

# Introduction

When Carole Keeton Strayhorn, the Texas Comptroller of Public Accounts, announced that education was her number one priority, she carefully examined the work of the Texas School Performance Review (TSPR) over the last eight years. What she found was a process that is having an impact on the school districts reviewed; savings for local school districts have reached nearly \$85 million so far, and student performance in districts reviewed is improving at rates that exceed the statewide averages. However, much of this information was not reaching the other 1,000 districts in the state.

Realizing that only about 51 cents out of every education dollar is spent on instruction, Comptroller Strayhorn instructed TSPR staff to share the exemplary programs and key recommendations contained in past reports. By arming school districts with the tools necessary to reduce the cost of auxiliary services, like food services, the Comptroller is seeking to channel more education dollars to the classroom, where it belongs.

A typical school performance review looks at the operations of a school district as a network of intertwined functions, each affecting the other. The 12 functional areas reviewed include: district organization and management, educational service delivery, community involvement, personnel management, facilities use and management, financial management, asset and risk management, purchasing, computers and technology, food services, transportation, and safety and security. This study of the food services function is the first in a series of reports designed to comply with the Comptroller's instructions and communicate the best practices identified by TSPR during its previous reviews.

This report contains examples taken from previous school reviews. Some present noteworthy *components* of a district's overall program; others illustrate how a district has successfully addressed an identified weakness. Comptroller Strayhorn has opened her door to Texans and welcomes information about exemplary programs or practices in all areas of education or government. All parties are encouraged to send information to the Comptroller of Public Accounts.

For detailed information on a previous school performance review or to share innovative ideas or exemplary programs, call toll-free at: 1-800-531-5441, extension 5-3676, or visit the Comptroller's website at [www.window.state.tx.us](http://www.window.state.tx.us).

## The Goal of Food Service

School food service operations are expected to provide students an appealing and nutritionally sound breakfast and lunch as economically as possible. Reaching this goal, however, is often easier said than done. The process is complicated by local politics, prevailing wage rates, the availability of skilled workers, the accessibility and choice of food products and food processing facilities, perceptions about nutrition, the appetites of the students served, technology or the lack thereof, and the management skills of the people in charge. TSPR has found that these issues have been overcome in many districts by using the basic management principles listed in this report.

# 1 Hungry children are not as apt to learn.

The most successful districts and their supporting communities understand the intimate relationship between adequate nutrition and student performance.

In the Brownsville Independent School District, the superintendent tells a story about a student who was sent to the principal's office for discipline. It was about 11:00 a.m. and the principal noticed the student watching the clock and fidgeting restlessly. The child simply could not concentrate on what the principal was trying to tell him. Finally he asked the student why he was watching the clock. The student replied that he was worried he would miss lunch and that he hadn't eaten since the day before. The principal did some additional investigation and found that many discipline-related incidents were occurring in the morning hours and a large number of the students were coming to school without breakfast. He set up an experiment, asking the Food Service Department to prepare a wholesome, nutritious breakfast that could be delivered to the classrooms in a brown bag. Hundreds of breakfasts were prepared and distributed to students during the first half-hour of school. An amazing thing happened. Discipline problems declined, student attendance rose, and students performance improved because students were more attentive in class.

Teachers, who were reluctant to lose a portion of their instructional time for breakfast, rapidly realized the program's benefit. They came to understand that the first half-hour of school is often used for administrative tasks such as taking attendance, and picking up homework assignments. They continued to perform their administrative functions as usual, while the children ate their breakfasts. Nothing was lost, and a great deal was gained.

This program was expanded districtwide, and the results have been dramatic. Breakfast participation rose by 600 percent and the district received federal reimbursements accordingly. Food service workers were more productive and food service profits grew, making it possible for the department to purchase much-needed equipment. The point in Brownsville ISD, however, was never money. The point was better educating children.

Critics say that the Brownsville example cannot be replicated because most of the Brownsville students are economically disadvantaged and the district uses a universal feeding program in which every child in the district eats free. They say Brownsville can make this work because there is little need for the elaborate tracking system needed to identify students eligible for federal reimbursements and collect money from others. But, other districts like Beaumont, El Paso, Spring and Mt. Pleasant have

enjoyed considerable success with similar breakfast programs where more students pay for their meals. In Mt. Pleasant ISD, cafeteria staff offer a second breakfast period during the high school activity period. If a student fails to eat during the first breakfast period, they have the opportunity to eat during the activity period. Many breakfast items are prepared from scratch and are popular among students and faculty. Students benefit from extra nutrition while the district enjoys increased revenues.

School districts without an aggressive breakfast program like Brownsville acknowledge the effect of food on student performance, and provide breakfast to all students on days when the Texas Assessment of Academic Skills (TAAS) test is given. Similarly, El Paso ISD offers breakfast on TAAS days to its elementary students. El Paso believes that providing breakfast can mean the difference between success and failure for some marginal students.

Hungry or poorly fed children are not as apt to learn. Is providing children nutritious meals, however, the school district's responsibility or the parents? Certainly, feeding and clothing their children is first and foremost the responsibility of parents < but, whether parents are too busy to make a lunch, too frazzled to get up and make breakfast, or without the money or knowledge to provide nutritious meals, if schools are to be successful at educating students, the students must receive basic nutrition.

To get the nutrition message out often involves educating teachers, principals, administrators, parents, and students. Some school districts, such as El Paso and Spring, have nutrition education programs to help students and parents understand why they need foods from the basic food groups, and the effects of excessive fats and sugar in the diet. Who better to provide this type of information than the nutritional experts in the food services department? Spring ISD hired a registered dietitian to oversee and implement its comprehensive nutrition education plan. The district's efforts have not only improved the nutrition education of students, teachers, and parent/booster groups but meal participation has increased. When the teachers, principals, and administrators understand the relationship between nutrition and education, and parents and students share that understanding, a partnership is formed.

In El Paso ISD the Food Service Unit introduced the "Awesome Breakfast Challenge Club" at 10 elementary schools as a pilot test. The club generates interest in and educates students about the importance of breakfast by offering incentives such as inexpensive toy prizes, guest appearances by characters such as the Texas Education Agency's (TEA's) "Earl E. Bird," videos, and special breakfast items. The district also uses other special promotions, such as the "Five a Day" program (promoting the importance of eating five servings of vegetables every day) and

Nutrition Month in March, which stresses the importance of a good, healthy breakfast and lunch to academic success.

## 2 To contract, or not to contract, that is the question.

Comptroller Strayhorn says that all goods and services should be put to the "Yellow Pages test." Government should do no job if there is a business in the Yellow Pages that can do that job better and at a lower cost. Whether a district has decided to contract out the food service operation in its entirety, contract for management services, or conduct all phases of the operation in-house, regular evaluation is necessary to ensure that the highest quality meals are served at the lowest price. Simply put, TSPR recommends regular cost/benefit analyses.

If a district contracts out its food services, TSPR looks carefully at the terms and conditions of contracts and tries to find out whether the district is getting the most bang for its buck. Contractors should be held accountable for producing the desired results, and provisions should be included in the contract to reward good performance and penalize poor performance. Accountability assumes that the district has thought through the desired results and has a system in place to monitor performance.

Tough contract negotiations are necessary if the district's interests are to be protected. All too often, contracts are renewed without a thorough review of the contract's terms and conditions. What incentive is built into the contract to encourage the contractor to improve the quality of service or hold the line on costs? For example, escalator clauses sometimes allow contractors to raise prices without experiencing price increases in the cost of food or labor. In this environment, poor performance has few ramifications. Contracts must be examined carefully to ensure that the district is receiving the best service at the lowest cost. Rebidding the contracts periodically can help to determine if another company can do a better job at a lower cost, or if new services or methods of service delivery are available in the marketplace. During the contract rebidding process, a district could examine the cost of conducting those same services in-house. A school district cannot afford to relinquish control of any operation to a contractor without regularly re-evaluating its decision.

If a district now operates food services in-house, opening the service to competition by issuing a request for proposal will allow the school district board of Trustees and the administration to evaluate the cost-effectiveness of continuing to operate food services in-house. When comparing the costs of in-house operations to services provided by contractors, the district should factor in all of the in-house costs that would pass to the contractor, including the cost of employees, benefits, training and any other functions the contractor might assume. Only then is a true comparison possible. At a minimum contracts should contain mutually agreed upon performance

standards as well as financial incentives for good performance and penalties for poor performance.

The Houston ISD decided to contract out the management of its food service function and, in doing so, has become a model for food service contracting. According to the November 1997 publication, *Privatization Watch*, "HISD laid out several criteria that each privatization transaction would have to meet before it would be approved. The arrangement would have to ensure lower and predictable costs while at the same time increasing the level of service provided to HISD's students, faculty, and administration." The goal outlined in the request for proposal was to achieve cost savings, improve quality and service, take care of HISD employees, and improve customer satisfaction. When TSPR conducted its one-year progress report of Houston ISD, it found that its food service contract had, in just two months from start up, resulted in 16,000 additional meals being served daily.

### 3 Identify every student eligible for the National School Lunch and Breakfast Program; your federal funds depend on it.

Identifying those students who are eligible for free and reduced-price lunches and breakfasts through the National School Lunch and Breakfast Program is a tedious and time-consuming process. Some parents are reluctant to fill out the necessary forms. With some parents it is a matter of pride; with others it is a matter of literacy. Some students are hesitant to participate in the program, especially at the secondary levels, because it is not "cool" to be identified as poor. Principals are often so overloaded with paperwork of all kinds, it is sometimes difficult to find time to pay much attention to these forms.

What many school district officials forget, however, is that federal Compensatory and Title I funding flows to a school district based on their number of economically disadvantaged students. And, economically disadvantaged is defined as students identified as eligible for free or reduced-price meals. These funds are funneled to districts so that they can provide additional services to students at risk of dropping out of school. While not all economically disadvantaged students are considered at risk, the number of economically disadvantaged students closely tracks the number of at-risk students. The federal government, therefore, uses this figure as its criteria.

In most Texas school districts, the district receives about \$500 - \$700 per child, per year, in Compensatory and Title I money for every child identified for free and reduced-price meals. For every 100 students identified as eligible for free or reduced-price meals, an average district gets \$60,000 or the equivalent of salaries for two more teachers. In Houston ISD, an improved eligibility identification program brought in additional annual revenues of \$4 million.

While every school business official knows this relationship exists, few aggressively are involved in assisting the food service staff and schools to streamline the process, educate the parents and students to the benefits of the program, or launch campaigns to encourage participation.

Some of the most successful programs use the following techniques:

**Family identification** - If a parent fills out a form for one child, all of the siblings in the same household are automatically qualified.



**Direct certification** - Some districts do not require families to complete an application for the federal free and reduced-price meal programs if they are pre-certified as eligible by the Texas Department of Human Services through the Temporary Assistance for Needy Families (TANF) program.

**Incentive awards** - Giving prizes to students and parents for completing an eligibility application. Houston ISD placed all of the applicants' names in a hat, and drew for prizes, with the top prize a television. Some of the prizes were donated by local businesses, and some were purchased from the food services budget.

**Advertising campaigns** - Billboards, posters, and flyers extol the virtue of the free and reduced-price meal program, and encourage participation.

**Campus-based at-risk budgeting** - Principals are encouraged to aggressively qualify eligible students because funds for at-risk programs in their campus budget depend on the number of identified students. In the Texarkana ISD, for example, principals are motivated to identify every eligible child for the program because their campus' Compensatory and Title I budget is linked directly to the number of children identified in the program.

**Parental assistance** - Providing all parents a user-friendly form and campus-based assistance to complete the forms. This approach can be critical for non-English speaking or illiterate parents. The El Paso ISD provides applications in both English and Spanish. Other districts have staff available during registration and the first days of school to help parents read and complete paperwork.

## 4 Use performance measures to improve operations.

The best districts strive to maintain the lowest possible food, labor, and overhead costs by regularly monitoring productivity and making the adjustments necessary to improve operations.

TSPR regularly finds wide variances in worker productivity among peer school districts and individual campuses within a district. Some of these differences are the result of such things as kitchen conditions; availability of time-saving equipment; the workers' skills; the use of disposableware, such as paper plates and cups and plastic knives and forks; and management decisions about using pre-processed foods or cooking from scratch. Some variances, however, stem directly from management's failure to monitor the employee performance and set productivity standards.

TSPR advocates using "meals-per-labor-hour" as a performance measure and quotes standards from national publications as a starting point from which the district should work. Whether a national or locally developed standard, TSPR has come to realize that setting a standard is the first step in establishing successful performance measures.

Similarly, food costs must be monitored to determine what factors are affecting food costs districtwide, and at each campus. Pre- and post-costing of menus is one way to identify and control food costs. Understanding the relationship between the cost of preparing certain items from scratch and buying pre-processed foods that require less labor but may cost more initially is critical to determining the most cost-effective way to prepare each menu item. Some menu items will cost more than others, but setting an overall standard for each kitchen is one way to hold cafeteria managers accountable.

Overhead is often a combination of utility costs, the costs of equipment or supplies, and miscellaneous administrative expenses. In a number of districts reviewed by TSPR, managers did not clearly understand all of the related expenses that were directly attributable to food service because some of these costs were being picked up by the district's general fund and others were considered uncontrollable. For example, food services has no incentive to conserve energy when the district does not separate out the cost of utilities and/or has always paid for utilities.

Once standards are set, the next step is to monitor the standards districtwide and at each kitchen and analyze the results. The kitchens that are outperforming the averages should be observed to determine what is

going right. The kitchens that are not performing as well need the same careful observation to determine why their performance is substandard. One district that extensively uses a variety of operating and financial reports is Comal ISD. Each month, or more often if appropriate, the Food Service coordinator analyzes the following reports and identifies trends:

- Profit and Loss statements: districtwide and by campus
- Inventory reports
- Meals Per Labor Hour
- Accident statistics
- Budget code comparisons
- Daily deposits for same week by year
- Insufficient funds check report
- Reimbursement Claim report.

Districts must take action to replicate the good performances and improve those that are performing poorly. In Comal ISD, the Food Service coordinator provides reports to the director of Business Operations and discusses problems and concerns. She shares the information with the supervisors and managers at individual campuses to enlist their help in identifying the root causes of downward trends. She also seeks their assistance in recognizing and replicating ideas that have led to improved performance and increased efficiency. Problems are identified in a timely manner, and planning and budgeting for the future are based on solid information.

Not all productivity problems are people- related. If new or better equipment in a kitchen could reduce labor costs, then the money to buy the equipment may be well spent. If one campus is experiencing success with certain recipes, then the recipes should be shared with other campuses. If a dishwasher fails, is it more cost effective to replace the dishwasher or to convert the operation to disposableware? Achieving productivity gains often means bringing in good ideas from the outside. Therefore, regular training is needed to increase the productivity of all individuals and campuses.

## 5 Purchasing and processing techniques affect costs.

Food costs are affected by purchasing and delivery methods. Some of the best practices of food purchasing include cooperative purchasing of food products and purchasing larger quantities of food and centrally storing the food in walk-in freezers. On the other hand, some districts have been successful and have avoided building walk-in freezers by having food products shipped directly to campuses. Market factors - such as the availability of multiple vendors competing against each other for the school district's business - will often help determine the method that works best in a district. For example, some smaller districts, such as Texarkana and Mt. Pleasant, have found that they can negotiate better food prices on their own than they can through other food cooperatives. Again, a cost/benefit analysis must be performed to verify the method that provides the highest quality food products at the lowest price.

School districts get free commodities, such as bulk cheeses and meats, from the federal government. These are not always items that fit easily into the district's preset menus. For example, one district received an abundance of whole frozen turkeys. They attempted to insert several "Thanksgiving" style meals into the menu to make use of these turkeys, but it is not a meal that can be served every week. Some districts have told TSPR that they use what they can, but admit that some commodities are wasted because the commodities spoil before they can be used.

TSPR has found three keys to maximizing the use of free commodities: adjusting menus, preprocessing bulk items when appropriate, and recognizing commodities as an asset to the food service fund.

Adjusting menus to make better use of commodities is the simplest, most direct way to use free commodities. And, when at all possible, districts should creatively attempt to adjust menus to use everything they get from the federal government. Sometimes this is easier said than done, such as when the commodity is an item that doesn't fit neatly into the program, like hundreds of pounds of flour or corn meal.

Preprocessing food products is a way of taking a less desirable bulk item and processing it into a useful product. For example, whole turkeys can be pre-processed into lowfat ground turkey, turkey nuggets, turkey bologna, or wieners. Cheeses can be sliced, shredded, and cubed. Chicken can be converted into chicken nuggets; beef into hamburger patties. Flour and other grain products can be baked into breads, buns, and biscuits. TSPR recommended in the San Marcos CISD and Paris ISD performance review reports that those districts enter into preprocessing contracts with Regional

Education Service Centers (Region) or with other schools in their respective counties or areas. The benefits of these cooperatives result in reduced use of warehouse space, reduced labor to prepare meals from scratch, reduced waste, lower overall food costs and increased varieties of foods.

The Socorro and Hamilton ISDs are members of a preprocessing cooperative in their areas. Hamilton ISD has its beef, pork, and turkey commodities processed by three private vendors through a contract with Region 7. The processed items are sent by the vendors to an Arlington, Texas warehouse where the commodities are stored. The warehouse makes shipments of preprocessed foods and other commodities to the district all at the same time. Socorro ISD also uses preprocessed commodities through the USDA Donated Commodities Program.

Finally, recognizing the commodities in the accounting records of the district is one way to ensure that the responsible parties understand the value placed on the commodities received. TSPR suggested that Longview ISD include its federal commodities in its annual budgeting process, giving the district a more accurate picture of its food service operations and a plan for how the commodities will be used.

## 6 Hire employees only for the time you need them.

Labor efficiency is a product of employing people with the right skills to do an assigned job, or the ability to learn that skill, and having the right number of workers to do the job when it needs to be done. To achieve full productivity, managers must have a plan for handling employee absences, adequately supervising the activities of the kitchen, and creatively filling all needed positions for only the hours needed.

Food service work is not an 8:00 a.m. to 5:00 p.m. job. To serve breakfast to students beginning as early as 7:00 a.m., cooks must come in at 5:00 a.m., or earlier, depending on the menu and class schedules. Servers and dishwashers may not show up until sometime later. Once breakfast activities are complete, lunch activities begin with an even larger number of meals to prepare, serve, and clean up. Is supervision provided during all of these hours? Who has keys to open the facility and lock it up? How many people does it take to prepare the meal, wash the dishes, serve the meals, and track and monitor the meals served and collect money for paid meals? Are there times during the day when all the people are not kept busy?

Employees should only be used for the number of hours they are needed, and not a minute longer. In one food service operation reviewed by TSPR, all food service workers were full-time employees, including dishwashers. Dishwashers came in at 8:00 a.m. to begin cleaning up as the last breakfasts were served. When breakfast concluded, dishwashers were kept busy with menial tasks that added little value to the overall process. When lunch dishes were done, again dishwashers were kept busy with menial tasks. Clearly, if dishwashers would have come in at 9:00 or 10:00 a.m. they could have washed all of the breakfast dishes in time for lunch. And, once the lunch dishes were clean, the dishwasher could have left at or around 1:30 or 2:00 p.m., depending on the time of the last lunch hour. At the most, the dishwashers should have been employed for no more than 5 hours a day. The district was paying for 3 extra hours per day, plus benefits, or 540 hours over a period of 180 days in a school year. Even at a minimal \$5 per hour, this figure amounts to \$2,700 annually in unproductive wages without adding in the cost of fringe benefits.

Employees must be adequately supervised to ensure productivity standards are met. But, does every kitchen need a manager, or could a regional manager handle the task? Can managers and supervisors also provide technical assistance? Yes. In the El Paso ISD, five supervisor positions oversee the efforts of 15 and 17 schools. Each of these supervisors also is responsible for another of the district's areas of food service management

including: nutrition education; menu and recipe development; training; and coordination of the district's computerized point-of-sale system.

Thrown into this mix are employee absences. Who covers for absent employees? Is there a pool of substitutes in-house or on-call? Or are substitutes available through a temporary service? Are substitutes trained and productive? Do absences cause other employees to work overtime, delay meal service, or affect the quality of food served?

Some districts say that it is hard to recruit and retain part-time employees. Creative employment practices, therefore, must be used to fill those hard-to-fill slots. Socorro ISD uses a temporary employment service extensively. Many positions in the district's food service operation are filled by regular temporary employees who are the same people who show up each day and who have a working knowledge of the district's operations. The district only pays for the hours employees are on duty, and the agency is responsible for finding replacements if a temporary employee is absent. Temporary employees cost the district more than the hourly rate paid to regular food service employees, but the district pays no benefits or employment taxes. By using temporary workers, Socorro ISD saves more than \$600 per year for each half-time worker. In addition, if a temporary employee is not performing up to standard, a simple call to the temporary service removes the person from the task and another person is automatically substituted.

Employing the right people at the right time also is directly affected by wage rates and training. Lower-than-market wages can result in high staff turnover rates. Regularly monitoring wage rates in the area and reacting appropriately to changes can allow a district to remain competitive. Regular and comprehensive training on the other hand is critical if employees are to keep up with the latest in technology and techniques in such fields as safety and sanitation; menu planning; equipment care and use; food ordering; the National School Lunch and Breakfast Program; marketing and promotion techniques; recipe management; and inventory techniques.

## 7 Technology is your friend; it protects student anonymity, improves report accuracy and reduces duplication.

Computers have invaded the world of food service, and the best districts are using state-of-the-art hardware and software to improve the operations. A point-of-sale computer system typically has terminals located in the serving lines where a student can swipe a bar-coded card or enter a student identification number into a key pad. Students who pay for meals are encouraged to pre-pay for a week or month at a time, so that virtually no money changes hands at the time meals are served. These systems can be as sophisticated or as simple as a district wishes. Some districts have spent hundreds of thousands of dollars to wire the cafeterias so that all cafeterias are linked to a central point-of-sale system that can produce districtwide reports from a massive data base of information. Others have purchased stand alone systems for each cafeteria, and modems are used to forward daily transactions to a central server.

Why is a point-of-sale system desirable? The fewer people—including the food service workers supervising the food line—that know who is getting a free or reduced-price meal, the better. Protecting the anonymity of students who participate in the federal programs becomes increasingly important as the students become older. For example, many elementary students are relatively unconcerned about who gets a free meal and who doesn't. By middle school, the peer pressure increases, and students eligible for free and reduced-price meals tend to shy away from the lunch line when anyone they know is around. By high school, many parents will not even complete the application forms because the students refuse to be labeled as "poor." If all eligible students are to benefit from the federal free and reduced-price meal program, no stigma can be associated with participation or students will simply not participate.

In the absence of such a point-of-sale system, each school must manually track each student who goes through the serving line, manually record the food eaten, and send the manual report to a central location where the data is reentered into master reports. Duplicative and manual data entry is costly in terms of the extra labor costs but more importantly the inaccuracies that are inherent in such processes can result in a loss of federal funds.

Because eligibility information is retained in the computer, and the student is entering a code or swiping a card, reports on participation are far more accurate than reports that are manually generated. In addition, many of these systems come with additional modules that can track costs, revenues,



and inventory, and prepare management reports on employee productivity, menu planning, and a wide array of other food service functions.

## 8 If it looks good, it probably tastes good; make school cafeterias a desirable place to eat.

Students will eat in the cafeterias if the food looks and tastes good, it is easy and convenient to get food, the price is right, and the rest of the kids think it is cool.

When asked why student participation is low at the high school level, the response is often that the campuses are open, which means that students are allowed to leave campus during the lunch hour. On open campuses, many students choose more attractive fast food restaurants instead of eating a more nutritious, but dreary, meal in the school cafeteria.

So how can a school cafeteria compete? One way is to make the food look and taste good. In one district, students' and staff's big complaint was that the food was tasteless. An attempt to lower the sodium content of food had left the food without flavor. The basic conflict between nutrition and taste must be addressed through a combination of education and creative menu planning.

Many districts are successfully using the food court concept and a la carte lines. Kiosks or carts with specialty foods give cafeterias the look and feel of a food court in a local shopping mall. Salad, soup, and potato bars may be found along with burgers, fajitas, and pizza. These specialty items are not meant to replace the more basic Type A lunches that provide a required amount of meat, vegetables, breads, and the like, but a combination of these specialty foods may qualify for matching funds for the Type A lunch.

In one large school district, all high school students were forced into a single lunch period, making it nearly impossible for all students to get through the lunch line and eat before the period ended. Instead of standing in line for as much as 30 minutes, many students simply ate snacks from vending machines or left campus. Ten to 15 minutes is a lifetime for a student. If the lunch or breakfast lines are too long, participation rates will suffer. If it is a hassle to pay for a meal, participation will suffer.

The most successful districts have reduced lunch lines by regulating the flow of students into the cafeterias, offering multiple meal lines, increasing the number of students pre-paying so that little cash is exchanged, and regularly asking students for ideas to improve participation.

Vending machines are another obstacle to student participation in many districts' lunch programs. In violation of federal guidelines, some vending machines containing nonallowable, competitive food items are found inside of cafeterias and available to students during meal periods. But equally important is the content of the vending machines. Food services' managers should work with campus administrators to regulate the nutrition levels of vending products, and ensure that vending machines do not compete with regular meal service.

Price may or may not be a major concern, because most school lunch prices are extremely low compared to the cost of fast food items. But, if the food is good and it is easy to get, price can be the determining factor. Students interviewed in the Corpus Christi ISD told TSPR that even though their campus was open, it was easier and cheaper to eat at school. They said the food was good and they got more of it at school. Members of the TSPR team ate on that campus and found the quality of the food to be equal or better than that of most fast food places. The variety was good, and the price, at \$1.40 for an adult and 65¢ for a full-price student meal, was highly competitive. No wonder participation was high.

Finally, the kids need to think it is cool to eat at school. Influencing student opinion is a delicate task that has to begin with asking students what they like and don't like about the cafeteria. Quarterly student surveys, student advisory groups, taste testings, and student mystery shoppers are techniques used by the more progressive districts to identify ways to appeal to students. After all, students are the customers!

Regular communication with students also can improve student perceptions of the cafeteria. Some food service operations produce a monthly newsletter that not only provides the menu for the month, but includes nutrition tips, reports on progress in implementing some program of importance to the students, and announces upcoming fun events such as special theme days. Suggestion boxes and prizes for the best suggestions implemented are also useful. But be careful! Students quickly recognize when suggestions aren't used or acknowledged.

Sponsoring special theme days where special guests, special foods or varieties of foods, or prizes are offered in a non-traditional setting are also good ways to increase student interest. Before introducing a new menu item, some districts test the menu with a group of select students to get their reactions and suggestions for improvement. What if this testing were done in the lunch room with the other students looking on? And, what if the results were published in the school newsletter along with any changes to menus the school made in response to the test?

It is equally important that school district food services perform nutritional analysis on recipes to ensure the nutritional content of food and to ensure that students receive adequate nutrition. Some Regional Education Service Centers provide this assistance to school districts; some districts use computer programs and/or USDA-approved recipes. And, while the Texas Education Agency does not require this of school districts, the federal government requires that nutritional analysis be done on menus that are served to students who participate in the free and reduced-price meal programs. The federal government has approved a number of nutritional analysis systems. The Student Nutritional Analysis Program (SNAP) is one such program approved by the USDA.

## 9 Annually evaluate local policies and procedures that affect food services.

What is the optimum price for meals? How do you receive and record meal payments? Can parents prepay for meals? What happens when students forget their lunch and have no money to pay for a meal? How do employees pay for meals? Do any staff eat free? Why? What are the district's procedures for identifying children eligible for free and reduced-price meals?

Nearly all of these questions have a direct impact on the profitability and efficiency of the food service operation. Many school district administrators say their food service operation is not profitable because the school district board wants to keep the cost of meals low. In other words, the board has decided to supplement the food service operation from the general revenue fund instead of charging students more for meals--and that is the board's prerogative. TSPR, however, has found that school district boards often are not given the facts to show exactly what their decisions are costing the district. Raising or reducing the meal prices for students who pay for their meals may have little or no effect on profitability if the majority of children are eligible for free or reduced-price meals. On the other hand, raising the meal prices by as little as 10¢ per meal could reduce the amount the district must use to subsidize food service and allow a district to hire more teachers in the classroom.

Meal payment methods often are overlooked when districts analyze low participation rates. If it is easy for parents to send one check a month for meals, busy parents will most likely choose for a school-provided meal instead of preparing a sack lunch. If parents have to remember to give children cash each day, the scale swings and the parent must decide if it is easier to stop and get cash or just make a lunch. Deficits for meals eaten and unpaid also can result in lost revenues, even from staff, when regular systems are not in place to handle the situation when it arises. Schools should have and follow a definite policy on the number of days and/or total dollar amount of charges that a student or staff member can accrue. The policy should also stipulate what action will be taken when the cap is reached.

Transportation also can adversely affect breakfast participation rates, especially if the buses arrive too late for students to eat. Coordination with the transportation staff and the principals at each campus can work if, and only if, the parties involved understand the benefit of children coming to the classroom well fed. Informed decisions begin with an understanding of the cost and benefits related to local policies and procedures.

## 10 If you've got it use it; the food service fund balance can help cover overhead expenses, regularly replace equipment and improve profitability.

While food service operations are not expected to make a profit, they should operate on a break even basis. If food service costs exceed revenues, the general revenue fund of the district must cover those expenses. When this happens, money that could be used for instructional purposes is drawn away.

Federal reimbursements for meals, combined with the revenues generated for paid lunches should be sufficient, in most cases, to pay for the food and labor costs associated with the food service operation. Federal guidelines require districts to use any profits from their food service operations only for food services. Moreover, any accumulated profits cannot exceed three months worth of revenues. In short, if a school district operates profitably, it must reinvest its profits into the food service operation.

TSPR has found that the best run food service operations carefully leverage the food service fund balance to improve the operation of the entire school district. First, a food service operation should pay the general fund for all of its overhead expenses such as utilities, garbage removal, janitorial help, and printing and reproduction. Failing to recognize these expenses as a part of the food service budget overstates food service profits and forces more general revenue funds to be diverted from the classroom. Examples of allowable food services expenditures may include food; labor; supplies and expendable equipment; equipment used in preparing, storing, and serving meals; travel, workshops, memberships, and training materials for staff; promotional materials for students and parents; utilities; transportation equipment; and cash registers and computers.

Businesses recognize depreciation of equipment as an expense, and money is saved and reserved to regularly replace unusable or outdated equipment. School districts, however, tend to let equipment break down or become obsolete before asking the school board for permission to spend money for a replacement. Even preventive maintenance and minor repairs are often deferred until there are no other options other than replacement. A profitable food service operation cannot use its fund balance for anything but food service operations and, yet, TSPR has time and again found school districts neglecting machinery and equipment and driving the cost of doing business up by not purchasing labor-saving devices. Why?

Because neither the board nor administration understand the relationship between a well-equipped kitchen and a profitable kitchen.

Improving future profitability is an ambiguous phrase that includes everything from making cafeterias more inviting to students, to building central kitchens or warehouse freezers that are more cost efficient. Every school district's food service operation should analyze its operations and devise strategies to make their operations more profitable. Some strategies may be long-range ideas for addressing future enrollment growth, others may be short-range and relatively inexpensive to implement. But none of the ideas for improving profitability will be realized unless there is a strategic plan to focus efforts on achieving clearly defined goals.

Food service is integral to the educational process. Using these common-sense guidelines to improving a school district's food service function can and should allow a district to provide students an appealing and nutritionally sound breakfast and lunch and thereby enhance every student's learning potential without draining education dollars from the classroom.