled. These situations result in an unpleasant dining atmosphere whereby students are discouraged from participating in the district's lunch program.

### **COMMENDATION**

**The Food Service Director is commended for the actions taken to achieve significant increases in student lunch participation, particularly at secondary schools.**

These efforts resulted in the development of menus and services that have been tailored to the tastes and preferences of students. The changes in products and services have allowed more students to participate in the school lunch program, despite the districtwide problems of overcrowded cafeterias and short lunch periods.

### **RECOMMENDATION**

#### **Recommendation 14-1:**

**Increase student lunch participation at district cafeterias by increasing the number of lunch periods, increasing the length of lunch periods, and expanding promotions and points of service.**

Despite overcrowding in most district schools, there remains the potential for reducing the magnitude of the problem, particularly in high schools. Principals should evaluate school policies with respect to the number of lunch periods and the length of the lunch periods. For example, high schools should schedule, where feasible, four lunch periods, rather than the present two periods, and lunch periods should average at least 30 minutes in length. These changes should reduce the length of lines, alleviate overcrowded dining areas, and provide students with an adequate time for lunch.

The department should continue to expand the use of lunch promotions, such as the \$2.00 meal deal at elementary schools. This is an a la carte meal that is targeted to those elementary school students who typically bring a lunchbox. This promotion has been used daily in approximately 10 schools and has resulted in increases in student participation of up to 12 percent.

Secondary school principals should also support food service administrators with their efforts to expand the points of service. This may include the use of more food carts in various locations inside and outside of the cafeteria. Another strategy that has alleviated congestion of overcrowded facilities in other districts is the increased use of vending machines. The food service departments in these districts are responsible for the operation and maintenance of the machines as an expansion of the food service programs.

#### **IMPLEMENTATION STRATEGIES AND TIMELINE**

1. The Director of Food Service should meet with the steering committee of principals to discuss ideas to increase lunch participation. August 1997-  
December 1997
2. The Director of Food Service and area field specialists should select the specific meeting with principals at selected schools to solicit support for the implementation of strategies to increase lunch participation. January 1998 -  
March 1998
3. The Director of Food Service and area field specialists should select specific campuses for the implementation of strategies to increase participation. The criteria to select schools should be based on the support and commitment of the principals and the potential for increased participation. January 1998-  
March 1998
4. The Director of Food Service and area field specialists should develop a detailed plan to implement the new marketing strategies. These plans should be specific to each campus. April 1998 - May 1998
5. The Director of Food Service and area field specialists should meet with cafeteria personnel, school principals, and faculty at each campus prior to program implementation. August 1998

6. The Director of Food Service should evaluate the results of the enhancements that have been implemented at each campus and make necessary revisions. If successful, these programs should be expanded to other campuses. Annually commencing in August 1998

**FISCAL IMPACT**

The successful implementation of the recommendation to increase student lunch participation should generate an increase in annual departmental income of approximately \$86,400. This would translate into an increase in student lunch participation from 69.4 percent in the 1996-97 school year (Exhibit 14-10) to 73 percent in 2001-02 school year. These figures are based on the district's January 1997 year-to-date student average daily attendance of 135,434, the department's 1995-96 average revenue per lunch meal of \$1.79 (\$30,286,524 in student lunch sales/180 school days/93,991 average daily lunches served), and 1995-96 departmental net income of 5.5 percent of revenue.

<b>Lunch meal participation</b>	
Current average daily attendance	135,434
x proposed student lunch participation percentage	73%
= Proposed average daily lunches served	98,867
Less: current average daily lunches @ 69.4% participation	93,991
Estimated increase in average daily lunches	4,876
x average revenue per lunch	\$1.79
x days in school year	180
Estimated annual increase in lunch revenues	\$1,571,047
x departmental net income percentage	5.5%
Estimated increase in departmental income	<b>\$86,408</b>

Source: Hillsborough County School District, Food Service Department, 1997.

Assuming that student lunch meal participation increased gradually over the four-year period from 1998-99 through 2001-02, the annual departmental net income increase of \$21,600 in 1998-99 would escalate to \$86,400 by the 2001-02 school year. These estimates do not include future increases to the district's student enrollment or the current federal lunch meal reimbursement rate, and do not consider any future district menu price increases. These projections include estimated costs to augment participation rate (e.g., food costs, vending machines). It also is assumed that principals at most district schools will provide their support and commitment to food service administrators in their efforts to increase student lunch participation.

<b>Recommendation</b>	<b>1997-98</b>	<b>1998-99</b>	<b>1999-2000</b>	<b>2000-01</b>	<b>2001-02</b>
Increase Student Lunch Participation	- 0 -	\$21,600	\$43,200	\$64,800	\$86,400

**14.5 Student Breakfast Participation**

**CURRENT SITUATION**

Student participation in the breakfast program increased slightly between 1992 and 1996, as illustrated in Exhibit 14-13. Elementary school breakfast participation has ranged from 26 percent to 29 percent during this period, while middle/junior high student participation has increased from seven to 11 percent. High school participation has ranged from six percent in 1992 to nine percent in 1995.

**EXHIBIT 14-13  
STUDENT BREAKFAST PARTICIPATION  
1992 THROUGH 1996**

Year	Elementary	Middle/Junior High	Senior High
1991-1992	26%	7%	6%
1992-1993	25%	7%	6%
1993-1994	26%	8%	8%
1994-1995	29%	10%	9%
1995-1996	28%	11%	8%
Through 12/96	29%	12%	7%

Source: Hillsborough County School District, Food Service Department.

The school district's January 1997 year-to-date average daily student breakfast participation was 20.5 percent. Year-to-date student participation percentages by school level is presented in Exhibit 14-14. This exhibit also provides a breakdown of student participation in the School Breakfast Program (SBP). This indicates the percentage of potential students who were served a free, reduced price, or full price reimbursable breakfast meal on an average daily basis. These meals served, unlike a la carte menu item cash sales, qualify for federal reimbursement income. During 1996-97, the district receives a \$0.82 reimbursement for each free breakfast meal served and a \$0.52 reimbursement for each reduced priced meal served. The rates increase to \$1.02 for maximum severe need free breakfasts and \$.72 for maximum severe need reduced breakfasts. The district receives approximately \$.20 for each regular paid breakfast meal served.

**EXHIBIT 14-14  
STUDENT BREAKFAST PARTICIPATION RATE  
YEAR-TO-DATE THROUGH JANUARY 1997**

School Level	Average Daily Participation Percentage	Participation Percentage of Approved Free	Participation Percentage of Approved Reduced	Participation Percentage of Paid
Elementary	28.2%	48.2%	17.7%	5.7%
Middle/Junior High	11.3%	23.8%	7.1%	1.3%
High School	7.5%	19.0%	8.3%	1.4%
<b>Total</b>	<b>20.5%</b>	<b>40.3%</b>	<b>14.4%</b>	<b>3.5%</b>

Source: Hillsborough County School District, Food Service Department, 1997.

Exhibit 14-15 presents a breakdown in the sources of breakfast revenue between 1994 and 1996. Since district menu prices for reimbursable breakfasts were not increased during this time period, revenue increases would have primarily been the result of increased student participation, increased a la carte menu prices, or increased federal reimbursement rates. The primary factor contributing to the 8.1 percent increase in breakfast revenue during this period was the 38.9 percent increase in breakfast a la carte sales.

**EXHIBIT 14-15  
STUDENT BREAKFAST REVENUE  
1994 THROUGH 1996**

Category	1994	1995	1996	Percent Change 1994-96
Breakfast reimbursement	\$4,931,486	\$5,237,178	\$5,300,981	7.5%
Reimbursement breakfast sales	\$239,624	\$248,440	\$265,153	10.7%
Student a la carte breakfast sales	\$77,427	\$86,669	\$107,576	38.9%
<b>Total Revenue</b>	<b>\$5,248,537</b>	<b>\$5,572,287</b>	<b>\$5,673,710</b>	<b>8.1%</b>

Source: Hillsborough County School District, Food Service Department, 1997.

The popularity of a la carte breakfast menu items at high schools may be reflected in the mix of student lunches served. Exhibit 14-16 illustrates that a la carte meals represent 22 percent of high school meals served. Conversely, 91 percent of breakfast meals served at elementary and middle/junior high schools are free or reduced priced, compared with 64 percent at high schools.

**EXHIBIT 14-16  
STUDENT BREAKFASTS SERVED AS A PERCENTAGE OF TOTAL  
1994 THROUGH 1996**

School Level	Free	Reduced	Paid	À la Carte
Elementary	86.5%	4.7%	8.4%	0.4%
Middle/Junior High	86.4%	4.4%	6.0%	3.2%
High School	60.4%	4.0%	13.4%	22.2%
<b>Total</b>	<b>84.5%</b>	<b>4.6%</b>	<b>8.6%</b>	<b>2.4%</b>

Source: Hillsborough County School District, Food Service Department, 1997.

**FINDING**

Despite achieving an increase in breakfast participation during the past several years, only 20 percent of the district's students participate in the program on an average daily basis. Although Exhibit 14-15 illustrates an 8.1 percent growth in breakfast revenue between 1994 and 1996, most of this increase occurred between 1994 and 1995. The increase in breakfast revenue was 6.2 percent between 1994 and 1995, compared with 1.8 percent between 1995 and 1996.

Research findings support the linkage between the serving of school breakfast and student learning. As a result, principals and food service administrators across the United States are continuing to implement innovative programs to increase student breakfast participation at elementary and secondary schools. These programs include replacing cafeteria lines with a number of mobile carts located in building hallways that serve fast-food grab-and-go quick-serve menu formats. One high school reported an increase from 50 to over 750 average daily reimbursable breakfasts. Other programs have used teachers to deliver bag breakfasts to their classrooms and students eat at their desks while listening to morning announcements. A high school in Brownsville, Texas using the breakfast-in-a-bag program reported a 600 percent increase in the number of average daily breakfasts served.

As illustrated in Exhibit 14-14, only 40 percent of the district's students who are approved to receive free breakfast meals participate in the breakfast program on an average daily basis. Further, only 14 percent of those district students approved to receive reduced priced breakfast meals regularly purchase the reimbursable breakfast. This low participation among free and reduced approved students is especially acute at the district's secondary schools. Thus, the district is not maximizing its revenue potential from federal reimbursement income.

One major barrier to increasing student breakfast participation in district schools is the short serving periods. The breakfast period at most schools is only 20 minutes. The incidence of late buses further compresses the time students have to eat. In addition, principals at some schools hold students on the buses until the bell rings. This provides a further constraint to breakfast participation.

## **RECOMMENDATION**

### **Recommendation 14-2:**

**Increase student breakfast participation for students eligible to receive free breakfasts at district cafeterias by increasing the length of breakfast periods, allowing students sufficient time to eat breakfast, and implementing innovative promotional programs.**

Principals should work with food service administrators to remove some of the barriers to increase participation in the district's breakfast program. Principals should increase the length of the breakfast periods to allow sufficient time for students to eat breakfast. Further, if it is necessary to hold students on buses until the bell rings, principals should explore other alternatives to allowing children access to a nutritional breakfast. One such option might be to feed students on the buses; however, this is not the preferred alternative.

Food service administrators should develop promotional strategies to increase breakfast participation at schools. This may include the use of bag breakfasts or the use of carts to serve grab-and-go reimbursable breakfasts in convenient building locations. Price discounting and special breakfast promotions, similar to those used now at some of the district's elementary schools, may be evaluated for modification and/or expansion.

School principals should collaborate with food service administrators in building breakfast participation at their schools. This may include the incorporation of breakfast meal periods into daily class schedules. The more supportive the school principal is in increasing student breakfast participation, the greater the likelihood of a program's success.

**IMPLEMENTATION STRATEGIES AND TIMELINE**

- |  |                                       |
|--|---------------------------------------|
| 1. The Director of Food Service should meet with the steering committee of principals to discuss ideas to increase student breakfast participation.  | August 1997-<br>December 1997         |
| 2. The Director of Food Service and area field specialists should select the specific meeting with principals at selected district schools to solicit support for the implementation of strategies to increase breakfast participation.  | January 1998-<br>March 1998           |
| 3. The Director of Food Service and area field specialists should select specific campuses for the implementation of strategies to increase breakfast participation. The criteria to select schools should be based on the support and commitment of the principals and the potential for increased participation. | January 1998-<br>March 1998           |
| 4. The Director of Food Service and area field specialists should develop a detailed plan to implement the new marketing strategies. These plans should be specific to each campus.  | April 1998-<br>May 1998               |
| 5. The Director of Food Service and area field specialists should meet with cafeteria personnel, school principals, and faculty at each campus prior to program implementation.  | August 1998                           |
| 6. The Director of Food Service should evaluate the results of the enhancements that have been implemented at each campus and make necessary revisions. If successful, these programs should be expanded to other campuses.  | Annually commencing<br>in August 1998 |

**FISCAL IMPACT**

The successful implementation of the recommendation to increase student breakfast participation by district students approved to receive free breakfast meals should generate an increase of approximately \$45,800 in annual departmental net income. This would translate into an increase in breakfast participation among those students eligible to receive free breakfast meals from 40.3 percent in the 1996-97 school year (Exhibit 14-14) to 50 percent in 2001-02 school year -- this is a conservative projected

increase based on best practices seen elsewhere (e.g. Brownsville, Texas). These figures are based on the 58,147 district students eligible to receive free breakfast meals in January 1997, the 1996-97 regular federal breakfast free meal reimbursement rate of \$0.82 per meal, and a departmental net income percentage of 5.5 percent.

<b>Breakfast meal participation for free meals</b>	
Current number of district students approved for free breakfast meals	58,147
x Proposed participation percentage	50%
Proposed average daily free breakfasts	29,074
Less current average daily free breakfasts @ 40.3%	23,433
Estimated increase in average daily free breakfasts	5,641
x breakfast free meal reimbursement rate	\$0.82
x days in school year	180
Estimated annual increase in reimbursement income	\$832,612
x departmental net income percentage	5.5%
Estimated annual increase in departmental net income	<b>\$45,794</b>

Assuming that student breakfast meal participation increased gradually over the four-year period from 1998-99 through 2001-02, the increase in annual departmental net income of \$11,450 in 1998-99 would escalate to \$45,800 by the 2001-02 school year. These estimates do not include future increases to the district's student enrollment, federal breakfast meal reimbursement rates, or the number of reduced priced and regular priced student breakfasts served. The estimates include projected costs to augment student participation. It also is assumed that principals at most schools will provide their support and commitment to food service administrators in their efforts to increase student breakfast participation.

<b>Recommendation</b>	<b>1997-98</b>	<b>1998-99</b>	<b>1999-2000</b>	<b>2000-01</b>	<b>2001-02</b>
Increase Student Breakfast Participation	- 0 -	\$11,450	\$22,900	\$34,350	\$45,800

### **14.6 Paid Cafeteria Monitor Positions**

#### **CURRENT SITUATION**

Two dining room aides are paid to monitor the cafeterias of each of the district's elementary schools. These pay grade 13 positions work 3 to 3.5 hour shifts during the lunch period of each school day. The total payroll costs charged to the department for the district's 200 dining room aides during the 1995-96 school year was \$821,686.

These costs included \$624,951 in salaries and \$196,735 in benefits. This translates into an annual cost of \$4,108 per dining room aide.

There are no paid dining room aides at secondary schools. Instead, school administrators and staff are responsible for monitoring the school dining areas during the lunch meal period.

**FINDING**

School administrators, staff, and site-based support personnel in many school districts in the country share the responsibilities of monitoring campus dining areas during the lunch period. We did observe that paid dining room aides also are used in the elementary schools of Lee County. However, there is only one dining room aide per school and these aides work 2.5 hour shifts, instead of the 3 to 3.5 hour shifts of Hillsborough County dining room aides.

**RECOMMENDATION**

**Recommendation 14-3:**

**Eliminate one-half of the district's dining room aide positions.**

The district should eliminate 100 of the 200 paid elementary school dining room aide positions. This should result in one paid dining room aide position at each district elementary school. Administration, staff, or other site-based support positions may share the responsibilities for monitoring the dining areas during the lunch period on a rotating basis, if necessary. The potential for cross-utilization of other site-based personnel, such as teacher aides or volunteers, may also be evaluated to increase the daily productivity of these positions.

**IMPLEMENTATION STRATEGIES AND TIMELINE**

- |  |                                |
|--|--------------------------------|
| 1. The Assistant Superintendent of Administration and area administrators should review the union contract relevant to teacher non-contact and planning time and discuss potential approaches to shift cafeteria monitor responsibilities to other site-based personnel. | September 1997                 |
| 2. Area administrators should meet with the principals of their schools to discuss ideas for the transfer of cafeteria monitoring responsibilities to other personnel at their campuses, if necessary.   | October 1997-<br>November 1997 |
| 3. Based on feedback from elementary school principals, the Assistant Superintendent of Administration and area administrators should develop an implementation plan for the transfer of cafeteria monitoring responsibilities to other personnel, if necessary.         | December 1997                  |

4. Area administrators should present the proposed plan to the principals of their schools to discuss any potential constraints and to make necessary revisions. January 1998-February 1998
5. Based on feedback from elementary school principals, the Assistant Superintendent of Administration and area administrators should finalize the implementation plan. March 1998
6. The Assistant Superintendent of Administration should communicate the implementation plan to affected positions of all elementary schools. The principals of each school should follow-up with a meeting with personnel at their campuses. May 1998
7. The 100 dining room aide positions should be eliminated. Beginning in August 1998

**FISCAL IMPACT**

The elimination of 100 lunchroom aide positions should result in a cost savings to the district beginning in the 1998-99 school year. Assuming that the 1995-96 average annual cost per lunchroom aide of \$4,108 per dining room aide (\$821,686 annual cost/200 dining room aides), the district's annual cost savings is estimated to be \$410,800 per year.

<b>Recommendation</b>	<b>1997-98</b>	<b>1998-99</b>	<b>1999-2000</b>	<b>2000-01</b>	<b>2001-02</b>
Reduce Paid Cafeteria Monitors	-----	\$410,800	\$410,800	\$410,800	\$410,800

**14.7 Complimentary Lunch Meals For Custodial Staff**

**CURRENT SITUATION**

Custodians at district campuses have traditionally received a complimentary lunch meal. These meals were provided under the assumption that the custodial staff at a number of campuses may provide some assistance to food service personnel in district kitchens. Assuming a 1997-98 lunch cost per plate of \$1.71, the estimated annual costs of serving one complimentary lunch meal an estimated 200 custodians for 180 school days per year is \$61,560.

**FINDING**

Although it is a common practice in school districts to provide daily lunch meals to food service personnel at no cost, free meals are usually not provided to any other site-based positions. The practice of offering free lunch meals to the custodial staff at district campuses has been a traditional practice for a number of years. These free meals have been provided because it was assumed that custodial staff provide daily

assistance to food service personnel in performing certain duties (i.e., lifting heavy objects).

Based on observations and interviews at district campuses, school custodians are rarely involved in kitchen operations. Kitchen personnel in most locations were observed cleaning dining room tables and floors, while custodians swept and mopped the floors at the end of the lunch period. The department is charged a custodial expense at the end of each fiscal year through the district's indirect cost allocation formula.

**RECOMMENDATION**

**Recommendation 14-4:**

**Discontinue providing free meals to all custodial staff at district campuses.**

The district should discontinue the practice of providing free meals to the custodial staff at district campuses. Custodians should be required to pay the same adult meal prices as all other site-based positions, with the exception of food service personnel.

**IMPLEMENTATION STRATEGIES AND TIMELINE**

- |  |                        |
|--|------------------------|
| 1. The Assistant Superintendent of Administration, area administrators, and the custodial administrator should meet to discuss the traditional practice of providing free meals to custodial staff at district campuses and the issues concerning the discontinuation of these privileges. | July 1997              |
| 2. The Assistant Superintendent of Administration, area administrators, and the custodial administrator should meet with the school board to discuss the policy changes and issues concerning the discontinuation of free meal privileges for custodial staff.                             | July 1997              |
| 3. The Assistant Superintendent of Administration, area administrators, and the custodial administrator should meet with all union officials to discuss the change in free meal privilege policy.  | August 1997            |
| 4. Area administrators, principals, and the custodial administrator should meet with all district custodians to discuss the change in free meal privilege policy.  | August 1997            |
| 5. The board should revise the district policy with respect to custodial staff free meal privileges.   | August 1997            |
| 6. Custodians should begin paying regular adult prices for all meals purchased in district cafeterias.   | 1997-98<br>school year |

**FISCAL IMPACT**

The discontinuation of free lunch meals to district custodial staff should result in an estimated annual food cost savings to the Food Service Department beginning in the

1997-98 school year. Assuming the cost per plate of one free lunch meal per day at each district campus (200 custodians x \$1.71 per plate x 180 school days), the annual cost savings is estimated to be approximately \$61,600 per year. There also will likely be additional positive impact of additional revenue from custodial staff that will be required to pay adult lunch prices, similar to other site-based personnel. However, these estimates do not include additional per meal profits that would be realized as a result of this increased lunch revenue.

<b>Recommendation</b>	<b>1997-98</b>	<b>1998-99</b>	<b>1999-2000</b>	<b>2000-01</b>	<b>2001-02</b>
Discontinue Free Lunch for Custodians	\$61,600	\$61,600	\$61,600	\$61,600	\$61,600

### **14.8 Part-Time Employee Benefits Costs**

#### **CURRENT SITUATION**

As presented in Exhibit 14-6, food service employee benefit expenses in the 1995-96 school year represented 14.3 percent of total departmental revenue and 39.7 percent of payroll costs. All food service personnel receive the district's full employee benefit package, irrespective of their part-time or full-time employment status. Thus, food service personnel who work 15 hours per week at district kitchens receive the same benefit package as employees scheduled to work 40 hours per week.

Exhibit 14-17 indicates that benefit costs of food service personnel have increased by 22.7 percent from 1990 through 1996. This is primarily the result of benefit cost increases of over nine percent in 1991 and 1995.

#### **FINDING**

The benefit costs for food service personnel in the 1995-96 school year represented almost 40 percent of departmental payroll costs. Employee benefit costs overall in the Hillsborough County School District represent approximately 32 percent of payroll costs. Given 1995-96 departmental employee benefit costs of \$6,126,256, the department's benefit costs were 24 percent higher than the \$4,941,563 they would have been had employee benefit costs been at the district average of 32 percent of payroll expenses. If the department had achieved the district average of 32 percent in 1995-96, the department would have reported \$1,184,693 less in employee benefit costs.

**EXHIBIT 14-17  
EMPLOYEE BENEFIT EXPENSES FOR THE  
FOOD SERVICE DEPARTMENT  
1990 THROUGH 1996**

<b>Year</b>	<b>Benefits Expense</b>	<b>Year-to-Year Percent Change</b>
1990	\$4,991,043	
1991	\$5,480,004	9.8%
1992	\$5,553,900	1.3%
1993	\$5,503,866	-0.9%
1994	\$5,651,356	2.7%
1995	\$6,184,690	9.4%
1996	\$6,126,256	-0.9%
<b>1990-96 Percent Change</b>		<b>22.7%</b>

Source: Hillsborough County School District, Food Service Department, 1997.

Food service personnel in the private sector rarely receive company benefits unless they are classified in full-time positions. Since most school district positions are classified as full-time, it has been a common practice in school districts across the country to provide a universal benefit package for all district personnel. However, food service is unique from most other district programs and activities in that most food service positions are classified as part-time rather than full-time status.

Due to the relatively high benefit costs associated with part-time food service positions in another Florida school district, the school board instituted a policy change that now requires district food service personnel to work a minimum of 30 hours per week (6 hours per day) to qualify for district benefits. This policy was imposed on the union and became effective during the 1996-97 school year. The former policy was grandfathered in to protect all of the current part-time food service personnel from losing their benefits. However, all new food service personnel hired following this policy change and scheduled to work less than 30 hours per week (6 hours per day) do not receive district benefits.

The policy change by the school district cited above was similar to that being taken by school boards throughout the country. With the continued escalation of employee benefit costs, public sector administrators continue to look to traditional private sector employment practices for cost reduction initiatives.

## **RECOMMENDATION**

### **Recommendation 14-5:**

**Discontinue providing free employee benefits to positions that are classified as part-time.**

The Board should institute a policy that requires that a position must be classified as full-time to receive free employee benefits. Full-time personnel should be classified as those individuals who work a minimum of 30 hours per week (6 hours per day). The former policy should be grandfathered in to protect all of the current part-time food service personnel from losing their benefits. All new food service personnel hired following this policy change and scheduled to work less than 30 hours per week (6 hours per day) should not receive free district benefits.

In conjunction to this policy change, the Director of Food Service should continue to replace full-time positions (6 to 8 hours per day) with part-time positions (less than 6 hours per day) at all district kitchens. This continued shift from full to part-time positions, coupled with the elimination of district benefits for part-time food service personnel, should result in continued annual incremental reductions in the relatively high departmental benefit expenses.

**IMPLEMENTATION STRATEGIES AND TIMELINE**

- |   |                        |
|---|------------------------|
| 1. District personnel administrators should develop a proposed change in the district personnel benefits policy to reflect the change in benefit qualifications by employment status. | July 1997              |
| 2. District personnel administrators should meet with the school board to present proposed changes in the employee benefits policy.   | July 1997              |
| 3. District personnel administrators should meet with union representatives to present the proposed changes in the employee benefits policy.  | August 1997            |
| 4. The board should revise the district policy with respect to qualifications to receive district benefits.   | August 1997            |
| 5. The revised benefits policy should be formally communicated by district administration to all district personnel.  | August 1997            |
| 6. All new personnel hired to fill part-time positions should not receive a free district benefit package.  | 1997-98<br>school year |

**FISCAL IMPACT**

The elimination of free district benefits for part-time employees should result in an continued reduction to the Food Service Department payroll costs beginning in the 1998-99 school year. However, it is unlikely that the department could achieve the districtwide benefit of the salary percentage of 32 percent for several reasons. First, the disproportionate number of part-time food service workers (less than 30 hours per week) results in higher cost percentages, especially when compared to the standard full-time (40 hours a week) positions of most other departments). Second, since the

pay grade of food service workers is the lowest in the district, benefits will remain relatively higher as a percentage of salaries. Third, the low annual turnover of approximately 10 percent will provide an opportunity for only incremental reductions, as positions receiving benefits are vacated and filled with new part-time employees that are not eligible for benefits.

Food service benefit costs are estimated to be \$2,500 per year for a food service worker. This is based on benefit costs of \$2.30 per hour (40% of \$5.76 hourly wage of entry-level position) for a 30-hour per week employee for 180 days per school year. Assuming a 10 percent annual turnover rate among the estimated 1,000 full-and part-time food service workers, this would represent an annual cost savings of approximately \$250,000 (1,000 employees x 10% x \$2,500 benefit costs per employee).

The \$250,000 in annual cost savings is likely to occur only in the first year following the policy change, since most employees who leave during this first year would likely be replaced by employees who do not qualify for free employee benefits. However, this annual cost savings should decline in future years, as more employees begin to leave who were hired subsequent to the policy change and did not receive free benefits. As a result, the number of positions vacated by employees receiving district benefits is projected to be: 100 in 1998-99; 75 in 1999-2000 ; 50 in 2000-01; and 25 in 2001-02.

This translates into additional annual cost savings for the four-year period from 1998-99 through 2001-02. This translates into additional annual costs savings of \$250,000 (100 x \$2,500), \$187,000 (75 x \$2,500), \$125,000 (50 x \$2,500), and \$62,500 (25 x \$2,500) in the respective years. By 2001-02, the savings is estimated to be \$625,000. Given 1995-96 departmental payroll costs of \$15,442,385, this would represent a decrease in benefit costs from 39.7 percent of payroll to 35.6 percent of payroll.

<b>Recommendation</b>	<b>1997-98</b>	<b>1998-99</b>	<b>1999-2000</b>	<b>2000-01</b>	<b>2001-02</b>
Discontinue Benefits for Part-Time Food Service Workers	---	\$250,000	\$437,500	\$562,500	\$625,000

### **14.9 Emergency Meal Practices**

#### **CURRENT SITUATION**

District students who do not have money to pay for their breakfast and lunch meals are allowed to purchase the meals on credit. The increase in revenues from emergency meal payments from 1990 to 1996 is presented in Exhibit 14-18. During this period, there was a 41.9 percent increase in emergency lunch meal payments and a 62.4 percent increase in emergency breakfast payments.

**FINDING**

Corresponding with the significant increase in revenue from emergency meal payments during recent years, there has been a continued increase in uncollected meal payments. During the 1995-96 school year, 25.7 percent or \$112,459, of emergency meal revenue went uncollected. As of January 1997, 17.4 percent or \$91,358, of emergency meal revenue has gone uncollected in the 1996-97 school year.

**EXHIBIT 14-18  
EMERGENCY MEAL PAYMENT REVENUE  
1990 THROUGH 1996**

Year	Emergency Lunch Payments	Year-to-Year Percent Change	Emergency Breakfast Payments	Year-to-Year Percent Change
1990	\$295,325		\$11,478	
1991	\$251,271	-14.9%	\$9,294	-19.0%
1992	\$281,894	12.2%	\$9,471	1.9%
1993	\$313,222	11.1%	\$12,154	28.3%
1994	\$322,469	3.0%	\$13,319	9.6%
1995	\$379,245	17.6%	\$14,365	7.9%
1996	\$419,040	10.5%	\$18,642	29.8%
<b>1990-96 Percent Change</b>		<b>41.9%</b>		<b>62.4%</b>

Source: Hillsborough County School District, Food Service Department, 1997.

Most school districts in the country require pre-payment for school meals before the meals are consumed. The meal payment may occur before or during meal service. Other school food service programs often provide an emergency meal (i.e., peanut butter and jelly sandwich) or establish a PTO loan fund for elementary school students that forget their lunch money. However, an emergency meal is usually not provided to students at secondary schools.

In addition to the loss of district revenues from uncollected meal payments, the costs of serving food that is not paid for negatively impacts departmental food costs. Further, the process of collection for unpaid meals is very time consuming for food service managers, food service administrators, principals, and school staff who serve as collection agents for unpaid meals. A news article on elementary school's use of credit cards for meals indicated the district wrote-off over \$400,000 in uncollected revenue.

**RECOMMENDATION**

**Recommendation 14-6:**

**Discontinue the practice of extending credit for meals served to students.**

The school board should institute a policy that requires pre-payment for all meals served in district cafeterias. Schools should maximize their flexibility with alternatives

such as a PTO loan fund, credit charges for a pre-set number of meals or an automatic meal plan, or other options. This process has the effect of reducing the school's liability. An emergency meal policy should reflect what food item may be served at district cafeterias (i.e., peanut-butter and jelly) to elementary school students who do not have money to pay for their meals. Commodity products should be used, where possible, to minimize the cost of these meals. Students who do not pre-pay for meals served at secondary schools should not be served.

The implementation of this policy should force most students to become more aware of the importance of having money to pay for their meals. Students who realize they can buy meals on credit will likely not be as concerned about bringing money each day or pre-paying for their meals. In addition to the reduction in departmental food costs, central office and school administrators and staff personnel should be freed to perform more essential duties than the collection of money for unpaid meals.

**IMPLEMENTATION STRATEGIES AND TIMELINE**

- |  |                                     |
|--|-------------------------------------|
| 1. The Food Service Director should meet with the assistant superintendent of administration and area administrators to discuss proposed changes to emergency meal policies.   | July 1997                           |
| 2. The Food Service Director should meet with the school board to present proposed changes in emergency meal policy.   | July 1997                           |
| 3. The Board should revise the district policy to reflect proposed changes in district emergency meal procedures.  | August 1997                         |
| 4. The revised emergency meal policy should be formally communicated by the food service director to all relevant district and campus administration, staff, and food service personnel.   | August 1997                         |
| 5. Pre-payment will be required for all meals served to district students. Credit will not be extended to students and specific elementary school kitchen managers should be informed of emergency meal food items that can be served to elementary school students. | Beginning<br>1997-98<br>school year |

**FISCAL IMPACT**

The elimination of the extension of credit for meals served should reduce departmental food costs beginning in the 1997-98 school year. Assuming the use of free commodity products as emergency meals for elementary school students, the pre-payment for all meals served is estimated to result in minimal additional food costs.

As presented in Exhibit 14-6, departmental costs represented 94.5 percent of revenue. Assuming this cost ratio, the costs of uncollected meal revenue of \$112,459 in 1995-96 would translate into \$106,274. However, there will likely be fewer students that purchase meals with the discontinuation of the emergency meal payment provision. A 50 percent decline in the 1995-96 potential emergency meal payment revenue of \$437,682 would result in \$218,841. If 20 percent of these payments went uncollected, the discontinuation of the current emergency meal payment practices would represent a cost savings of approximately \$41,400 ( $\$218,841 \times .20 \times 94.5$  percent cost factor).

<b>Recommendation</b>	<b>1997-98</b>	<b>1998-99</b>	<b>1999-2000</b>	<b>2000-01</b>	<b>2001-02</b>
Discontinue Credit for Meals	-----	\$41,400	\$41,400	\$41,400	\$41,400

**14.10 Disposable Serving Products**

**CURRENT SITUATION**

Beginning in the 1996-97 school year, the department discontinued the use of dishwashers in district kitchens and switched to disposable trays, plates, and utensils. The rationale for this conversion to disposable products was to reduce kitchen labor costs. It is estimated that an average of two labor hours per district kitchen and corresponding were saved by discontinuing the use of dishwashers. Assuming an average food service worker cost of \$8.06 per hour (including benefits), this resulted in an estimated daily labor cost savings of \$2,530 for 157 sites. This translates into an annual cost savings of approximately \$455,500.

The increased use of disposable products in district cafeterias during the 1990s, as illustrated in Exhibit 14-19, may be reflected in the corresponding increase in non-food product costs. The increase in non-food costs is primarily due to the increase in the sale of a la carte products and the discontinued use of trays/plates and silverware, especially in the past four years. From 1992 through 1996, annual non-food costs increased by \$665,788 or 68 percent. Most of these a la carte products are grab-and-go type food items that are packaged similar to that found in fast-food restaurants.

**FINDING**

Despite the productivity increases and corresponding labor cost savings achieved by switching from dishwashers to disposable products, the tangible and intangible costs associated with the use of disposable products may need further evaluation. The product costs of disposable and the solid waste generated by these products result in increased operating costs. Most of the \$665,788 or 68 percent increase in non-food costs and high escalation of trash removal costs from 1992 through 1996 was primarily the result of increased product costs of disposal.

The reduction of an estimated \$455,500 in labor costs and the product costs associated with dishwashers chemicals and the replacement of silverware, plates, and

trays may not have offset the cost increases resulting from the increased use of disposable products. There may be a tradeoff from an environmental perspective, since there is a dramatic increase in solid waste, but there is also a decrease in energy/water usage and elimination of water polluting chemicals.

**EXHIBIT 14-19  
NON-FOOD OPERATING EXPENSES IN THE  
FOOD SERVICE DEPARTMENT  
1990 THROUGH 1996**

Year	Non-Food Operating Supplies	Year-to-Year Percent Change
1990	\$925,031	
1991	\$914,119	-1.2%
1992	\$974,712	6.6%
1993	\$1,115,690	14.5%
1994	\$1,196,373	7.2%
1995	\$1,477,450	23.5%
1996	\$1,640,500	11.0%
<b>1990-96 Percent Change</b>		<b>77.3%</b>

Source: Hillsborough County School District, Food Service Department, 1997.

From a merchandising and food quality perspective, the serving of pre-wrapped food products may also detract from the appearance and perceived quality of food items and negatively impact participation. This was one of the primary areas of dissatisfaction expressed during interviews with administrators and staff during the diagnostic phase of this study. Specific concerns expressed in interviews conducted during early phases of this study included the dissatisfaction with quality and appearance of pre-wrapped and pre-packaged menu items on cafeteria serving lines.

Since dishwasher equipment are already located in most district kitchens, there is no additional cost of the purchase of additional equipment. Further, since plastic trays/dishes and silverware are in storage, these items would be available for use with minimal additional costs. Thus, kitchen areas, equipment, and existing operating supplies are presently not being used to their capacity. The dishwasher areas in some kitchens were observed being used as storage areas for the additional disposable products now required.

**RECOMMENDATION**

**Recommendation 14-7:**

**Resume the use of kitchen dishwashers at some district kitchens to reduce the costs associated with disposable serving products.**

The use of dishwashers in varying degrees by location may result in a net reduction at some schools. For example, elementary schools may switch back to the use of dishwashers at most locations due to the low percentage of a la carte sales. Conversely, the high percentage of a la carte sales at most high schools may reduce the viability of switching back to dishwashers. The condition of dishwashers should also be factored into the decision. If a dishwasher must be replaced or a significant expense is required for repair, it may be more cost effective to use disposable products. Further, the purchase of additional replacement trays or dishes and silverware also may not be cost effective.

### **IMPLEMENTATION STRATEGIES AND TIMELINE**

- |   |                |
|---|----------------|
| 1. The Food Service Director should request that all area food specialists submit documentation relevant to the condition of dishwashers, amount of operating supplies (i.e., plastic trays/dishes, silverware), and the amount of space allocated to the dishrooms in their respective kitchens. | Summer 1997    |
| 2. The Food Service Director should meet with area food specialists to discuss the feasibility for converting back to the dishwashers in each kitchen location and the issues involved in these changes.  | Summer 1997    |
| 3. The Food Service Director should revise current procedures regarding the use of dishwashers and disposables.   | September 1997 |
| 4. Area specialists should meet with school principals to discuss proposed changes concerning the use of trays, plates, and silverware instead of disposables.  | October 1997   |
| 5. The Food Service Director and area food specialists should formally communicate the proposed changes to all food service personnel.  | November 1997  |
| 6. There will be a return to the use of dishwashers at most district kitchens and an overall decrease in the use of disposable serving products at district schools.  | January 1998   |

### **FISCAL IMPACT**

The conversion back to the use of dishwashers will result in the decrease of costs associated with disposable products and trash removal, but there will be an increase in dishwasher chemicals, tray/plate and silverware replacement, labor costs, repair costs, and the water/energy costs associated with operating the machines. Although there may be a tradeoff between the costs of using disposables and operating dishwashers, the next recommendation concerning the elimination of staff menus and serving lines should allow a transfer of these labor hours back to the dishroom. Thus, a cost savings associated with the reduction in the use of disposable products should be realized.

Although the department officially discontinued the use of all dishwashers in district kitchens in the 1996-97 school year, this conversion to disposable products was phased in over the past several years. It is estimated that 75 percent of the \$444,000, or 37 percent increase in non-food costs between 1994 and 1996 was attributed to the transition from the use of dishwashers to disposable products. As a result, the cost of these additional disposable products is estimated to be \$333,000 (\$444,000 x 75%). Since disposable products will continue to be used to varying degrees at district schools (i.e., schools would resume the use of dishwashers only where feasible), the projection assumes a 50 percent reduction in this \$333,000 increase in disposable costs by resuming the use of dishwashers at many district kitchens. This would result in an annual departmental cost savings of approximately \$166,500 beginning in the 1998-99 school year.

<b>Recommendation</b>	<b>1997-98</b>	<b>1998-99</b>	<b>1999-2000</b>	<b>2000-01</b>	<b>2001-02</b>
Reduce Use of Disposables	---	\$166,500	\$166,500	\$166,500	\$166,500

**14.11 Staff Menus and Serving Lines**

**CURRENT SITUATION**

A staff lunch menu is provided at all district campuses, in addition to a student lunch menu. Separate staff serving lines are also provided to school staff personnel at most secondary schools. Although some of these serving lines are an extension to the kitchen serving line, separate serving lines are offered in the staff lounges at a number of locations.

**FINDING**

Despite successful efforts to increase productivity at district kitchens through well implemented staffing formulas, the offering of separate staff menus and serving lines in district cafeterias provides a barrier to further productivity enhancements. The Food Service Director was commended previously for high student lunch participation in district schools. These increases in student participation may be largely attributed to a continued expansion of main menu and a la carte items.

There is a tradeoff that must be made between menu variety and employee productivity or customer service. The continued expansion of menu choices provides additional obstacles to the achievement of further productivity enhancements and increased operating efficiencies at district kitchens. At some point, as can be evidenced by many fast-food restaurant chains, the continued expansion of menu items also can result in slower customer service time. Staffing shortages at a number of district kitchens has further aggravated this situation.

The continued expansion of student menu choices and staffing shortages has been compounded with the additional variety of choices provided to school staff personnel.

Separate menus, separate dining areas, and separate serving lines not only increase food service operating costs, but also may raise questions among students, such as:

- Why are adults provided different menu choices than students?
- Why do adults go through a separate serving line than students?
- Why do adults eat in a different area from students?

## **RECOMMENDATION**

### **Recommendation 14-8:**

#### **Discontinue separate staff menus and separate staff serving lines.**

The district should require the discontinuation of a distinction between student and staff menus and serving lines. All staff personnel should go through the same serving line as students and be offered the same menu choices as students. Since students are the primary customer of the school breakfast and lunch program, then products and services should be tailored to them as the primary customer. Based on observations of many other school districts in the United States, there are few food service programs that offer students the variety of main menu and a la carte choices of those provided to students in Hillsborough County.

The labor hours that were dedicated to preparing and serving staff lunch meals should be transferred into the additional labor hour requirements that will be necessary to resume the operation of dishwashers at selected kitchen locations. The net effect should result in the additional costs savings that will result from a reduction in the use of disposable product costs.

## **IMPLEMENTATION STRATEGIES AND TIMELINE**

1. The Food Service Director should work with food area specialists to develop a proposed change in the staff meal policy to reflect the discontinuation of a separate staff menu and serving lines. Summer 1997
2. The Food Service Director should meet with the Assistant Superintendent of Administration and area administrators to discuss proposed changes to staff meal policies. Summer 1997
3. The Food Service Director, area administrators, and area specialists should meet with all school principals to discuss proposed changes to staff meal procedures. August 1997
4. The revised staff meal policy should be formally communicated by the Food Service Director to all relevant campus administration, staff, and food September 1997

service personnel.

5. Separate staff menu items and serving lines should no longer be offered at any district campus. Beginning 1997-98  
school year

### **FISCAL IMPACT**

The elimination of separate staff menus and serving lines will allow for the more efficient use of personnel and equipment by transferring these labor hours back to the operation of the dishroom (as noted in prior recommendation). This will allow for the net cost savings from the decreased use of disposable products, as discussed in the prior recommendation.

### **14.12 Warehouse Freezer Storage**

#### **CURRENT SITUATION**

Freezer storage space in the district warehouse is inadequate for the storage of frozen USDA commodities, causing the department to pay an annual lease of approximately \$30,000 a year for frozen storage. At the request of Warehouse administrators, the department contracts with Seaboard Storage to lease additional storage space to cover very large shipments of USDA frozen commodity products that come in at the same time. Additional freezer storage is also used at the district's Green Street warehouse location.

#### **FINDING**

Based on observations, the warehouse freezer is not used to its full capacity. With improved utilization of freezer space, there appears to be potential for increased storage of frozen food commodities at the district warehouse. The continued decline in the value of USDA food commodity products delivered to the district, coupled with additional frozen storage space provided by new walk-in freezers in district kitchens, has resulted in reduced space requirements in the district warehouse.

The value of USDA food commodities delivered to the district during the 1990s is presented in Exhibit 14-20. As illustrated, there was a 38.4 percent decline in the value of commodity products received by the district during this time. This decline was especially significant in the past year, as evidenced by the 28.3 percent decrease in commodities received. This trend is projected to continue into the foreseeable future.

#### **RECOMMENDATION**

##### **Recommendation 14-9:**

**Improve the space utilization of the warehouse freezer and reduce the costs associated with leased storage space for frozen food commodity products.**

The improved utilization of district warehouse freezer space and the continued decline in the volume of USDA products delivered should allow for the ongoing reduction in annual contract costs for leased storage. The decline in USDA products delivered to the warehouse and the expansion of frozen food storage space in district kitchens should contribute to the reduced space requirements of the district warehouse freezer.

**EXHIBIT 14-20  
VALUE OF USDA FOOD COMMODITIES  
1990 THROUGH 1996**

<b>Year</b>	<b>Commodities Dollar Value</b>	<b>Percent Change</b>
1990	\$2,302,623	
1991	\$2,617,464	13.7%
1992	\$2,434,514	-7.0%
1993	\$1,895,290	-22.1%
1994	\$1,896,886	0.1%
1995	\$1,978,418	4.3%
1996	\$1,418,852	-28.3%
<b>Total Percent Change, 1990-1996</b>		<b>-38.4%</b>

Source: Hillsborough County School District, Food Service Department, 1997.

The storage of all frozen commodity products should be consolidated into the district warehouse freezer, where possible, and there should be a reduction in the need for leased storage space.

**IMPLEMENTATION STRATEGIES AND TIMELINE**

- |  |                                |
|--|--------------------------------|
| 1. Based on historical trends, the Warehouse Manager and Food Service Director should estimate the annual storage requirements for frozen commodity products for the next several years. | August 1997-<br>September 1997 |
| 2. The Warehouse Manager and warehouse laborers should develop a plan to improve the utilization of existing warehouse freezer space.  | November 1997                  |
| 3. The leased storage space requirements should be reduced to reflect improved warehouse freezer utilization and the continued decline in the delivery of commodity products.            | December 1997                  |

**FISCAL IMPACT**

Assuming a 50 percent reduction in leased storage space requirements, the annual costs of leased storage would be reduced from \$30,000 to \$15,000. Since there is likely to be a continued reduction in commodities received and the ongoing improvement in space utilization, these costs savings are estimated to phase in over the four-year period. This should result in an annual savings of \$3,750 beginning in the 1998-99 school year.

<b>Recommendation</b>	<b>1997-98</b>	<b>1998-99</b>	<b>1999-2000</b>	<b>2000-01</b>	<b>2001-2002</b>
Phase Out Use of Leased Warehouse Space	-----	\$3,750	\$7,750	\$11,250	\$15,000

**14.13 Staffing Shortages**

**CURRENT SITUATION**

During the early 1990s, district kitchens were overstaffed and departmental payroll costs were excessive. To reduce labor costs and improve employee productivity, the Food Service Director initiated a hiring freeze combined with a natural attrition program and intercampus transfers. After achieving targeted labor cost reductions and productivity gains last year, the hiring freeze was lifted. The department has now moved from an overstaffed to an understaffed situation, with 85 positions being vacant at district kitchens. Since the departmental hiring freeze was lifted, it has been difficult to recruit new applicants to work in regular or substitute positions at district kitchens.

**FINDING**

One reason for the shortage of food service worker applicants and the large number of vacant kitchen positions may be the low pay for these positions relative to other district positions. Kitchen food service workers are classified at pay grade 11 with a starting pay of \$5.76 an hour. Pay grade 11 is the lowest pay grade among non-instructional district positions. All other non-instructional district positions are classified at pay grade 13 or higher.

A proposal has been developed that, if approved, would result in a shift of food service positions from pay grade 11 to pay grade 12 in July 1997. This would result in a \$0.33 an hour increase for beginning food service workers to \$6.09 an hour. A step increase is also planned to go into effect that will result in a two percent across the board pay increase for all food service workers.

In addition to pay, there is an inconvenience associated with the application process for new food service personnel, especially substitutes. When hired, each new employee must pay \$45 for fingerprinting and \$35 for a physical exam before they can begin work. This appears to be a high initial cost for a regular employee who is paid \$5.76 an hour and may be scheduled to work less than 20 hours a week. These costs are especially high for hourly substitute workers who are scheduled on an on-call basis and may work on an irregular or sporadic basis.

The application process becomes further inconvenient by requiring new applicants to go to one location in the Tampa area to complete the application process. This may be a significant driving distance for some individuals. The relatively low starting pay, the \$80 initial employment costs, and the time and effort required to complete the application process all appear to be barriers to the district's recruitment of food service

personnel. It is likely that vacant regular and hourly substitute positions for district kitchens will continue to be difficult to fill until these issues are addressed and resolved.

**RECOMMENDATION**

**Recommendation 14-10:**

**Reevaluate the pay scale of all food service personnel and improve the convenience of the application process.**

The Office of Non-instructional Personnel should conduct a wage survey of other Florida districts and of similar food service positions in the local private sector. Based on the results of the survey, an evaluation should be made to determine where the pay of all district food service positions are ranked relative to other organizations. If necessary, recommendations should be made for revising the pay grade and pay scales of certain food service positions.

The burden placed on new employees with the high initial employment costs and the inconvenience of having only one application processing center should also be addressed. These issues should be incorporated into a plan to enhance district recruitment practices for food service personnel at district kitchens.

**IMPLEMENTATION STRATEGIES AND TIMELINE**

- |  |                                |
|--|--------------------------------|
| 1. The Food Service Director should work with non-instructional personnel administrators to conduct a market wage survey for food service positions.   | August 1997-<br>September 1997 |
| 2. The Food Service Director and non-instructional personnel administrators should evaluate the results of the market surveys and propose changes to the current wage structure, if necessary. | November 1997                  |
| 3. The Food Service Director should work with non-instructional personnel administrators to develop improved recruitment strategies for food service personnel.                                | December 1997                  |
| 4. The Food Service Director, area administrators, and area specialists should meet with principals to discuss proposed changes to food service personnel recruitment and pay practices.       | January 1998-<br>February 1998 |
| 5. The Food Service Director should meet with the school board to discuss proposed changes in food service personnel pay and recruitment practices.  | March 1998                     |
| 6. The Food Service Director should meet with union  | April 1998                     |

representatives to discuss proposed changes.

- |  |                       |
|--|-----------------------|
| 7. The Board should revise the district policy, where appropriate, to improve the pay and recruitment of food service personnel.   | May 1998              |
| 8. The revised pay and recruitment strategies should be formally communicated by the Food Service Director to all relevant campus administration, staff, and food service personnel.                   | May 1998              |
| 9. New pay grades for food service personnel should be established, if necessary, and strategies should be implemented to improve the recruitment practices for both permanent and substitute workers. | Beginning August 1998 |

**FISCAL IMPACT**

The strategies planned for improving the recruitment of food service personnel may result in additional costs. The scope and magnitude of these cost increases should correspond with the results of the wage survey and the strategies developed to enhance the recruitment of food service personnel to district kitchens.

**14.14 Condition of Kitchen Facilities and Equipment**

**CURRENT SITUATION**

The poor condition of aged kitchen equipment and facilities at a number of district schools has resulted in high demands on district maintenance personnel. Although two maintenance personnel are assigned to the food service department, there are over 3,500 pieces of equipment in district kitchens that must be maintained. Since most of this equipment is dated, the magnitude of work orders for kitchen equipment and facility problems has required the assistance of numerous maintenance personnel on a routine basis. Outside vendors are also regularly called to assist with kitchen equipment repairs. Exhibit 14-21 presents kitchen equipment repair and maintenance costs from 1990 through 1996. As illustrated, there was a 37.3 percent increase in these expenses during this time period.

**FINDING**

The poor layout, insufficient size, and inadequate equipment at a number of district kitchens results in operating inefficiencies, a poor work environment, food quality issues, and safety or sanitation concerns. The following concerns were noted during visits to district kitchens or interviews with district administrators:

- The layout in some cafeterias do not allow a sufficient amount of aisle work space or number of serving lines to adequately serve school enrollment.

**EXHIBIT 14-21  
EQUIPMENT REPAIR AND MAINTENANCE EXPENSES FOR THE  
FOOD SERVICE DEPARTMENT  
1990-1996**

Year	Repair and Maintenance Expenses	Year-to-Year Percent Change
1990	\$230,478	-----
1991	\$267,041	15.9%
1992	\$226,409	-15.2%
1993	\$236,762	4.6%
1994	\$286,888	21.2%
1995	\$273,595	-4.6%
1996	\$316,425	15.7%
<b>1990-96 Percent Change</b>		<b>37.3%</b>

Source: Hillsborough County School District, Food Service Department, 1997.

- Congested kitchens and aged or inadequate equipment provides constraints for preparing and serving selected menu items each day.
- The hot, non-air conditioned kitchens in all district kitchens and hard cement floors in other locations results in a poor work environment for food service personnel. It was surprising to find that even the kitchen facilities in district's new schools were not air-conditioned.
- The absence of steam table equipment at a number of locations precludes the serving of hot food to those students who are not first in line. This also presents a food safety/sanitation concern due to the insufficient temperatures of food being served.
- One district kitchen had been without hot water (due to a broken hot water heater) for over three months. A work order had been submitted three months earlier but the hot water heater had not been repaired or replaced.
- An older kitchen had electrical capacity problems that caused all equipment to shut down when the mixer was turned on.
- Cracked concrete floors and wooden shelving in refrigerated and dry storage areas at a number of locations were in violation of the health code. A green rubber cushion surface that was tearing off was observed on kitchen floors at some locations.
- The handle was missing on a tilt skillet in one location and a work order had not been called in.
- With one exception, the district's warehouse vehicles that deliver refrigerated and frozen food products to district kitchens are not refrigerated. This results in a food safety concern due to the travel distance required from the warehouse to district kitchens.

Despite the poor condition of kitchen facilities and equipment at a number of district locations, the district's 1995 annual expenditures for kitchen equipment replacement were only \$306,344. However, the district's purchases for equipment of \$598,482 in 1994 and \$768,564 in 1993 were more appropriate, given the size and scope of food service operations.

The largest increases in expenses occurred in years following a relatively low capital outlay for equipment. For example, following the purchase of \$306,000 in equipment in 1995, there was a 15.7 percent increase in equipment repair costs. Conversely, after the \$598,480 in 1994 equipment purchases, there was a 4.6 percent decrease in repair costs.

Despite the number of kitchens in the district, equipment records are not maintained to track warranties, age, condition, repairs, and other key information of each piece of equipment by location. Further, there is no annual equipment inventory taken and preventive maintenance is not performed on kitchen equipment other than refrigeration equipment. There are no equipment specifications and standardized procedure for the purchasing for equipment parts or the requesting of maintenance services from outside vendors. These problems are further compounded with service delays from the Maintenance Department. During our visits with district administrators and site personnel, there was a concern over the length of time required to repair kitchen equipment from the time of the initial service call.

Due to the magnitude of problems related to the repair and maintenance of district kitchen equipment, the Director of Food Service has proposed to reassign a supervisor and two additional maintenance personnel to the existing two maintenance positions that are dedicated to food services. The dedication of a supervisor and four maintenance workers to food service is suggested to increase the service and efficiency of repairs at district kitchens. The salary and benefit costs for the three additional maintenance positions would be charged to food service by the Maintenance Department.

## **RECOMMENDATION**

### **Recommendation 14-11:**

**Increase the efficiency and effectiveness of the kitchen equipment repair and maintenance program and formalize capital replacement and facilities planning decisions for district kitchens.**

Although MGT was not involved in the recommendation to dedicate three additional maintenance positions to food services, this proposal initiated by the Director of Food Services would likely improve the efficiency and effectiveness of kitchen repairs and maintenance. Irrespective of the implementation of these changes, maintenance personnel and area specialists should inventory all kitchen equipment and establish and maintain records for each piece of equipment. These records should include age, condition, warranty information, and the date and nature of all repair calls. This information should be used as a basis for equipment repair and replacement decisions.

The Food Service Director should work with maintenance personnel and area specialists to develop a five-year capital replacement plan for district kitchen equipment. A capital replacement budget should be established for a five-year planning period. A minimum of two percent of annual revenues should be reserved for the replacement of equipment at district kitchens. Since equipment has not been traditionally replaced on an ongoing basis, the replacement costs may be higher than two percent of annual revenues during the next decade.

To increase the quality of products and services at kitchen operations, the Maintenance Supervisor and Food Service Director should work closely with district facility planners to develop a plan to renovate and upgrade outdated kitchen facilities and equipment. The Food Service Director and Maintenance Supervisor should also be asked for input on the kitchen facilities of all new schools.

Kitchens in most of today's food service operations are air-conditioned. This includes schools, restaurants, hotels, hospitals, correctional facilities, colleges and universities, etc. Future district plans should call for all new kitchen facilities to be air-conditioned.

The Warehouse Manager indicated that there are plans to purchase three new refrigerated vehicles for the delivery of commodity products to district schools. However, bids have not been issued for the purchase of these vehicles. The estimated cost of the vehicles to the district would be approximately \$55,000 each. The district should consider the food safety issues when evaluating the feasibility of the purchase of these vehicles. The district should also consider the significant and continued decline in the USDA commodity program when planning the number of trucks needed on a long-term basis.

**IMPLEMENTATION STRATEGIES AND TIMELINE**

- |   |                                  |
|---|----------------------------------|
| 1. The Director of Maintenance and Director of Food Service should work together to establish a plan to improve the effectiveness and efficiency of the kitchen repairs and maintenance program.                              | September 1997-<br>December 1997 |
| 2. The Director of Maintenance and Food Service Director should select the appropriate maintenance personnel that will be dedicated to food service and provide the necessary training for these positions.                   | January 1998-<br>March 1998      |
| 3. The Director of Maintenance and Director of Food Service should meet with the appropriate maintenance personnel to implement any changes in job responsibilities, reporting relationships, job performance standards, etc. | April 1998                       |
| 4. The Director of Maintenance and Director of Food Service should review the progress of changes and continue to enhance the coordination of activities between the two departments.   | July 1998                        |

**FISCAL IMPACT**

Since MGT did not recommend organizational changes to district maintenance and food services, we have not estimated the fiscal impact of these changes. The fiscal impact of these changes will depend on the arrangements agreed to by the Director of Food Service and the Director of Maintenance. According to the Director of Food Service, the plan to increase the number of maintenance personnel dedicated to food services may result in no additional costs to the district, since the responsibilities of existing maintenance personnel would simply be revised and reallocated. Presently, the Food Service Department is not charged for the labor costs associated with repair and maintenance service calls by district maintenance personnel.

The district warehouse has planned for the purchase of three new refrigerated vehicles at a cost of approximately \$55,000 each, therefore, these are not additional costs due to this review. Nonetheless, these additional vehicles would improve the food safety of commodity products delivered to district kitchens. Due to the uncertainty surrounding the continuation of the USDA commodity program and the ongoing decline in commodities delivered to the warehouse, the addition of these vehicles might be phased in over a three-year period.

Based on the establishment of a capital replacement reserve of two percent of departmental revenue, this recommendation should result in an annual cost of \$856,000, based on 1995-96 departmental revenue of approximately \$42.8 million. This represents an increase of approximately \$87,400, or 11.4 percent, over 1995-96 kitchen equipment expenses.

<b>Recommendation</b>	<b>1997-98</b>	<b>1998-99</b>	<b>1999-2000</b>	<b>2000-01</b>	<b>2001-2002</b>
Establish Capital Replacement Reserve	\$0	(\$87,400)	(\$87,400)	(\$87,400)	(\$87,400)

**14.15 Food Service Administrative Authority**

**CURRENT SITUATION**

Although food service administrators are held accountable for the performance of district kitchen operations, principals are provided all line authority with respect to the management of kitchen operations. This includes the line authority over all site kitchen personnel. For example, principals conduct performance appraisals for district kitchen managers. Based on interviews with area field specialists, the degree of input requested from principals concerning the management of school kitchen operations varies by school.

**FINDING**

Food service administrators in most school districts throughout the United States are given the authority necessary to effectively and efficiently manage district kitchen

operations. Most school districts operate under the philosophy that the primary mission of schools is to provide an education for students. To focus on that educational mission, specialists are provided with the authority and responsibility for other ancillary services, such as food service. Thus, food service departmental administrators, supervisors and managers assume the responsibility and authority to effectively and efficiently manage district kitchen operations. This includes the authority to conduct performance appraisals for all departmental personnel and to take corrective actions, where necessary. This results in more uniform and consistent district operating practices at all district kitchens.

The lack of authority provided to district food service administrators results in inconsistent operating practices in school kitchen operations. For example, some principals may give a kitchen manager a good performance appraisal when the detailed site inspections completed by area field specialists reveal a poorly managed kitchen operation. In addition to often not being involved in the performance appraisal process, area field managers do not have the authority to correct inefficient and ineffective operating practices at a number of district kitchens. Since some principals allow more feedback from food service administrators than others, the result is an inconsistency among kitchen operating practices.

A detailed analysis of the operating statistics of district kitchens reveals significant variances in financial performance and cost per meal statistics. This variation partially reflects the inconsistent practices and subsequent operating efficiencies across district kitchens. For example, although the aggregate cost per meal served at elementary schools is \$1.56, the cost per meal served ranges from \$1.40 to \$2.02 at district schools. The financial performance of these schools, as represented by net operating income/loss as a percentage of revenue, range from a 10 percent net operating loss to a 27 percent net profit margin. Similarly, costs per meal range from \$1.45 to \$2.02 at middle/junior high schools, with net income/loss ranging from an 11 percent loss to a 22.2 percent profit. Some high school food service programs operate at a financial loss to the district.

## **RECOMMENDATION**

### **Recommendation 14-12:**

**Provide district food service administrators the appropriate degree of authority to operate an efficient and uniform food service program.**

Food service administrators should be provided a level of authority to be coupled with their current level of responsibility and accountability. This includes the authority of food service administrators to conduct performance appraisals and take corrective personnel action, when necessary. By providing an appropriate level of authority to food service administrators, the district's food service program should operate more professionally and more uniform practices could be implemented at all district campuses.

## **IMPLEMENTATION STRATEGIES AND TIMELINE**

1. The Assistant Superintendent of Administration and area administrators meet with the Food Service Director and area food specialists to review the current levels of authority and responsibility with respect to the management of district kitchen operations. September 1997
2. Area administrators should meet with the principals of their schools to discuss issues relevant to the transfer of appropriate authority for kitchen operations from principals to food service administrators. October 1997-  
November 1997
3. The Director of Food Service should meet with the steering committee of principals to discuss issues relevant to the transfer of appropriate authority for kitchen operations from principals to food service administrators. December 1997
4. Area administrators, the Director of Food Service, area food specialists, and the principal steering committee should work together to prepare an action plan for the transfer of appropriate authority for kitchen operations from principals to food service administrators. This plan should be communicated to all district principals and feedback should be solicited. January 1998-  
February 1998
5. Based on feedback from district principals, the Assistant Superintendent of Administration, area administrators, and the Food Service Director should finalize the implementation plan. March 1998
6. The appropriate authority for district kitchen operations should be transferred from principals to food service administrators. Beginning in  
August 1998

#### **FISCAL IMPACT**

This recommendation can be implemented using existing resources.

#### **14.16 Cash Handling Practices**

##### **CURRENT SITUATION**

Managers were observed counting large sums of cash for daily lunch deposits in kitchen offices with windows providing a full view. The office doors were unlocked and individuals were observed entering and exiting the offices. The back doors to some of these kitchens were also unlocked.

##### **FINDING**

Although the departmental policies and procedures manual covers the details of daily recordkeeping and cash deposit procedures for kitchen operations, there is not much discussion on cash management policies for food service personnel at district kitchens. The relaxed cash handling practices observed at district kitchens provides a concern for both employee safety and the protection of district funds.

**RECOMMENDATION**

**Recommendation 14-13:**

**Strengthen the controls to safeguard daily cash receipts in district kitchen operations.**

A section should be added to the department's policies and procedures manual that addresses the safeguarding of district funds. All managers and employees who deal with cash should be trained or retrained on proper cash handling procedures. Area food specialists should incorporate cash handling in the site visitation report and should make sure that proper practices are being followed on each visit to their respective kitchens. Where applicable, curtains or screens should be on office windows and should be closed when cash is being counted. Office doors should be locked when cash is out and cash drawers should be locked when manager or cashier leaves cash in the office.

**IMPLEMENTATION STRATEGIES AND TIMELINE**

- |  |                        |
|--|------------------------|
| 1. The Food Service Director and area field specialists should add to policies and procedures documentation to improve cash handling practices at district kitchens. | July 1997              |
| 2. Area field specialists should meet with kitchen managers and other relevant food service personnel to discuss cash handling policies and procedures.              | Summer 1997            |
| 3. Improved cash handling policies and procedures should be implemented at all district kitchen operations.  | 1997-98<br>school year |

**FISCAL IMPACT**

The implementation of improved campus-level cash management practices should improve employee safety while providing better safeguards for district funds.

**14.17 Budgeting and Financial Reporting**

**FINDING**

The department has not implemented an effective budgeting and management reporting system. The Director of Food Service and area food specialists are not involved in the budget preparation process. Monthly departmental and campus-level income and expense statements are not generated to compare year-to-date and monthly operating results with budgeted standards and prior year results. Key operating statistics (student participation, cost percentages, meal costs, meals per labor hour, etc.) are reported in formats that are difficult to interpret. Without the effective implementation of campus-level budgets, monthly profit and loss statements, and key operating statistics, management does not have the necessary information to evaluate and improve departmental operating performance on a timely basis.

**RECOMMENDATION**

**Recommendation 14-14:**

**Develop and implement an accurate and detailed departmental budgeting and financial reporting system.**

Budgets for each cost center should be consolidated into a departmental budget and targeted revenues and expenses should serve as performance benchmarks. Monthly profit and loss statements should be generated to compare actual results with budgeted standards and prior year results. Key operating statistics (i.e., student participation, food and payroll expenses as a percentage of revenue, cost per meal, meals served per labor hour) should be tracked by cost center and integrated with profit and loss statements. Area food specialists should identify unfavorable budget variances or trends and work with managers to reverse these situations in a timely manner

**IMPLEMENTATION STRATEGIES AND TIMELINE**

- |  |                                  |
|--|----------------------------------|
| 1. The Food Service Director, area field specialists, and the district accountant should establish performance standards for each food service cost center and develop budgeted revenues and expenses that are targeted to meet these standards. | September 1997-<br>December 1997 |
|--|----------------------------------|

2. The Food Service Director should obtain copies of reports associated with campus-level food service budgets, profit and loss statements, and key operating statistics from other Florida school districts. January 1998-  
April 1998
3. The Food Service Director and area specialists should work with the district accountant to develop the appropriate format for management and financial reports. May 1998-  
June 1998
4. Accounting and data processing clerks should input relevant data on an ongoing basis and generate monthly financial and management reports. July 1998
5. The Food Service Director should identify unfavorable variances and meet with area field specialists to discuss strategies to work with cafeteria managers to correct these deficiencies in a timely manner. September 1998

#### **FISCAL IMPACT**

The implementation of an effective departmental and campus-level budgeting and management reporting system should further enhance departmental cost controls. This recommendation can be implemented with existing software currently used by the district.

#### **14.18 Food Costs**

##### **CURRENT SITUATION**

The costs associated with food purchases increased by 5.9 percent between the 1994-95 and 1995-96 school years. However, departmental operating revenue increased by only 1.9 percent during this same time period. This compares to an 8.3 percent revenue increase between the 1993-94 and 1994-95 school year. As a result, Exhibit 14-6 indicates that food costs as a percentage of total revenues increased from 35.6 percent to 36.9 percent between 1994-95 and 1995-96, result in a 18 percent decline in departmental net income during this period. This is further illustrated by the decrease in departmental income as a percentage of revenue from 7.7 percent to 5.5 percent.

##### **FINDING**

The ongoing improvements to district food purchasing practices and the effective implementation of food cost controls into district kitchens have resulted in a continued reduction of food costs (as a percentage of revenue) until the 1995-96 school year. However, incremental improvements to operating efficiencies can only provide part of the support for the maintenance of appropriate food cost percentages.

Without appropriate menu pricing adjustments, food costs as a percentage of revenue will continue to increase. This will result in the continual erosion of departmental profit margins. As presented in Exhibit 14-22, the district lunch and breakfast menu prices have not been increased in over eight years, despite a continued rise in the market prices of food products.

**EXHIBIT 14-22  
LUNCH AND BREAKFAST MENU PRICES  
1980 - 1981 THROUGH 1996 - 1997**

Year	Elementary Lunch/Breakfast	Secondary Lunch/Breakfast	Adult Lunch/Breakfast
1980-81	\$.60/\$.25	\$.75/\$.35	\$1.15/\$.50
1981-82	\$.85/\$.35	\$1.00/\$.45	\$1.50/\$.65
1982-83 (3/14/83*)	\$1.00/\$.40	\$1.25/\$.50	\$1.75/\$.75
1983-84	\$1.00/\$.40	\$1.25/\$.50	\$1.75/\$.75
1984-85	\$1.00/\$.40	\$1.25/\$.50	\$1.75/\$.75
1985-86	\$1.00/\$.40	\$1.25/\$.50	\$1.75/\$.75
1986-87	\$1.00/\$.40	\$1.25/\$.50	\$1.75/\$.75
1987-88	\$1.00/\$.40	\$1.25/\$.50	\$1.75/\$.75
1988-89	\$1.00/\$.40	\$1.25/\$.50	\$1.75/\$.75
1989-90	\$1.15/\$.50	\$1.55/\$.60	\$1.90/\$.85
1990-91	\$1.25/\$.50	\$1.55/\$.60	\$2.00/\$.85
1991-92	\$1.25/\$.50	\$1.55/\$.60	\$2.00/\$.85
1992-93	\$1.25/\$.50	\$1.55/\$.60	\$2.00/\$.85
1993-94	\$1.25/\$.50	\$1.55/\$.60	\$2.00/\$.85
1994-95	\$1.25/\$.50	\$1.55/\$.60	\$2.00/\$.85
1995-96	\$1.25/\$.50	\$1.55/\$.60	\$2.00/\$.85
1996-97	\$1.25/\$.50	\$1.55/\$.60	\$2.00/\$.85

Source: Hillsborough County School District, Food Service Department, 1997.

\*Date of price change.

**RECOMMENDATION**

**Recommendation 14-15:**

**Establish a departmental budgeted food cost standard of 36 percent of revenue, and reduce and maintain departmental food costs to this level.**

The reduction of food costs will require the continued implementation of increased cost controls at district kitchens. The increased authority of departmental administrators (as previously recommended) should serve to strengthen overall cost controls at district kitchen operations. To further strengthen cost controls, area field specialists should implement the following at their assigned kitchen locations:

- evaluate\* menu prices on an annual basis and make adjustments, where appropriate, to keep pace with increasing costs of administration, training, food, labor, and other operating expenses;
- revise menu items and portion sizes for menu items to reflect departmental food cost standards;
- continue to focus on manager and employee training programs to strengthen food and labor cost controls; and
- increase the level of monitoring and improvement of food portion controls during meal service times at district schools. The additional area field specialist position that is proposed as part of the district reorganization plan will reduce the span of control of these positions. This should provide more time for each specialist to spend in their assigned kitchen operations.

The focus on cost controls will not alone result in the continued improvement in departmental financial performance. This was illustrated by the 18 percent decrease in departmental net operating income during the past school year. To reverse this decline, menu prices for both reimbursable and a la carte menu items must be reviewed on an annual basis. Menu prices should be evaluated on an annual basis and adjustments should be made, where appropriate, to keep pace with increasing costs of administration, training, food, labor, and other operating expenses. Pricing strategies may include incremental annual price increases (i.e., 10 cents) that will at least cover the annual increases in departmental operating costs.

**IMPLEMENTATION STRATEGIES AND TIMELINE**

- |   |                     |
|---|---------------------|
| 1. The Director of Food Service should develop proposed revisions to menu prices (reimbursable and a la carte). This process should occur on an ongoing annual basis.   | July 1997           |
| 2. The proposed menu price increases should be reviewed with the Assistant Superintendent of Administration.  | August 1997         |
| 3. The Director of Food Service and area field specialists should work with cafeteria managers to establish food cost percentage standards for each campus.   | August 1997         |
| 4. The food cost standards should be incorporated into campus-level budgets.  | 1997-98 school year |
| 5. The prior month's food cost percentages should be reviewed at monthly manager's meetings. Managers should be recognized for favorable variances from standards, while unfavorable variances should be identified and corrected in a timely manner. | Ongoing             |

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\*Note: Since student participation may be effected by any change in meal prices, a proposed increase should be carefully evaluated.

**FISCAL IMPACT**

Assuming no increases in 1995-96 department revenues, a food cost of 36 percent would represent \$15, 416,279. This represents a food cost reduction of approximately \$404,800 from 1995-96 levels. The implementation of our recommendations concerning campus food cost percentage standards and menu pricing adjustments should begin in the 1997-98 school year, with an annual estimated food cost savings of \$404,800.

<b>Recommendation</b>	<b>1997-98</b>	<b>1998-99</b>	<b>1999-2000</b>	<b>2000-01</b>	<b>2001-2002</b>
Reduce Food Costs to 36 Percent of Revenue	\$404,800	\$404,800	\$404,800	\$404,800	\$404,800