

**Pecos-Barstow-Toyah
Independent School District**

FOOD SERVICES REVIEW

**Conducted by MGT of America for the
Legislative Budget Board**

AUGUST 2008



LEGISLATIVE BUDGET BOARD

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August 26, 2008

Mr. Manuel Espino
Superintendent
Pecos-Barstow-Toyah Independent School District

Dear Mr. Espino:

The attached report reviews the management and performance of the Pecos-Barstow-Toyah Independent School District's (PBTISD's) Food Services Operation.

The report's recommendations will help Pecos-Barstow-Toyah ISD improve its overall performance as it provides services to students, staff, and community members.

The Legislative Budget Board engaged MGT of America, Inc., to conduct and produce this review, with LBB staff working in a contract oversight role.

The report is available on the LBB website at <http://www.lbb.state.tx.us>.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John O'Brien", written over a horizontal line.

John O'Brien
Director
Legislative Budget Board

cc: Ms. Lila Cerna
Mr. Lawrence Williams
Mr. Paul Deishler
Mr. Randy Graham
Mr. Luis Juarez
Mr. Bill Oglesby
Ms. Vanessa Simmons

FOOD SERVICES MANAGEMENT

Pecos-Barstow-Toyah Independent School District (ISD) is based in Pecos, Texas. In addition to Pecos, the district serves the towns of Barstow in western Ward County and Toyah in Reeves County. Pecos is the largest city in Reeves County and serves as the county seat. The city is a regional commercial center for ranching, oil and gas production, and agriculture. The city is noted for cultivation of cantaloupes.

Pecos-Barstow-Toyah ISD enrollment in grades K–12 was 2,202 during the 2006–07 school year; current enrollment is 2,126. The district is comprised of seven campuses with five kitchens participating in the Child Nutrition Programs (CNP):

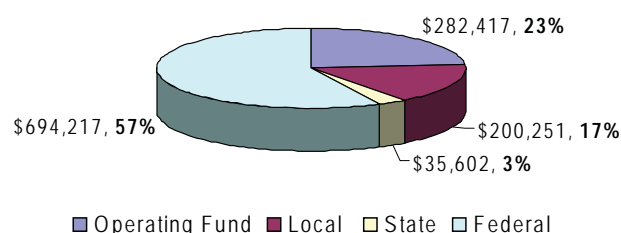
- Pecos High (Grades 9–12)
- Crockett Middle (Grades 7–8)
- Zavala Elementary (Grade 6) (no kitchen)
- Bessie Haynes Elementary (Grades 4–5) (serves Zavala)
- Austin Elementary (Grades 1–3)
- Pecos Kindergarten (Grades PK–K) (serves Lamar)
- Lamar Alternative Education Center (no kitchen)

The district participates in the National School Lunch Program (NSLP), the School Breakfast Program (SBP), and the Afterschool Snack Program during certain times of the year. During October 2007, the food service department served lunch to an average of 1,620 students daily, and breakfast to an average of 1,283 students.

Pecos-Barstow-Toyah ISD operates its CNP using four primary sources of funds. These sources include federal funds received from the NSLP and the SBP; state matching funds; local revenues for cash sales for breakfast, lunch, and snack bar items; and contributions of local funds from the district's general operating fund. The district is required to make significant contributions to the CNP due to expenditures exceeding revenues.

Exhibit 1 shows the various funding sources and their representative percentages for fiscal year 2006–07. At 57 percent of total revenues received, federal meal reimbursements represented the most significant source of revenues for Pecos-Barstow-Toyah ISD, followed by contributions from general operating funds equaling 23 percent of total revenues. Cash sales for breakfast, lunch, and snack bar items accounted for 17 percent of revenues, while the state program revenues amounted to three percent. The total revenues from all funding sources equal \$1,212,487.

EXHIBIT 1
SOURCES OF REVENUE FOR THE CHILD NUTRITION PROGRAM
PECOS-BARSTOW-TOYAH ISD



SOURCE: Financial reports for Pecos-Barstow-Toyah ISD for the fiscal year ending 2006–07.

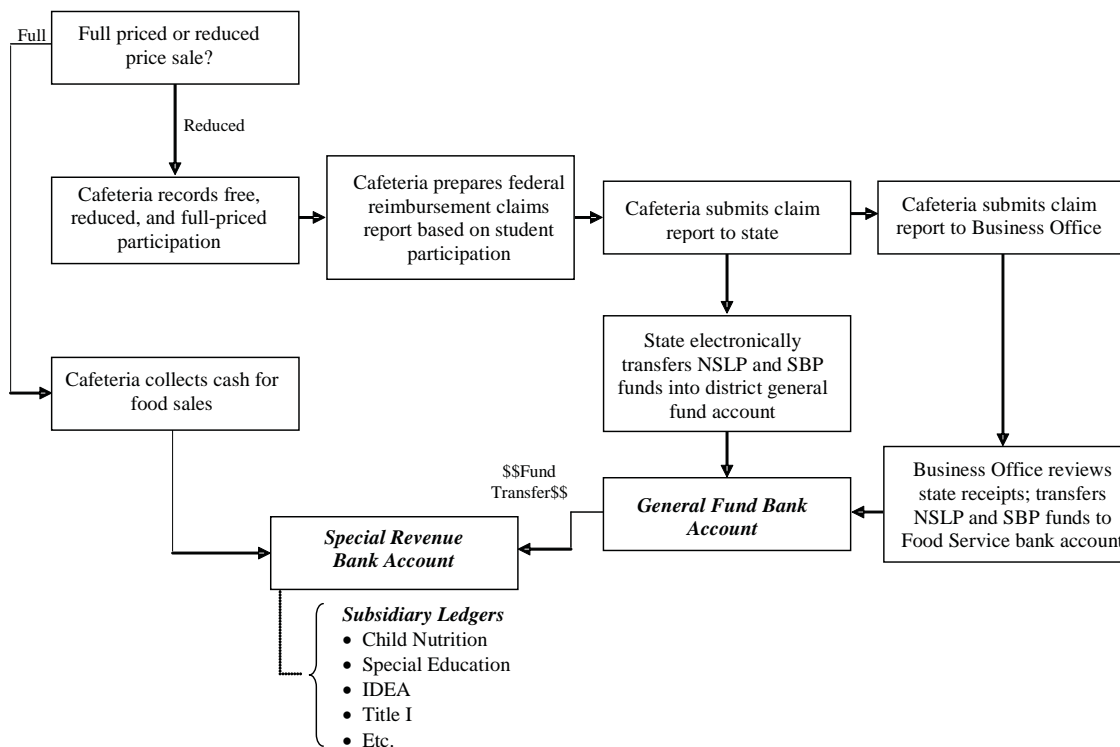
Exhibit 2 shows the flow of funds into Pecos-Barstow-Toyah ISD’s CNP. The district does not maintain a separate bank account for CNP funds, choosing instead to combine all special revenue funds, of which the CNP is one, into a single bank account. The district’s business manager maintains detailed subsidiary ledgers to show the amount of cash that belongs to each special revenue fund.

To obtain reimbursement for breakfast and lunch meals served under the federal NSLP and SBP programs, the district tracks the number of meals served that are eligible for reimbursement, submits a claims report to the state, and receives reimbursement. All federal reimbursements and state matching funds are transmitted electronically into the district’s general operating bank account

from the Texas Education Agency (TEA). The business manager reviews and identifies receipts and records them to the appropriate special revenue subsidiary ledger.

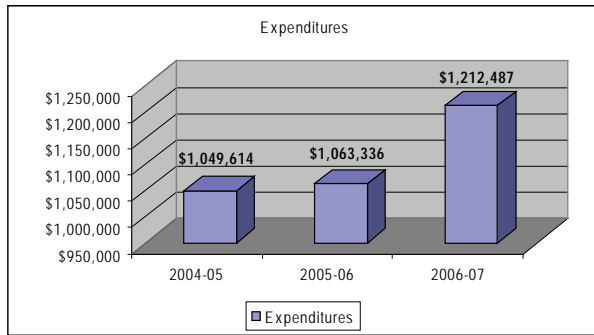
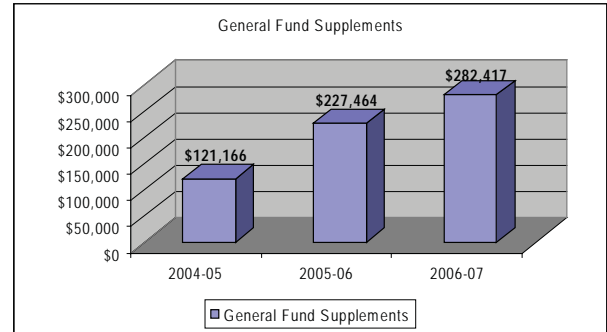
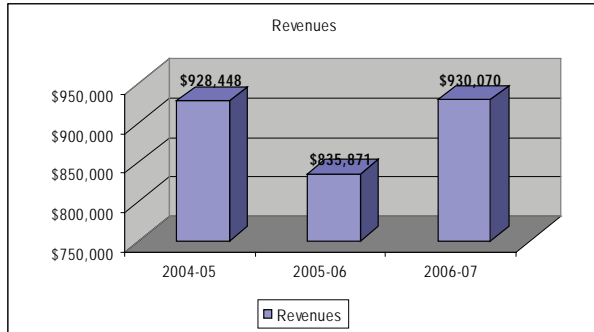
Exhibit 3 shows Pecos-Barstow-Toyah ISD’s revenues, expenditures, and general fund contributions for the past three years. While revenues increased between 2005–06 and 2006–07, primarily due to increased revenues from meals sold as well as increased federal reimbursements, expenditures increased at a greater pace, thereby increasing the CNP’s overall financial losses.

**EXHIBIT 2
FLOW OF CHILD NUTRITION PROGRAM FUNDS
PECOS-BARSTOW-TOYAH ISD
2008**



SOURCE: Based on review of documents and interviews with Pecos-Barstow-Toyah ISD business office staff.

**EXHIBIT 3
REVENUES, EXPENDITURES, GENERAL FUND CONTRIBUTIONS
PECOS-BARSTOW-TOYAH ISD
2004-05 THROUGH 2006-07**



SOURCE: Pecos-Barstow-Toyah ISD financial reports for the years indicated.

The district’s CNP expenditures increased significantly between 2005–06 and 2006–07, from \$1.06 million to \$1.21 million. The total increase of expenditures between 2005–06 and 2006–07 of \$149,151 is primarily due to equipment purchases of \$39,850, a 25 percent increase in food prices, and a seven percent increase in labor costs.

Because of the increasing losses of the CNP, general fund contributions have increased from \$121,166 in 2004–05 to \$227,464 in 2005–06. In fiscal year 2006–07, general fund contributions amounted to \$282,417.

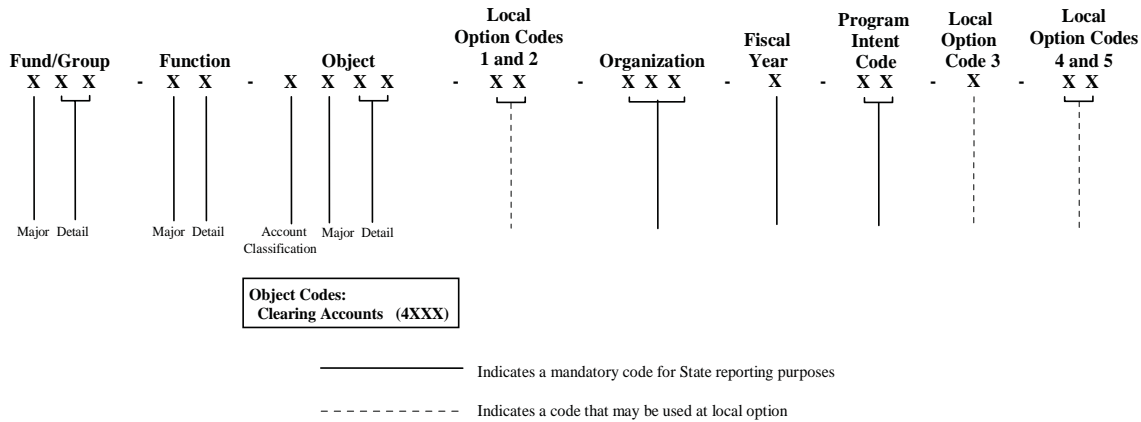
With a 2006–07 enrollment of 2,202, Pecos-Barstow-Toyah ISD’s per pupil general fund subsidy amounts to \$128.25. That is, for each student enrolled in the district, the district diverts \$128 from the classroom to support the CNP.

Pecos-Barstow-Toyah ISD reports the financial activity of all its operations to the TEA through the Public Education Information Management System (PEIMS). Included in this submission are detailed CNP data, including revenues, expenditures, operating transfers, and fund balances.

TEA requires all Texas school districts to use a uniform account coding structure as described in its Financial Accountability System Resource Guide (FASRG) in the submission of financial data. The FASRG describes the account coding structure to include, among other things, a fund group code, a function code, and an object code. **Exhibit 4** contains an account code model for a single transaction.

EXHIBIT 4
ACCOUNT CODES FOR A SINGLE TRANSACTION
FINANCIAL ACCOUNTABILITY SYSTEM RESOURCE GUIDE
PECOS-BARSTOW-TOYAH ISD
2007

The Code Structure



SOURCE: Financial Accountability System Resource Guide, Texas Education Agency, 2007.

The fund group code is a three-digit code that denotes the basic fund to which an item belongs. For instance, general funds are denoted as 199, 240 represents food service funds, 599 is for debt service, and 699 is for capital projects.

Function codes are two-digit numbers that denote a general operational area in a school district and groups together related activities. For instance, there are separate function codes to indicate instruction, transportation, health services, and food services.

Object codes are four-digit codes that define the specific types of assets, liabilities, transfers, revenues, and expenditures. For instance, codes in the 5700 range define local revenues, while codes in the 5800 range are for state revenues, and federal revenues are defined by use of object codes in the 5900 range.

Similarly, object codes used for expenditures follow specific patterns. For instance, object codes in the 6100 range indicate payroll and benefit expenditures

such as salaries and wages, insurance, workers' compensation, and retirement contributions.

CNP revenues, expenditures and transfers are coded just like regular district operations, but are noted as CNP activity by a function code 35 and a fund code 240.

Districts are required to submit their financial data to the PEIMS system either electronically or by providing a compact disc with the data. Once received by TEA, the data can be sorted and viewed in different ways to examine a particular district or to compare all or a set of specific districts.

FINDINGS

- The Pecos-Barstow-Toyah ISD administration does not have cost, participation, and revenue targets for the food service department and the food service director does not monitor the financial status of the operations by generating and analyzing monthly profit and loss statements by kitchen.

- The Pecos-Barstow-Toyah ISD provides free breakfast in the classroom to all elementary and middle school students. The district's decision is commendable; however, this practice contributes to the CNP deficit.
- The Pecos-Barstow-Toyah ISD Food Service Department is overstaffed as seen when using commonly accepted standards for staffing school kitchens. Using meals per labor hour (MPLH) as an indicator of productivity, the district's kitchens are less efficient than other school kitchens serving approximately the same number of meals.
- The district's student meal prices are too low to cover the costs of producing and serving a meal.
- The district has not developed a plan for marketing and promoting the NSLP and SBP.
- The purchasing system used by the district does not include procedures to ensure that the prices paid are the prices established on the Region 18, Education Service Center Purchasing Cooperative Bid Award.
- The district has not researched the price the district is paying for milk and its services.
- Pecos-Barstow-Toyah ISD's business manager does not have financial oversight of the district's Child Nutrition Program.

RECOMMENDATIONS

- **Recommendation 1: The district should set reasonable cost, participation, and revenue standards for the food service department to target, and encourage the new food service director and the staff to take the necessary steps to operate an efficient, high quality program.** Once standards are set, monitor monthly participation reports and profit and loss statements by production site, to demonstrate progress in reaching those targeted goals; or identify kitchens needing additional support.
- **Recommendation 2: Identify and field test methods to contain the cost of breakfast by controlling the food waste generated by providing breakfast in the classrooms.** Useful information can be drawn from past food production records and recipes. The Regional Education Service Center (RESC) XVIII, Region 18, Child Nutrition Program specialist is a good resource for providing assistance in predicting the amount of food to purchase and prepare.
- **Recommendation 3: Review the staffing of each kitchen using the methodology adopted by the Pecos-Barstow-Toyah ISD Business Manager.** Determine any necessary adjustments to the staffing of individual kitchens based on productivity.
- **Recommendation 4: Pecos-Barstow-Toyah ISD should raise meal prices for the 2009–10 school year by \$0.25 or more. Evaluate district meal prices each year, when the USDA releases the NSLP and SBP reimbursement rates.** If the district increases the meal prices by \$0.25 again for the 2009–10 school year, meal prices remain in the medium range when compared to the information collected on the 2006–07 survey.
- **Recommendation 5: Pecos-Barstow-Toyah ISD Food Service Department should develop marketing strategies to increase participation in the NSLP and SBP.** Encouraging an elevated level of student and

community involvement in the NSLP and SBP almost always leads to increased participation.

- **Recommendation 6:** The food service director should establish a procedure that allows managers to check the prices of foods as they are developing their grocery orders and another for checking invoices against established bid pricing prior to forwarding the invoices to the central food service office. Review distributor invoices for the 2007–08 school year to identify any overcharges.

- **Recommendation 7:** The food services department should compare the cost of purchasing milk coolers and ice cream freezers, and stocking and rotating milk in house, against the difference in pricing between the dairy and the broad line distributor.
- **Recommendation 8:** Pecos-Barstow-Toyah ISD should realign the reporting relationships so that the district’s Child Nutrition director reports to the business manager.

The following chart summarizes the fiscal impact of all eight recommendations in the performance review.

FIVE-YEAR FISCAL IMPACT CHART

| | 2009–10 | 2010–11 | 2011–12 | 2012–13 | 2013–14 | TOTAL 5-YEAR (COSTS) SAVINGS | ONE-TIME (COSTS) SAVINGS |
|---------------|------------------|------------------|------------------|------------------|------------------|---------------------------------------|--------------------------------|
| Gross Savings | \$283,356 | \$283,356 | \$283,356 | \$283,356 | \$283,356 | \$1,416,780 | \$0 |
| Gross Costs | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | (\$17,500) |
| TOTAL | \$283,356 | \$283,356 | \$283,356 | \$283,356 | \$283,356 | \$1,416,780 | (\$17,500) |

DETAILED FINDINGS

COST REDUCTION TARGETS (REC. 1)

Pecos-Barstow-Toyah ISD administration does not have cost, participation, and revenue targets for the food service department. The food service director does not monitor the financial status of the operations by generating and analyzing monthly profit and loss statements by kitchen. The food service department has lost money every year since 1969. Although the department has never made a profit or broken even, the deficit was down to \$99,000 until the last few years.

Exhibit 5 shows the food service department annual losses for the past five years.

Exhibit 6 provides an overview of the Pecos-Barstow-Toyah ISD Food Service Department’s revenue and expenditures for the 2006–07 school year. The exhibit shows CNP annual expenditures as a percentage of revenue; followed by projected food, labor, and other expenditures using the

**EXHIBIT 5
FOOD SERVICE DEPARTMENT ANNUAL LOSSES
PECOS-BARSTOW-TOYAH ISD
2003–04 THROUGH 2007–08 (YEAR TO DATE)**

| SCHOOL YEAR | FOOD SERVICE ANNUAL LOSSES |
|------------------------|----------------------------|
| 2007–08 (Year to Date) | (\$194,063) |
| 2006–07 | (\$282,417) |
| 2005–06 | (\$227,465) |
| 2004–05 | (\$121,166) |
| 2003–04 | (\$107,207) |

SOURCE: Pecos-Barstow-Toyah ISD, Food Services Department, 2008.

commonly accepted industry standard percentages.

Pecos-Barstow-Toyah ISD administration does not set specific fiscal goals by production site for the food service department to target. Without routinely providing the food service director, managers, and staff with a current and accurate analysis of how each kitchen is performing, and supporting staff in the areas that need improvement,

**EXHIBIT 6
EXPENDITURES AS A PERCENTAGE OF REVENUE
PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT
2006–07**

| CURRENT BREAKFAST AND LUNCH | REVENUE | EXPENDITURES | EXPENDITURES AS A PERCENTAGE OF REVENUE | COMMONLY ACCEPTED INDUSTRY STANDARD | PROJECTED EXPENDITURE USING INDUSTRY STANDARD | VARIANCE FROM STANDARD | DOLLAR VALUE OF VARIANCE |
|-----------------------------|------------|--------------------|---|-------------------------------------|---|------------------------|--------------------------|
| Local-State-Federal Revenue | \$930,070 | N/A | 130% | N/A | N/A | 30% | N/A |
| Labor | N/A | \$623,266 | 67% | 40–45% | \$418,532 | 22–27% | \$204,734 |
| Food | N/A | \$442,160 | 48% | 40–45% | \$418,532 | 3–8% | \$23,628 |
| Other | N/A | \$145,869 | 16% | 5–15% | \$93,007 | 1–11% | \$52,862 |
| Profit | N/A | \$0 | 0% | 0–5% | \$0 | 0–5% | \$0 |
| Totals | N/A | \$1,211,294 | N/A | 100% | \$930,070 | N/A | \$281,224 |

SOURCE: Pecos-Barstow-Toyah ISD End of the Year Report, August 2007. Managing Child Nutrition Programs, Leadership by Excellence (2008), Financial Management Ch. 7, Evelina Cross, PhD, RD and Shirley Watkins, MS, RD (edited by) Josephine Martin, PhD, and Charlotte Oakley, PhD.

the district will continue to lose large sums of money on the CNP.

Industry best practices identify the need to track individual food services department programs by production site to promote financial efficiency and overall operational effectiveness. Effective profit and loss reporting systems often assist departments in further enhancing cafeteria-level cost controls and increasing department profitability. For example, South San Antonio ISD routinely provides profit and loss statements to each campus on a monthly basis.

The district should set reasonable cost, participation, and revenue standards for the food service department to target, and encourage the new food service director and the staff to take the necessary steps to operate an efficient, high quality program. Once standards are set, monitor monthly participation reports and profit and loss statements by production site, to demonstrate progress in reaching those targeted goals; or identify kitchens needing additional support. Identify methods for increasing revenue and reducing costs. Include individual kitchen managers and food service production employees in solving the problem of excess spending.

Recognize the successes of the department. In some districts, participation in state and national conferences at program expense is dependent on performance. Employees often consider such activities as a reward for a job well done. Other districts purchase uniforms or work shoes for employees from recaptured dollars.

Variations from the industry standards are not important as long as the operation is meeting the goal of spending no more than 100% of the revenue. Pecos-Barstow-Toyah ISD does not meet industry standards in all three categories of

expenditures, food, labor, and other expenditure categories. Labor is a fixed cost per day and is the easiest to correct by reducing the labor force; however, there are other factors to investigate prior to taking any such action.

Pecos-Barstow-Toyah ISD should reduce costs in order to operate the CNP at a break-even point. The other recommendations in this report detail steps the district can take to reduce costs, as shown in the financial summary at the end of the report, successful implementation of these recommendations is projected to result in savings for the district.

EVALUATION OF BREAKFAST (REC. 2)

The Pecos-Barstow-Toyah ISD provides free breakfast in the classroom to all elementary and middle school students. The district's decision is commendable; however, this practice contributes to the CNP deficit. Free breakfast in the classroom is available to all district elementary and middle school students (reduced- and full-price eligible students are served at no charge, and claimed in the appropriate category). District funds are supporting this effort for reduced-price eligible students by \$0.30 per meal, and for full-price eligible students by \$1.37 per meal. **Exhibit 7** identifies the cost of this practice.

The district Average Daily Participation (ADP) for breakfast is 1,283, represents a loss to the district of approximately \$636.71 per day (based on the assumption that the food, labor and other costs are equal to the reimbursement of \$1.61 for a severe need breakfast). Dividing this loss by the total number of breakfasts served, equals \$0.50 per breakfast. The district should calculate the actual cost of producing a breakfast including food, labor and other expenditures to determine if \$1.61 is accurate. Actual district costs may be higher or

**EXHIBIT 7
LOSS DUE TO BREAKFAST AT NO CHARGE FOR REDUCED-PRICE AND FULL-PRICE ELIGIBLE STUDENTS
PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT
2006-07**

| SCHOOL | NUMBER OF REDUCED-PRICE MEALS | NUMBER OF FULL-PRICE MEALS | DAILY REDUCED-PRICE LOSS @ \$0.30 EACH | DAILY FULL-PRICE LOSS @ \$1.37 EACH | ANNUAL REDUCED-PRICE LOSS @ \$0.30 EACH | ANNUAL FULL-PRICE LOSS @ \$1.37 EACH | ANNUAL TOTAL LOSS |
|---------------|-------------------------------|----------------------------|--|-------------------------------------|---|--------------------------------------|-------------------|
| Crockett | 25 | 68 | \$7.50 | \$93.16 | \$1,335 | \$16,582.48 | \$17,917.48 |
| Zavala | 36 | 111 | \$10.80 | \$152.07 | \$1,922 | \$27,068.46 | \$28,990.86 |
| Bessie Haynes | 39 | 122 | \$11.70 | \$167.14 | \$2,083 | \$29,750.92 | \$31,833.52 |
| Austin | 18 | 63 | \$5.40 | \$86.31 | \$961 | \$15,363.18 | \$16,324.38 |
| Pecos | 27 | 69 | \$8.10 | \$94.53 | \$1,442 | \$16,826.34 | \$18,268.14 |
| Totals | 145 | 433 | \$43.50 | \$593.21 | \$7,743 | \$105,591.38 | \$113,334.38 |

SOURCE: Pecos-Barstow-Toyah ISD Daily Record of Meals Claimed, October 2007.

lower. The district should consider the following suggestions for reducing the cost of breakfast:

- Evaluate district-established food handling procedures used in the preparation and service of breakfast in the classroom to identify wasted food, supplies, and labor hours. On the day of the Austin Elementary School visit, food service staff threw away 68 pancakes on a stick because they were sent to the classrooms and unused. This resulted in a \$23.12 loss on one menu item, in one school, on one day. Staff also discarded 154 unopened cartons of milk that day at a cost of \$52.36.
- Pre-cost the breakfast entrees currently used. Remember to include condiments such as maple syrup, jelly, and cream gravy, which are accompaniments to particular menu items.
- The SBP meal pattern requirements allow for a choice of three options when planning the breakfast entrée:

1) Two servings of Grains/Breads (G/B), or

2) Two servings of Meats/Meat Alternates (M/MA), or

3) One serving of G/B and one serving of M/MA. Two servings of G/B are generally less expensive than the other two options. It is important to offer M/MA as often as it is affordable. Integrate protein-rich USDA-donated foods into the breakfast menus when available. Such products include frozen eggs, sausage patties, egg patties and cheese.

- Identify and pre-cost recipes for simple breakfast breads, such as biscuits, muffins, coffee cakes and other quick breads; Texas toast, cinnamon toast, cinnamon rolls, and cheese toast (if commodity cheese is available). When kitchen-prepared, these items may be less expensive than the purchased-prepared breakfast entrees currently used on the menu. The level of staffing in the schools appears to be adequate to accommodate the incorporation of

simple bread preparations into the production day.

- Investigate a la carte sales of tempting breakfast items that fit within the *Texas Public School Nutrition Policy*. When priced properly to yield a profit, such sales at the high school will supplement current breakfast revenue. Popular a la carte items may also increase participation in the SBP at the high school. Students lured to the cafeteria by the aroma of freshly baked cinnamon rolls may purchase a reimbursable breakfast while they are there.
- Request that the high school principal consider integrating a delayed breakfast into the high school schedule, once the students are in their homerooms each morning. This nutrition break provides students an opportunity to eat breakfast without having to come to school early in order to participate.
- Meet with the elementary school principals to discuss the possibility of children coming to the cafeteria for their breakfast instead of taking the breakfast to the children. If a nutrition break could be scheduled once all students are in their homerooms each morning, some breakfast costs can be reduced. One elementary principal expressed a strong interest in trying this method of providing breakfast. The reasons to consider this style of service are:
 - 1) Labor hours currently used for wrapping food items for transport are redirected to preparing kitchen-made menu items that may be less costly than purchased-prepared menu items.
 - 2) The department saves three cents per serving by eliminating the need to wrap

entrees in foil in order to transport them to the classrooms.

- 3) The menu can incorporate a wider variety of foods and include choices every day, which may potentially increase participation.
 - 4) Food served on a steam table retains a higher quality than wrapped and transported food.
 - 5) Leftover hot foods can be stored properly and saved for future use instead of being discarded.
 - 6) Milk remains refrigerated in the milk cooler eliminating the current level of wasted cartons of milk (and the labor it takes to open and dump them).
 - 7) The food service cashier can take an accurate point-of-service (POS) count.
 - 8) Teachers can set up their classrooms prior to the arrival of the children; and they no longer have to deal with spills in their work areas.
 - 9) “Offer versus Serve” is easier to implement successfully on the serving line.
 - 10) There is significantly less wasted food.
- Implement “Offer versus Serve” for all grade levels at breakfast, even though the teachers serve the meals in the classroom. Teachers can quickly learn to determine if a meal is reimbursable when children select less than four components of the meal.
 - Develop clear, written instructions for teachers regarding leftover foods. One teacher never sends anything back to the kitchen. Once breakfast is over, all remaining menu items are disposed of in her room. This includes shelf

stable, individually wrapped foods that food service employees could have returned to stock. Always check with the local health department for their interpretation of regulations regarding returning foods to the kitchen for future use before taking any action, and follow their direction.

If the food service department does not identify and implement methods for containing the cost of food used in providing breakfast in the classroom, the district will continue to supplement the CNP, which requires funds taken from other programs to support this service.

Industry best practices identify the need for school food service employees to carefully protect and preserve food, the “raw product” of the industry. When planning production, use all available information to predict, as closely as possible, the number of servings actually needed, with a back-up plan in place in case the projections are short. An example would be to send ready-to-eat cereal and graham crackers as a daily choice and reduce the number of hot entrée servings. The dry cereal and graham crackers can be returned to stock if they are not selected, but hot entrees must be discarded.

Identify and field test methods to contain the cost of breakfast by controlling the food waste generated by providing breakfast in the classrooms. Useful information can be drawn from past food production records and recipes. The Region 18 Child Nutrition Program specialist is a good resource for providing assistance in predicting the amount of food to purchase and prepare.

As demonstrated in **Exhibit 7**, the district is losing an estimated \$113,334 annually by serving free breakfast to all at the elementary and middle schools. Eliminating this service would not yield

revenue in the amount indicated in **Exhibit 7**, in that many paying students might cease participation if the breakfast were no longer free. The better solution is to identify methods for reducing the cost of breakfast through elimination of waste, and using lesser-priced menu items. The schools are losing significant funds through district-established food handling procedures at breakfast. For example, the school identified previously that lost \$75.48 (milk and pancakes) in one day in discarded food. If similar loses occurred every day in every school the annual cost would be \$53,742 or $(\$75.48 \times 4 \text{ schools} \times 178 \text{ days})$.

FOOD SERVICES PRODUCTIVITY (REC. 3)

The Pecos-Barstow-Toyah ISD Food Service Department is overstaffed. Overstaffing can be demonstrated using commonly accepted standards for staffing school kitchens. Using meals per labor hour (MPLH) as an indicator of productivity, these kitchens are less efficient than other school kitchens serving approximately the same number of meals.

The food service director has resigned and was not available to answer questions regarding any methodology he may have employed when staffing the kitchens. The business manager has provided additional support to the food service department on fiscal matters over the past few years. She has taken CNP classes at the Region 18, including *Financial Management*, and now analyzes district program operations using the MPLH formula presented in the course.

The common measure for productivity in school kitchens is MPLH, the “meal” being one reimbursable lunch. All other meals such as reimbursable breakfasts and snacks; and a la carte and catering sales are converted to the equivalent of one reimbursable lunch (meal equivalent) prior to calculating MPLH. Food service directors and

school business managers use MPLH when evaluating efficiency and formulating staffing patterns for budgeting.

Determine meal equivalents from meal count categories using the following factors. Round to nearest whole number.

- Lunch: 1 lunch = 1 lunch
- Breakfast: 3 breakfast = 2 lunch (factor – 0.66)
- Snack: 3 snacks = 1 lunch (factor – 0.33)
- Non-reimbursable food sales (a la carte and catering): Dollar amount in sales divided by free reimbursement (2.47) + commodity value (0.1875) = 2.6575

After determining the number of meal equivalents a kitchen is producing, the MPLH is calculated. The MPLH calculation is: $MPLH = \text{Number of}$

daily meal equivalents divided by the number of paid labor hours.

Exhibit 8 is a summary of MPLH calculations developed by the Pecos-Barstow-Toyah ISD business manager for October 2007. Each manager received a copy of these calculations for her own kitchen and a copy of *Sample Staffing Guidelines for On-Site Production* at a focus group meeting held as a part of this review. This was the first time the managers had seen MPLH information, and they were very interested in identifying how the meal equivalents are calculated, and the uses for this information. The business manager will assist the new food service director develop monthly evaluations of MPLH by school, and profit and loss statements to share with the kitchen managers and their employees.

Prior to using the guidelines shown in **Exhibit 8**, one must identify whether the district is using a conventional system or a convenience system for

**EXHIBIT 8
CALCULATION OF MEAL EQUIVALENTS AND MPLH
PECOS-BARSTOW-TOYAH ISD
OCTOBER 2007**

| MEALS INCLUDING ADULT | DAILY LABOR HOURS | DAILY BREAKFAST EQUIVALENTS | DAILY LUNCH EQUIVALENTS | DAILY SNACK EQUIVALENTS | A LA CARTE MEAL EQUIVALENTS | TOTAL DAILY MEAL EQUIVALENTS | MPLH |
|--|-------------------|-----------------------------|-------------------------|-------------------------|-----------------------------|------------------------------|------|
| Pecos High School | 56.5 | 56 | 287 | 0 | 154 | 497 | 8.8 |
| Crockett Middle | 33 | 173 | 216 | 0 | 59 | 448 | 13.6 |
| Bessie Haynes and Zavala Elementary | 43 | 263 | 412 | 0 | 10 | 685 | 15.9 |
| Austin Elementary | 42.5 | 251 | 450 | 0 | 17 | 718 | 16.8 |
| Pecos Kindergarten and Lamar Alternative | 34 | 114 | 207 | 8 | 12 | 341 | 10.0 |

SOURCE: Adapted from MPLH Reports Generated by Pecos-Barstow-Toyah ISD Business Manager and Record of Meals Claimed, October 2007.

food production. The determining factor is whether the majority of the menu items are prepared “from scratch”, or are purchased prepared or partially prepared. **Exhibit 9** *Production Level of School Menus* provides an overview of the menu items and level of preparation required to serve each individual product.

The district began this school year using excellent Region 18 menus developed to assist with meeting the requirements of the School Meals Initiative

(SMI). In 1994, the USDA implemented regulations requiring schools to meet nutritional standards as well as components of the meal patterns in the NSLP and SBP. By strictly following Region 18 menus, and purchasing their foods from the Region 18 purchasing cooperative the district meets the SMI and Traditional meal pattern requirements. This is an example of developing a tool at a centralized level using expertise and planning time that many schools do not have to

**EXHIBIT 9
PRODUCTION LEVEL OF SCHOOL MENUS
PECOS-BARSTOW-TOYAH ISD
FEBRUARY 2008**

| LUNCH ENTREES | | | | FRUITS AND VEGETABLES | | | |
|---|--------------|--------------------|---------------------|---|--------------|--------------------|--------------------|
| MENU ITEM | KITCHEN MADE | PARTIALLY PREPARED | PURCHASED PREPARED | MENU ITEM | KITCHEN MADE | PARTIALLY PREPARED | PURCHASED PREPARED |
| Fish Sandwich | | | X | Oven Fries | | | X |
| Steak fingers | | | X | Pinto Beans | | | X |
| Cheese Nachos | | X assembled | shredded cheese | Salad Mix | | | X |
| Hamburger /Bun Cheeseburger | | | X | Peaches, Mixed Fruit, Applesauce, Pears | | | X |
| McRib with BBQ on Bun | | | X | Mashed Potatoes | | X dehydrated | |
| Corn Dog | | | X | Carrots | | | X |
| Spaghetti w/ Meat Sauce | X | | | Hamburger Salad | | X assembled | |
| Grilled Cheese Sandwich | | X assembled | Sliced Cheese | Pineapple and Orange Salad | | X | |
| Bean Chalupa | | X assembled | X | Apple Slices | | X fresh, cut | |
| Chicken Patty on Bun, Chicken Patty with Gravy, Popcorn Chicken | | | X | Green Beans, English Peas, Corn, Peas and Carrots | | | X |
| Tacos | X | | | Garden Salad | | | X |
| Lasagna | X | | Lasagna | Orange Smiles | | | X |
| Tuna Salad Sandwich | X | | Tuna Salad Sandwich | Orange Halves | | X fresh, cut | |

**EXHIBIT 9 (CONTINUED)
PRODUCTION LEVEL OF SCHOOL MENUS
PECOS-BARSTOW-TOYAH ISD
FEBRUARY 2008**

| BREAKFAST ENTREES | | | | GRAINS/BREADS | | | |
|---------------------|--------------|--------------------|--------------------|-------------------------------------|--------------|--------------------|--------------------|
| MENU ITEM | KITCHEN MADE | PARTIALLY PREPARED | PURCHASED PREPARED | MENU ITEM | KITCHEN MADE | PARTIALLY PREPARED | PURCHASED PREPARED |
| Breakfast Pocket | | | X | Bread Sticks | | | X |
| Breakfast Burrito | | | X | Rice | X | | |
| Breakfast Pizza | | | X | Dinner Roll | | | X |
| Pancake on a Stick | | | X | | | | |
| Toast | | X | | OTHER NON-CONTRIBUTING FOODS | | | |
| Ready-to-Eat Cereal | | | X | MENU ITEM | KITCHEN MADE | PARTIALLY PREPARED | PURCHASED PREPARED |
| French Toast Sticks | | | X | Chips | | | X |
| Pop Tarts | | | X | Gravy | | X mix | |
| Breakfast Combo | | | X | Gelatin w/Topping | | X | |

SOURCE: Pecos-Barstow-Toyah ISD Menus, February 2008.

relieve the burden at the local level. Region 18 also provided quantity recipes for the schools to standardize for their own use.

As the year progressed, the USDA-donated commodity foods began stockpiling. In addition, the Region 18 menus were more expensive to produce than the ones previously served by the district. This was due in part to the wide variety of foods offered; foods that schools often do not incorporate into their menus such as fresh strawberries and bananas as a fruit offering. The manager at Bessie Haynes Elementary School indicated that when producing the Region 18 menus, the invoices from the food distributor totaled \$3,000 to \$4,000. In January 2008, the food service director returned to planning his own menus based on foods reserved in inventory. The invoices then returned to the previous levels of \$1,000 to \$1,500 totals. The students and food service staff as well as teachers and administrators complained that the district-developed menus were

too repetitive. The managers are currently planning a new set of menus that will be a blend of the Region 18 menus and those written to reduce inventory.

District food service employees prepare approximately one-fifth of the breakfast and lunch entrees “from scratch”. Most of the side dishes or accompaniments are purchased-prepared. This information indicates that based on menus for February 2008, the district is using a Convenience System. Current MPLH and “Total Hours” information for the Pecos-Barstow-Toyah ISD individual schools is shown in **Exhibit 10**.

All of the district kitchens have a MPLH rate lower than the rate recommended in the guidelines. **Exhibit 11** shows the number of labor hours by employee and the daily and annual fixed cost of labor by school. Several of the schools have primarily seven- and eight-hour employees. As schools, including Pecos-Barstow-Toyah ISD, have

**EXHIBIT 10
SAMPLE STAFFING GUIDELINES FOR ON-SITE PRODUCTION
PECOS-BARSTOW-TOYAH ISD**

| MEAL EQUIVALENTS | MEALS PER LABOR HOUR (MPLH) | | | |
|------------------|-----------------------------|-------------|--|---|
| | CONVENTIONAL SYSTEM | | CONVENIENCE SYSTEM | |
| | MPLH | TOTAL HOURS | MPLH | TOTAL HOURS |
| 10–100 | 12 | 8 | 16 | 6 |
| 101–150 | 12 | 8–12 | 16 | 6–9 |
| 151–200 | 12 | 12–16 | 16 | 9–12 |
| 201–250 | 14 | 14–17 | 17 | 12–14 |
| 251–300 | 14 | 17–21 | 18 | 14–16 |
| 301–400 | 15 | 20–26 | 18 | 17–21 |
| | | | Pecos Kindergarten 10 MPLH | Pecos Kindergarten 34 Hours |
| 401–500 | 16 | 25–31 | 19 | 21–25 |
| | | | High School 8.8 MPLH Crockett 13.6 MPLH | High School 56.5 Hours Crockett 33 Hours |
| 501–600 | 17 | 29–35 | 20 | 25–30 |
| 601–700 | 18 | 33–37 | 22 | 27–31 |
| 701–800 | 19 | 36–42 | 22 | 31–35 |
| | | | Haynes 15.9 MPLH Austin 16.8 MPLH | Haynes 43 Hours Austin 42.5 Hours |

SOURCE: Adapted from Financial Management Instructor Guide (2005), chap 5, p 5–56. NFSMI, the University of Mississippi.

**EXHIBIT 11
CALCULATION OF THE FOOD SERVICE DEPARTMENT LABOR HOURS
AND FIXED COST OF LABOR
PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT
2006–07**

| PECOS HIGH SCHOOL | | | | | | |
|-------------------|-------------|-------------|-----------------|------------------------------------|---------------------------|----------------------------|
| EMPLOYEE | HOURS | HOURLY WAGE | DAILY | BENEFITS INCLUDING INSURANCE @ 41% | DAILY FIXED COST OF LABOR | ANNUAL FIXED COST OF LABOR |
| 1 | 8 | \$13.30 | \$106.40 | \$43.62 | \$150.02 | \$27,003.60 |
| 2 | 7 | \$10.59 | \$74.13 | \$30.39 | \$104.52 | \$18,813.60 |
| 3 | 7 | \$10.63 | \$74.41 | \$30.51 | \$104.92 | \$18,885.60 |
| 4 | 7 | \$9.49 | \$66.43 | \$27.24 | \$93.67 | \$16,860.60 |
| 5 | 7 | \$8.76 | \$61.32 | \$25.14 | \$86.46 | \$15,562.80 |
| 6 | 7 | \$9.19 | \$64.33 | \$26.38 | \$90.71 | \$16,327.80 |
| 7 | 7 | \$8.95 | \$62.65 | \$25.69 | \$88.34 | \$15,901.20 |
| 8 | 6.5 | \$7.49 | \$48.69 | \$19.96 | \$68.65 | \$12,357.00 |
| Totals | 56.5 | N/A | \$558.36 | \$228.93 | \$787.29 | \$141,712.20 |

**EXHIBIT 11 (CONTINUED)
 CALCULATION OF THE FOOD SERVICE DEPARTMENT LABOR HOURS
 AND FIXED COST OF LABOR
 PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT
 2006-07**

CROCKETT MIDDLE SCHOOL

| EMPLOYEE | HOURS | WAGE | DAILY | BENEFITS INCLUDING INSURANCE @ 41% | DAILY FIXED COST OF LABOR | ANNUAL FIXED COST OF LABOR |
|---------------|-----------|------------|-----------------|------------------------------------|---------------------------|----------------------------|
| 1 | 8 | \$13.30 | \$106.40 | \$43.62 | \$150.02 | \$27,003.60 |
| 2 | 7 | \$10.59 | \$74.13 | \$30.39 | \$104.52 | \$18,813.60 |
| 3 | 7 | \$10.63 | \$74.41 | \$30.51 | \$104.92 | \$18,885.60 |
| 4 | 7 | \$9.49 | \$66.43 | \$27.24 | \$93.67 | \$16,860.60 |
| 5 | 7 | \$8.76 | \$61.32 | \$25.14 | \$86.46 | \$15,562.80 |
| 6 | 7 | \$9.19 | \$64.33 | \$26.38 | \$90.71 | \$16,327.80 |
| Totals | 43 | N/A | \$447.02 | \$183.28 | \$630.30 | \$113,454.00 |

AUSTIN ELEMENTARY

| EMPLOYEE | HOURS | WAGE | DAILY | BENEFITS INCLUDING INSURANCE @ 41% | DAILY FIXED COST OF LABOR | ANNUAL FIXED COST OF LABOR |
|---------------|-------------|------------|-----------------|------------------------------------|---------------------------|----------------------------|
| 1 | 8 | \$11.76 | \$94.08 | \$38.57 | \$132.65 | \$23,877.00 |
| 2 | 7 | \$9.43 | \$66.01 | \$27.06 | \$93.07 | \$16,752.60 |
| 3 | 7.5 | \$8.41 | \$63.08 | \$25.86 | \$88.94 | \$16,009.20 |
| 4 | 7 | \$9.19 | \$64.33 | \$26.38 | \$90.71 | \$16,327.80 |
| 5 | 6 | \$8.05 | \$48.30 | \$19.80 | \$68.10 | \$12,258.00 |
| 6 | 7 | \$7.57 | \$52.99 | \$21.73 | \$74.72 | \$13,449.60 |
| Totals | 42.5 | N/A | \$388.79 | \$159.40 | \$548.19 | \$98,674.20 |

BESSIE HAYNES ELEMENTARY

| EMPLOYEE | HOURS | WAGE | DAILY | BENEFITS INCLUDING INSURANCE @ 41% | DAILY FIXED COST OF LABOR | ANNUAL FIXED COST OF LABOR |
|---------------|-----------|------------|-----------------|------------------------------------|---------------------------|----------------------------|
| 1 | 8 | \$11.76 | \$94.08 | \$38.57 | \$132.65 | \$23,877.00 |
| 2 | 7 | \$10.59 | \$74.13 | \$30.39 | \$104.52 | \$18,813.60 |
| 3 | 7 | \$9.19 | \$64.33 | \$26.38 | \$90.71 | \$16,327.80 |
| 4 | 7 | \$9.19 | \$64.33 | \$26.38 | \$90.71 | \$16,327.80 |
| 5 | 7 | \$7.67 | \$53.69 | \$22.01 | \$75.70 | \$13,626.00 |
| 6 | 7 | \$7.60 | \$53.20 | \$21.81 | \$75.01 | \$13,501.80 |
| Totals | 43 | N/A | \$403.76 | \$165.54 | \$569.30 | \$102,474.00 |

**EXHIBIT 11 (CONTINUED)
CALCULATION OF THE FOOD SERVICE DEPARTMENT LABOR HOURS
AND FIXED COST OF LABOR
PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT
2006-07**

| PECOS KINDERGARTEN | | | | | | |
|--------------------|-----------|------------|-----------------|------------------------------------|---------------------------|----------------------------|
| EMPLOYEE | HOURS | WAGE | DAILY | BENEFITS INCLUDING INSURANCE @ 41% | DAILY FIXED COST OF LABOR | ANNUAL FIXED COST OF LABOR |
| 1 | 7.5 | \$11.76 | \$88.20 | \$36.16 | \$124.36 | \$22,384.80 |
| 2 | 6.5 | \$8.89 | \$57.79 | \$23.69 | \$81.48 | \$14,666.40 |
| 3 | 7 | \$9.19 | \$64.33 | \$26.38 | \$90.71 | \$16,327.80 |
| 4 | 6.5 | \$8.89 | \$57.79 | \$23.69 | \$81.48 | \$14,666.40 |
| 5 | 6.5 | \$7.67 | \$49.86 | \$20.44 | \$70.30 | \$12,654.00 |
| Total | 34 | N/A | \$317.97 | \$130.36 | \$448.33 | \$80,699.40 |

SOURCE: Pecos-Barstow-Toyah ISD Payroll Listing 2007-08.

integrated convenience foods into their menus, food service directors have learned to staff kitchens with a greater number of part-time employees than when food was prepared “from scratch”. Today school food service operations typically do not have the majority of employees working full time.

The need for employees is greatest during meal service periods. Reducing hours from the beginning and ending of the work day allows for adequate coverage during the busy serving periods, while reducing the hours during the preparation of the meal and clean-up. In some districts, food service employees work part time in maintenance or as custodians, or they drive school buses and work part time in the food service department so that the reduction of hours does not reduce their income.

Without decreasing labor hours or increasing participation, the Pecos-Barstow-Toyah ISD kitchens will continue to operate inefficiently. Inefficient deployment of labor contributes to the deficit in the CNP funds and requires that the district supplement the department from the general fund, depleting other programs of needed funding. Industry best practices suggest that

districts staff each kitchen according to the number of meal equivalents served. Increasing MPLH can be achieved by reducing labor hours or increasing participation. The Region 18 Child Nutrition Program Specialist can provide guidance as to how labor hours may be cut without devaluing the services provided to the students.

There are three employees in the central food service office. These employees support the food service employees in the schools, but they do not generate any revenue in their unit. The kitchens generating revenue must absorb the cost of the central food service office. **Exhibit 12** is a summary of the cost of all labor.

Review the staffing of each kitchen using the methodology adopted by the Pecos-Barstow-Toyah ISD business manager. Determine any necessary adjustments to the staffing of individual kitchens based on productivity. Write and finalize the new menu cycle, and develop any changes in the way the food service staff delivers breakfast to the classroom prior to making any adjustments in staffing.

**EXHIBIT 12
CENTRAL FOOD SERVICE OFFICE FIXED COST OF LABOR
PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT
2007-08**

| CENTRAL FOOD SERVICE OFFICE | | | | | | |
|---|-------|---------|----------|------------------------------------|---------------------------|----------------------------|
| EMPLOYEE | HOURS | WAGE | DAILY | BENEFITS INCLUDING INSURANCE @ 41% | DAILY FIXED COST OF LABOR | ANNUAL FIXED COST OF LABOR |
| 1 | 8 | | \$184.11 | \$75.49 | \$259.60 | |
| 2 | 8 | \$12.41 | \$99.28 | | \$139.98 | |
| 3 | 8 | \$13.10 | \$104.80 | \$42.97 | \$147.77 | |
| Labor Cost of Central Office Staff Shared by Production Kitchens | | | | | \$547.35 | \$98,522.62 |
| Total Cost of Production Kitchen Labor | | | | | \$2,818.81 | \$507,385.97 |
| Total Annual Food Service Labor Including Office Staff | | | | | | \$605,908.59 |

SOURCE: Pecos-Barstow-Toyah ISD Payroll Listing 2007-08.

The food service department is in a transitional period in that the vacant food service director position will be staffed as soon as possible. A carefully planned cycle breakfast and lunch menu, using some menu items that are lower in cost but remain acceptable to students should start the process of reducing the deficit. Integration of some “from scratch” menu items will justify increased labor hours by reducing the cost of food. Implementation of district food handling procedures that reduce the current level of wasted food generated by breakfast in the classroom will help reduce food costs significantly. It is important to have a well-developed plan in place prior to doing the final analysis of labor.

The district pays more for labor than many school districts are paying in that the labor pool of entry-level employees in the community is limited. The district pays 41 percent of labor costs in benefits, including \$4,248 in health insurance for each employee.

Districts across the state have had to adjust their standards for labor as a percentage of revenue over the past decade because the price of school food

service labor has unavoidably risen. Although the food service department is encouraged to integrate some kitchen-made products into the menu, it is important to remember that there are good reasons for using purchased-prepared foods as well. Some of those include:

- Fewer labor hours are required to heat purchased-prepared products than to prepare products “from scratch.”
- The purchase of fully cooked products reduces the chance of food borne illness.
- Less training is required for employees to produce a high quality product.
- Student acceptability of purchased-prepared items is often higher in that they are accustomed to those products from commercial establishments.
- There are fewer hidden costs in purchased-prepared menu items.

Purchasing “heat and serve” type products can be the proper decision; however, when doing so, it is important to adjust labor hours to accommodate

this style of production in that food cost increases when using purchased-prepared menu items. The reduction of labor costs keeps the expenditures in line with revenue as food cost increases.

As shown in **Exhibit 13**, the daily fixed cost of labor excluding the central food service office staff is \$2,818.81 for 209 labor hours, or \$13.49 per hour. Reducing the current labor hours expended to the recommended level of hours (141) should result in a \$916.72 savings daily or \$163,176.16 annually for a 178-day school year.

EVALUATION OF MEAL PRICING (REC. 4)

The district’s student meal prices are too low to cover the costs of producing and serving a meal.

During the 2006–07 school year, the district conducted a survey of the prices charged by other west Texas districts to determine if Pecos-Barstow-Toyah ISD pricing was in line with the surrounding

area. With the exception of four breakfast prices, Pecos-Barstow-Toyah ISD had the lowest pricing in the region. **Exhibit 14** summarizes the district’s findings.

The district increased the prices for full-price meals for the 2007–08 school year based on these survey results, bringing current pricing to:

- Elementary School: free breakfast; \$1.25 for lunch.
- Middle School: free breakfast; \$1.45 for lunch.
- High School: \$1.00 for breakfast; \$1.65 for lunch.

Even with the recent increase, the district’s current pricing and reimbursement for a full-priced meal remains considerably less than the \$2.47 federal reimbursement for a free meal. There have been

**EXHIBIT 13
POTENTIAL SAVINGS OF REDUCING LABOR HOURS TO THE RECOMMENDED LEVELS
PECOS-BARSTOW-TOYAH ISD**

| SCHOOL | CURRENT LABOR HOURS | RECOMMENDED LABOR HOURS | CURRENT MEAL EQUIVALENTS | RECOMMENDED MEAL EQUIVALENTS | CURRENT DAILY FIXED COST OF LABOR | PROJECTED COST OF LABOR AT RECOMMENDED LEVELS |
|--|---------------------|-------------------------|--------------------------|------------------------------|-----------------------------------|---|
| Pecos High | 56.5 | 25 | 8.8 | 19 | \$787.28 | \$337.25 |
| Crockett | 33 | 25 | 13.6 | 19 | \$465.72 | \$337.25 |
| Austin | 43 | 35 | 15.9 | 22 | \$548.19 | \$472.15 |
| Bessie Haynes/ Zavala | 42.5 | 35 | 16.8 | 22 | \$569.30 | \$472.15 |
| Pecos Kindergarten | 34 | 21 | 10.0 | 18 | \$448.32 | \$283.29 |
| Totals | 209 | 141 | 65.1 | 100 | | |
| Current and Projected Daily Fixed Cost of Labor | | | | | \$2,818.81 | \$1,902.09 |
| Daily Projected Labor Cost Savings Due to Reduction of Labor Hours to Recommended Levels | | | | | | \$916.72 |
| Annual Projected Labor Cost Savings Due to Reduction of Labor Hours to Recommended Levels | | | | | | \$163,176.16 |

SOURCE: Adapted from Financial Management Instructor Guide (2005), (Ch. 5), p 5–56, NFSMI, the University of Mississippi.

**EXHIBIT 14
SURVEY OF MEAL PRICING IN SURROUNDING DISTRICTS
2006–07**

| DISTRICT | BREAKFAST ELEMENTARY | BREAKFAST SECONDARY | LUNCH K–3 | LUNCH 4–6 | LUNCH 7–12 |
|-------------------------|-------------------------|------------------------|---------------|-----------|------------|
| Pecos-Barstow-Toyah ISD | \$0.75 | \$0.75 | \$1.10 | \$1.25 | \$1.40 |
| Big Spring ISD | Free | \$1.00 | \$1.60 | \$1.60 | \$1.80 |
| Midland ISD | \$1.00 | \$1.00 | \$1.75 | \$1.75 | \$2.00 |
| Andrews | \$0.85 | \$1.00 | \$1.35 | \$1.35 | \$1.75 |
| Ector County ISD | Free | \$0.85 | \$1.45 | \$1.45 | \$1.75 |
| Greenwood ISD | \$0.85 | \$0.85 | \$1.75 | \$1.75 | \$2.00 |
| Kermit ISD | Free | Free | \$1.25 | \$1.25 | \$1.40 |
| Monahans ISD | \$0.90–\$0.95 | \$1.00 | \$1.10–\$1.30 | \$1.55 | \$1.85 |
| Ft Stockton ISD | \$0.55 | \$0.55 | \$1.50 | \$1.75 | \$2.00 |

SOURCE: Pecos-Barstow-Toyah ISD, Food Service Department, 2006.

district discussions regarding the need to raise prices another \$0.25 for the 2008–09 school year.

An additional \$0.25 increase would bring pricing to:

- Elementary School: free breakfast; \$1.50 for lunch.
- Middle School: free breakfast; \$1.70 for lunch.
- High School: \$1.25 for breakfast; \$1.90 for lunch.

If the district increases the meal prices by \$0.25 again for the 2009–10 school year, the Pecos-Barstow-Toyah ISD meal prices remain in the medium range when compared to the information collected on the 2006–07 survey. Considering the current increased cost of food and supplies due to escalating fuel charges, the district may expect to pay even higher prices during the next school year. When making the decision as to whether or not the district should raise prices, it would be wise to consult with vendors to determine what percentage of increases they foresee. Anticipated increases in food and supply costs may dictate the necessity for

raising meal prices again next year. Without maintaining full price meal prices at a level that covers the cost of producing and serving the meal, the district will continue to lose large sums of money on the CNP.

Industry best practices identify that the district should not use funds identified to provide meals for disadvantaged students to supplement the cost of the meals served to students paying full-price, or meals served to adults. If the district keeps the full-price meal prices (plus reimbursement for a full-price meal) in line with the reimbursement for free meals, it will be easier to keep the CNP programs fiscally sound.

Early ISD, in Brown County made the decision to raise prices over a period of three years. **Exhibit 15** shows the increments by which Early ISD raised the pricing from very low to equal to the reimbursement rate for the free meal. Although the increases were significant, the district suffered no loss of participation.

The district should raise meal prices for the 2009–10 school year by \$0.25 or more. The district should also evaluate district meal prices each year,

**EXHIBIT 15
SCHOOL MEAL PRICES OVER A SPAN OF THREE SCHOOL YEARS
EARLY ISD
2005–06 THROUGH 2007–08**

| BREAKFAST PRICES | | | | LUNCH PRICES | | | |
|--------------------------------------|---------|---------|---------|--------------------------------------|---------|---------|---------|
| SCHOOL LEVEL | 2005–06 | 2006–07 | 2007–08 | SCHOOL LEVEL | 2005–06 | 2006–07 | 2007–08 |
| Early Elementary and Primary Schools | \$0.75 | \$1.00 | \$1.35 | Early Elementary and Primary Schools | \$1.50 | \$1.75 | \$2.00 |
| Early Middle School | \$1.00 | \$1.25 | \$1.60 | Early Middle School | \$1.75 | \$2.00 | \$2.25 |
| Early High School | \$1.00 | \$1.25 | \$1.60 | Early High School | \$1.75 | \$2.00 | \$2.25 |
| Adult | \$1.00 | \$1.25 | \$1.60 | Adult | \$2.20 | \$2.40 | \$2.60 |

SOURCE: Early ISD Food Service Department, 2005–06 through 2007–08.

when the USDA releases the NSLP and SBP reimbursement rates and analyze the percentage of increase in the rates in conjunction with the financial status of the district’s CNP. Increase meal prices to maintain the revenue generated by one full-price meal in line with the revenue generated by one free meal.

The increase in revenue that an additional \$0.25 in pricing would yield, based on October 2007 ADP is projected to be \$21,850. Raising breakfast and lunch prices for full-price eligible students at the high school, and lunch prices for the elementary and middle schools would not necessarily yield the revenue indicated due to the potential for a decline in participation.

As demonstrated in **Exhibit 16**, the Pecos-Barstow-Toyah ISD Food Service Department’s ADP is high, especially in the elementary schools; however, there are a substantial number of students who have yet to become customers. **Exhibit 17** shows the potential revenue that the district could realize through increased participation. The information is provided in 10 percent increments since the district serves an ADP Lender of 477; and the high school is the only school paying for breakfast. Therefore, (See **Exhibit 16**) $477^1 + 14^2 = 491$ fully

paid meals x \$0.25 increase = \$122.75 daily x 178 school days = \$21,850 (rounded).

When school districts raise prices, they usually see a reduction in participation by full-price customers. In that the district provides breakfast at no charge for the majority of the students, the decline may not be as visible as it is in a district that charges for both meals.

The food service department has not developed a plan for marketing and promoting the NSLP and SBP. There is a potential to improve student participation in the NSLP and SBP. **Exhibit 16** shows the number of students not participating in the Pecos-Barstow-Toyah NSLP and SBP. This is unclaimed revenue. See the last three columns of the exhibit for the number of students currently not participating in the program, by school, and by eligibility category.

MARKETING AND PROMOTING THE PROGRAMS (REC. 5)

The district has not developed a plan for marketing and promoting the NSLP and SBP.

Marketing is the process of advertising, promoting, merchandising, and selling products. The district does an excellent job of capturing elementary

**EXHIBIT 16
STUDENT PARTICIPATION IN SCHOOL LUNCH PROGRAM
PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT
OCTOBER 2007**

| LUNCH SCHOOL | CURRENTLY APPROVED | | | CURRENT AVERAGE DAILY PARTICIPATION | | | CURRENTLY NOT PARTICIPATING | | | |
|-------------------------------------|--------------------|-------------|---------------|-------------------------------------|------------|---------------|-----------------------------|------------|---------------|------------|
| | CURRENT ENROLLMENT | FREE | REDUCED-PRICE | FULL-PRICE | FREE | REDUCED-PRICE | FULL-PRICE | FREE | REDUCED-PRICE | FULL-PRICE |
| Pecos High School | 588 | 325 | 49 | 214 | 168 | 29 | 91 | 157 | 20 | 123 |
| Crocket Middle School | 309 | 159 | 34 | 116 | 127 | 30 | 105 | 32 | 4 | 11 |
| Austin Elementary | 516 | 324 | 49 | 143 | 293 | 41 | 117 | 31 | 8 | 26 |
| Bessie Haynes and Zavala Elementary | 461 | 284 | 45 | 132 | 261 | 39 | 111 | 23 | 6 | 21 |
| Pecos Kindergarten | 252 | 146 | 27 | 79 | 134 | 21 | 53 | 12 | 6 | 26 |
| Totals | 2126 | 1238 | 204 | 684 | 983 | 160 | 477¹ | 255 | 44 | 207 |

| BREAKFAST SCHOOL | CURRENTLY APPROVED | | | CURRENT AVERAGE DAILY PARTICIPATION | | | CURRENTLY NOT PARTICIPATING | | | |
|--------------------------|--------------------|-------------|---------------|-------------------------------------|------------|---------------|-----------------------------|------------|---------------|------------|
| | CURRENT ENROLLMENT | FREE | REDUCED-PRICE | FULL-PRICE | FREE | REDUCED-PRICE | FULL-PRICE | FREE | REDUCED-PRICE | FULL-PRICE |
| Pecos High | 588 | 325 | 49 | 214 | 67 | 5 | 14 ² | 258 | 44 | 200 |
| Crocket Middle | 309 | 159 | 34 | 116 | 124 | 25 | 68 | 35 | 9 | 48 |
| Austin | 516 | 324 | 49 | 143 | 233 | 36 | 111 | 91 | 13 | 32 |
| Bessie Haynes and Zavala | 461 | 284 | 45 | 132 | 239 | 39 | 122 | 45 | 6 | 10 |
| Pecos Kindergarten | 252 | 146 | 27 | 79 | 119 | 18 | 63 | 27 | 9 | 16 |
| Totals | 2126 | 1238 | 204 | 684 | 782 | 123 | 378 | 456 | 81 | 306 |

SOURCE: Pecos-Barstow-Toyah ISD Daily Record of Meals Claimed, October 2007.

school students for breakfast and lunch. The starting focus should on the high school where participation is currently the lowest.

In reviewing the ADP, consultants find that even in the elementary schools, although ADP is high, it could improve. High school, as in most districts has the lowest participation at both breakfast and

lunch, although a la carte sales are significant. On the day of the review of Pecos High School, three related issues were identified that may increase the reimbursable meals count and a la carte sales.

- (1) The cafeteria does not offer reimbursable meals on the a la carte line. This line could offer wrapped items such as submarine

**EXHIBIT 17
SUMMARY OF DISTRICT WIDE INCREASES IN REVENUE DUE TO POTENTIAL INCREASED PARTICIPATION
PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT**

| PERCENTAGE OF INCREASE | ADDITIONAL DAILY REVENUE | UNCLAIMED BREAKFAST REVENUE | | | UNCLAIMED LUNCH REVENUE | | |
|------------------------|--------------------------|-----------------------------|------------------|----------------|-------------------------|------------------|----------------|
| | | FREE 456 | REDUCED-PRICE 81 | FULL-PRICE 306 | FREE 255 | REDUCED-PRICE 44 | FULL-PRICE 207 |
| 10% | \$196.21 | \$73.42 | \$10.61 | \$7.34 | \$42.84 | \$10.87 | \$51.13 |
| 20% | \$392.42 | \$146.83 | \$21.22 | \$14.69 | \$85.68 | \$21.74 | \$102.26 |
| 30% | \$588.62 | \$220.25 | \$31.83 | \$22.03 | \$128.52 | \$32.60 | \$153.39 |
| 40% | \$784.83 | \$293.66 | \$42.44 | \$29.38 | \$171.36 | \$43.47 | \$204.52 |
| 50% | \$981.04 | \$367.08 | \$53.06 | \$36.72 | \$214.20 | \$54.34 | \$255.65 |
| 60% | \$1,177.25 | \$440.50 | \$63.67 | \$44.06 | \$257.04 | \$65.21 | \$306.77 |
| 70% | \$1,373.46 | \$513.91 | \$74.28 | \$51.41 | \$299.88 | \$76.08 | \$357.90 |
| 80% | \$1,569.66 | \$587.33 | \$84.89 | \$58.75 | \$342.72 | \$86.94 | \$409.03 |
| 90% | \$1,765.87 | \$660.74 | \$95.50 | \$66.10 | \$385.56 | \$97.81 | \$460.16 |
| 100% | \$1,962.08 | \$734.16 | \$106.11 | \$73.44 | \$428.40 | \$108.68 | \$511.29 |

SOURCE: Pecos-Barstow-Toyah ISD Daily Record of Meals Claimed, October 2007.

sandwiches, yogurt plates, and chef’s salads accompanied by a fruit and milk. The meals served on this line would be reimbursable as long as each meal offers the five required food items; the meal is priced as a unit; and the student selects at least three of the five food items.

- (2) The cafeteria does not offer a la carte items on the reimbursable lines. If popular a la carte items were included on every line, a la carte sales will increase; in addition, reimbursable meals sales could increase. Many students eat only a la carte because they do not want to stand in line twice.
- (3) The students do not utilize the salad bar line sufficiently to justify the labor it takes to prepare, operate, and break it down.
- (4) The dish room is no longer in use and could be converted to another line of wrapped items.

The reason for expanding the number of serving stations is to reduce the length of time students have to stand in line. Any method of service that keeps the lines moving will increase participation. It will take some experimentation to find the right combination of offerings that work well together.

Although the cafeteria serving and dining areas are clean, with modern equipment, there are opportunities to make the areas more attractive to the customers they hope to serve. In recent years, schools have worked diligently on appointing their dining rooms in a manner that copies ideas used in commercial establishments. In 1995, the Texas Nutrition Education and Training (NET) program produced a 35-minute video “*Hey, What’s Cookin’?, Recipes for a School Revolution,*” *Marketing Strategies for Schools*. This video displayed large and small school districts that had turned their programs around through innovative student-driven marketing practices. Although the video is several years old, the message is current: “turn your

cafeteria environment into a place that students want to be.” **Exhibit 18** outlines the steps described in the video.

EXHIBIT 18
SUGGESTED STEPS IN DEVELOPMENT OF A SCHOOL NUTRITION MARKETING PLAN

Steps to Developing a Marketing Plan

- Determine what the customer wants and needs.
- Provide products or services that meet those wants and needs.
- Inform the customer about the availability of products and services and the benefits of using them.
- Sell products and services at prices the customer considers fair.

The Four P’s of Marketing

- Products: the goods or services for sale
- Place: where and when the product or service is sold
- Price: the value placed on the product or service
- Promotion: encouragement to buy

Eight Steps to Developing a Successful Marketing Plan

1. Identify the target audience.
2. Establish measurable goals.
3. Assess strengths and weaknesses.
4. Develop a specific message.
5. Develop strategies.
6. Develop budgets.
7. Implement strategies.
8. Evaluate results.

SOURCE: Adapted from Real-Time Marketing, Satellite Seminar (October 24, 2001). NFSMI, the University of Mississippi.

Encouraging an elevated level of student and community involvement in the NSLP and SBP almost always leads to increased participation. Students are more likely to patronize an establishment that focuses on their likes and dislikes and allows them to be part of the decision making process. The cafeteria dining room should

reflect student interests and be a comfortable, yet exciting place. Students should have input into the menu and have a vehicle for making suggestions for change and improvement.

Ector County ISD and Midland ISD are both professionally operated school food service departments that successfully maintain participation in the CNP. The child nutrition specialist in Region 18 may provide suggestions for additional districts that could serve as models for Pecos-Barstow-Toyah ISD Food Service Department.

Pecos-Barstow-Toyah ISD Food Service Department should develop marketing strategies to increase participation in the NSLP and SBP.

Suggested best practice strategies for making the cafeteria more student-driven include:

- Conduct student taste-testing using products currently available on the market.
- Form a community focus group to offer suggestions and ongoing support.
- Enlist the help of students and community members in developing a theme and improving the cafeteria environment; make the cafeteria a “club house” for students.
- Use awnings and signage to create kiosks similar to restaurants in food courts.
- Add music to the cafeteria, such as a jukebox.
- Add a television to one area of the cafeteria.
- Ask the art class to paint murals on the wall.
- Use elementary school art to decorate.
- Frame colorful posters that are seasonal, nutrition messages, or popular personalities.

- Add some additional round tables and chairs in place of the standard institutional long tables.
- Enlist the help of the local radio station to promote your program.
- Invite popular radio personalities to lunch.
- Issue special invitations to Dad, Mom, Grandmother, Grandfather, or other community members to join the children for breakfast or lunch on special days.
- Plan weekly promotions.
- Plan surprise promotions such as supplying small prizes for the children with a sticker on the bottom of their trays; or the child at the cash register when a bell is rung.
- Plan special promotions to support the athletic teams; for example, ask cheerleaders to serve a special team cake to all who purchase a reimbursable lunch. Construct one long cake from several sheet cakes, decorate appropriately and serve in the dining room.
- Dress servers in coordinated tee shirts and ball caps like fast food restaurants.
- Conduct a “name the cafeteria” contest.
- Rotate menu items to alleviate boredom.
- Offer ala carte items such as those sold in competing restaurants (Ensure that the items offered are allowed by the Texas Public School Nutrition Policy).
- Offer choices within all components of the menu every day. Do not expect a morning count of those who want the various options. Produce the foods based on historical production information.
- Ensure that popular items are included on every menu.
- Take advantage of national advertising by offering the district version of popular commercial menu items; for example, when McDonalds is offering and advertising the McRib Sandwich, place a similar item on the school menu.
- Invent your own specialty menu items that are unusual and interesting such as making submarine sandwiches on long loaves of French bread and selling them by the inch.
- Use tablecloths and center pieces for special occasions.
- Develop and publish a colorful menu with a school calendar, nutrition facts and activities on the back.
- Post the daily menu throughout the schools.
- Offer a variety of self-serve bars in a one-week cycle such as, potato bar on Monday; taco salad bar on Tuesday; sandwich bar on Wednesday; yogurt bar on Thursday, and salad bar on Friday would increase variety and draw customers.
- Offer “grab and go” meals” in the cafeteria or in remote locations in the schools (“catch them as they are going out the door”).
- Place a “rate the meal” board near the door and allow the students to place colored dots on the board to indicate the popularity of the meal.
- Constantly monitor participation.

Additional resources for Pecos-Barstow-Toyah ISD to explore include:

- National Food Service Management Institute (NFSMI)

The mission of the NFSMI is to provide information and services that promote the

continuous improvement of Child Nutrition Programs. The Web site displayed below lists resources by topic. Check marketing, merchandising, productivity, promotion, menu planning, surveys, and team nutrition for additional resources.

<http://www.nfsmi.org/Information/resourceguide.htm>

- The School Nutrition Associations, both national and state level, develop resources to help individual operators provide students with the highest affordable quality of food and service through the CNP. Participation in annual conferences provides an opportunity to gather useful information while networking with other professionals in the child nutrition field, including school district, government, and industry representatives. School Nutrition Association Web sites are:

<http://www.tsfsa.org/>

<http://www.schoolnutrition.org/>

If the district does not market the NSLP and SBP, the food service department will be sacrificing additional needed revenue as well as the opportunity to increase MPLH in the schools.

Industry best practices identify the need to market and merchandise the CNP. Burleson ISD is in Burleson, Texas, 12 miles south of Fort Worth in Johnson County. This district has done an excellent job of marketing their programs to the students. The dining room at the high school is painted with large, colorful murals depicting various “restaurants”. The name of the cafeteria is the Elk City Cafés, and members of the community did most of the renovations. Although Pecos High School might not offer as many choices as Burleson High School, seeing this operation might spur

ideas for how to make the district’s food service area more exciting and popular with the students. Visit the Burleson ISD Food Service Department Web site to see the menus for the district.

<http://www.burlesonisd.net/drupal/?q=node/33>

The district would gain significant funds to support the operation of the programs by increasing participation in the NSLP and SBP. A benefit to making the cafeteria a “hot spot” for middle and high school students is that it may increase the number of free and reduced price meal applications. By increasing participation by just ten percent, the district could generate \$196.21 per day or \$34,925.38 or \$34,925 annually or (\$196.21 additional daily revenue of 10% x 178 days = \$34,925) (See **Exhibit 17**).

Of the \$34,925 increase in revenue, approximately 50 percent would be expended on food and other costs. There would not need to be any increase in labor cost, yielding a \$17,462.50 or (\$17,463 rounded) profit from the increased participation.

PURCHASING SYSTEM (REC. 6)

The purchasing system used by the district does not include procedures to ensure that the prices paid are the prices established on the Region 18, Purchasing Cooperative Bid Award. When ordering foods online, managers are not able to see current pricing of the products they are purchasing. When foods are delivered, neither the receiver nor the manager has a copy of the pricing to compare against the invoice. The managers are depending on the central food service office to check the prices they are paying.

If the district does not establish procedures for checking invoiced pricing against established bid pricing, they risk overpaying for the food and supplies they are purchasing.

Industry best practices identify the need to establish procedures to ensure that the product delivered is the product ordered. The receiver should not only check the product code and the quantity of product delivered, but the price before signing the invoice. On large deliveries when price checking is not possible, this task should be completed the day of the delivery and the distributor contacted immediately regarding any discrepancies.

The food services director should establish a procedure that allows managers to check the prices of food as they are developing their grocery orders and another for checking invoices against established bid pricing prior to forwarding the invoices to the central food service office. Review distributor invoices for the 2007–08 school year to identify if there are any overcharges. If there are, contact the distributor to discuss discrepancies and request a refund.

The fiscal impact cannot be determined at this time, as it depends on the distributor's business practices that ensure that bid prices are charged; and whether or not the director was checking the invoices and making any needed adjustments.

MILK COSTS (REC. 7)

The district has not researched the price the district is paying for milk and its services.

The district pays the local dairy \$0.31 per one ½-pint milk carton. A nearby district pays \$0.22–\$0.24 per ½ pint by buying their milk from their distributor. The difference in pricing is the result of additional services the dairy is providing. The dairy supplies milk coolers and ice cream freezers for each of the schools. Additionally, the district employees do not have to handle the milk. The delivery person stocks and rotates the milk with

each delivery. The equipment and the service add to the cost of the product.

The district should research the cost of milk coolers and ice cream freezers. Texas State Purchasing through the Office of the Comptroller, the Associated Milk Producers, and the Regional Education Service Center Cooperative would all be good resources for accessing equipment pricing. Sometimes the local dairy is willing to sell their milk coolers and ice cream freezers to the school districts. The district should determine if it is less expensive to own the coolers and freezers and buy the milk at a reduced cost; or pay more for the milk and let the dairy own and maintain the equipment. If the district fails to make this price comparison, they may be missing an opportunity to save on the cost of milk.

Industry best practices identify the need to cost various methods for securing acceptable product to determine which is least expensive when making purchases. Investment in equipment may or may not be the best decision to make.

The food services department should compare the cost of purchasing milk coolers and ice cream freezers, and stocking and rotating milk in house, against the difference in pricing between the dairy and the broad line distributor.

Pricing on milk coolers and ice cream cabinets or freezers varies based on size, models, and manufacturers. It is possible to get a milk cooler for \$1,500; and an ice cream freezer for \$1,000, priced commercially. Staff should check with the dairy to see if they want to sell any of their coolers or freezers, then check with governmental purchasing entities such as state purchasing or cooperatives that may have pricing on these items before they buy directly from a commercial vendor. The maximum cost should be \$17,500 for the

district (\$1,500 per cooler + \$1,000 per freezer x 7 schools = \$17,500 one-time cost).

The food service department served lunch to an average of 1,620 students, and breakfast to an average of 1,283 students daily during October 2007, for a total daily average of 2,903. Based on the assumption that 25 percent of the students refuse the milk, the district uses 2,177 cartons of milk daily. Currently, the district is paying an additional \$0.07 per carton that includes the cost of milk, the coolers, freezers, and the services provided by the dairy delivery person, for an annual cost to the district of \$27,125 or (2,177 cartons of milk x \$0.07 = \$152.39 x 178 days). The district should compare the cost of the current practice to rotating their own stock and purchasing milk from a distributor to determine if the \$27,125 could be converted to cost savings. The fiscal impact assumes the savings will occur.

FINANCIAL OVERSIGHT (REC. 8)

Pecos-Barstow-Toyah ISD's business manager does not have financial oversight of the district's Child Nutrition Program. Although the district's business manager has received training in food service operations and understands the intricacies of food service financial operations, for the past three years the program has reported directly to the superintendent.

Because there has been a lack of financial oversight, the CNP's losses have increased and there is no analysis of the significant components of program expenditures—primarily labor and food costs. While district management knows that these expenditures have been increasing, there is no understanding of why. The district hopes to change this with the services of a new food service director.

Food service operations and specifically the rules and regulations surrounding federal reimbursements can be complex. Because school food service operations have a difficult time in generating a profit or at least generating adequate revenues to break even, it is imperative that adequate financial oversight occurs on a continuous basis.

Many Texas school districts, particularly ones that are similar in size to Pecos-Barstow-Toyah ISD, have the CNP reporting directly to the position that oversees the district's finances. This enables the districts to ensure adequate financial oversight.

Pecos-Barstow-Toyah ISD should realign the reporting relationships so that the district's Child Nutrition director reports to the business manager.

FISCAL IMPACT

| RECOMMENDATIONS | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | TOTAL | ONE-TIME |
|---|------------------|------------------|------------------|------------------|------------------|---------------------------------|-------------------|
| | | | | | | FIVE-YEAR (COSTS) SAVINGS | (COST) SAVINGS |
| 1. Set reasonable cost, participation, and revenue standards for the food service department to target. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2. Identify and field test methods to contain the cost of breakfast by controlling the food wasted in providing breakfast in the classroom. | \$53,742 | \$53,742 | \$53,742 | \$53,742 | \$53,742 | \$268,710 | \$0 |
| 3. Review the staffing of each kitchen using the methodology adopted by the Pecos-Barstow-Toyah ISD Business Manager. | \$163,176 | \$163,176 | \$163,176 | \$163,176 | \$163,176 | \$815,880 | \$0 |
| 4. Raise meal prices for the 2009-10 school year by \$0.25 or more. | \$21,850 | \$21,850 | \$21,850 | \$21,850 | \$21,850 | \$109,250 | \$0 |
| 5. Develop marketing strategies to increase participation in the NSLP and SBP to the projected levels indicated. | \$17,463 | \$17,463 | \$17,463 | \$17,463 | \$17,463 | \$87,315 | \$0 |
| 6. The purchasing system used by the district does not include checks to ensure that the prices paid are the prices established on the Region 18 bid award. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 7. Compare the cost of purchasing milk coolers and ice cream freezers, and stocking and rotating milk in house, against the difference in pricing between the dairy and the broad line distributor. | \$27,125 | \$27,125 | \$27,125 | \$27,125 | \$27,125 | \$135,625 | (\$17,500) |
| 8. Realign the reporting relationships so that the district's Child Nutrition director reports to the business manager. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTALS | \$283,356 | \$283,356 | \$283,356 | \$283,356 | \$283,356 | \$1,416,780 | (\$17,500) |

| | |
|---------------------------------------|--------------------|
| Five-Year Gross Savings | \$1,416,780 |
| Five-Year One-Time Gross Costs | (\$17,500) |
| Grand Total | \$1,399,280 |