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# Best Practices Could Help School Districts Reduce Their Food Service Program Costs

## *at a glance*

School districts can implement best practice strategies to improve the efficiency and effectiveness of their food service operations. These options include

- establishing strong management systems that provide a framework for short-term and long-term decision making and help ensure that district food service programs remain in a healthy financial position;
- reducing food costs by joining cooperatives to receive volume discounts, maximizing use of USDA commodities, and improving food purchasing practices;
- ensuring that food service employees carry out their functions in an efficient and effective manner, implementing alternative meal counting methods and making program changes that reduce the number of employees needed to prepare meals; and
- identifying and removing barriers to student participation in breakfast and lunch programs, catering school-related functions, negotiating single-source vending machine contracts, and considering meal price increases.

## Scope

Florida law directs OPPAGA to review Florida's school nutrition programs.<sup>1</sup> This report identifies best practices for the efficient and effective operation of school district food service programs. Separate reports will assess the self-sufficiency of the district food service programs, the financial impact of implementing a statewide universal free breakfast program, and the state-level organizational placement of school nutrition programs.

## Background

Due to the relationship between good nutrition and the capacity of students to develop and learn, it is the policy of both the federal and state government for local school districts to establish and maintain school nutrition programs.<sup>2</sup>

The U.S. Department of Agriculture (USDA) administers four major school nutrition programs; three that provide federal funding through grants to the states and one that coordinates the distribution of commodities to schools. These are the National School Lunch Program, the School Breakfast Program, the Summer Food Service Program, and the Child Nutrition Commodity Program.<sup>3</sup> These programs

<sup>1</sup> Chapter [2008-190](#), *Laws of Florida*

<sup>2</sup> The National School Lunch Act, as amended (42 U.S.C. 1751-1769), and the Child Nutrition Act of 1966, as amended (42 U.S.C. 1773), and Section 1006.06, *F.S.*

<sup>3</sup> Schools in the National School Lunch or School Breakfast Programs may also participate in the Special Milk Program to provide milk to children in half-day pre-kindergarten and kindergarten programs where children do not have access to the school meal programs. The Special Milk Program provides milk to children in schools and childcare institutions who do not participate in other federal meal service programs. The program partially reimburses schools for the milk they serve.

provide financial assistance to school districts through cash reimbursements and allocations of food commodities for each meal they serve. In return, the districts must serve meals that meet federal nutritional requirements and districts must offer free or reduced price lunches to eligible children. School districts also can be reimbursed for snacks served to children through age 18 in after school programs.

School boards are responsible for local program administration. Within state and federal regulations, districts select menus, prepare meals, set prices, collect revenue, and manage program budgets.

Two state agencies have a role in administering the programs. The Department of Education administers the three programs that provide federal funding to the school districts, ensuring that federal funds are properly used and that school district nutrition programs meet state and federal guidelines. The department operates these programs (the National School Lunch Program, the School Breakfast Program, and the Summer Food Service Program) through agreements with school districts.<sup>4</sup> The Florida Department of Agriculture and Consumer Services administers the commodity programs, and assists districts in selecting foods that they are entitled to receive from lists of commodities purchased by the USDA.

**Best Practices.** School districts should manage their food service programs as business enterprises. As such, they should ensure that their programs operate in an efficient and effective manner, comply with federal and state requirements, pay their share of district operating expenses, and maintain a healthy financial position and adequate fund balance to protect the district from unanticipated emergencies.

This report identifies best practices for school districts based on professional literature, recommendations from OPPAGA's reviews of food service operations of 30 of the state's 67 school districts, and similar reviews conducted by other organizations.<sup>5</sup> These best practices are presented in four broad areas:

- establishing strong management systems;
- reducing food costs;
- increasing efficiency, and lowering labor and operational costs; and
- optimizing potential revenues.

## Establishing Strong Management Systems —

It is critical for school districts to establish strong management systems for their food service programs. These management systems must provide a framework for short-term and long-term decision making and help ensure that the food service program remains in a healthy financial position. Key aspects of these management systems are to create an operating plan that establishes clear program direction, establish performance expectations, develop budgets that identify all costs and revenues, and ensure that the programs are self-supporting.

Districts should create an operating plan that provides program direction. A well-managed food service program should have a school board-approved operating plan that provides clear program direction. The plan should specify how the food service program will provide nutritious meals to students in the most efficient and cost effective manner, and should be consistent with the district's overall strategic plan to ensure that the program supports the school board's broader districtwide goals and objectives.

<sup>4</sup> The US Department of Agriculture administers other food assistance programs in Florida such as the Child and Adult Food Care Program administered by the Florida Department of Health.

<sup>5</sup> More information on OPPAGA's reviews of school district food service programs can be found on OPPAGA's website at [www.oppaga.state.fl.us/school\\_districts/districtreviews.html](http://www.oppaga.state.fl.us/school_districts/districtreviews.html).

Specifically, food service operating plans should include a mission statement, goals, objectives, and strategies that describe what the program desires to accomplish and timeframes within which these accomplishments are to be achieved. Plan objectives should be quantifiable so that progress toward each goal's accomplishment and overall program efficiency and effectiveness can be measured. The extensiveness of operating plans may differ by size of the district. For instance, larger districts should have highly developed, detailed plans for their food service operations, whereas smaller districts may need less extensive general plans. However, all operating plans should enable district leaders and program staff to ensure that food service operations are efficiently and effectively managed and program costs are adequately controlled.

Districts should establish expectations and measures for program performance and cost. School districts should have a performance measurement system that allows managers at both the district and school level to evaluate food service program performance and make informed decisions on the use of limited resources. An effective performance measurement system enables managers to regularly monitor how food service program performance and costs compare to established benchmark standards. The systems also report findings to the superintendent and school board and identify the need to take corrective actions when needed to address problems such as excessive program costs, low staff productivity, or low student participation and satisfaction.

The systems should include a comprehensive set of input, output, outcome, and cost-efficiency measures. The sophistication of the measurement system can vary with district size; large districts should have formal systems with automated reporting, while smaller districts may adopt fewer measures, a less formal reporting system, and a simpler methodology for the development and validation of benchmarks. Program managers should periodically review and revise performance benchmarks and efficiency standards for appropriateness. Exhibit 1 provides examples of commonly used food service program performance and efficiency measures.

### Exhibit 1 Examples of School Food Service Performance and Efficiency Measures to Help District Monitoring

| School Level  | District Level<br>(Districtwide and by School)   |
|---|--|
| <ul style="list-style-type: none"> <li>Food cost per meal served</li> <li>Number of meals served per labor hour</li> <li>Participation rates</li> <li>Results of student satisfaction survey</li> </ul> | <ul style="list-style-type: none"> <li>Revenues and expenditures by type, including profit and loss</li> <li>Food margin (food cost as a percentage of total cost)</li> <li>Labor margin (labor costs as a percentage of total cost)</li> <li>Gross margin (total revenue less total expenses as a percentage of cost)</li> <li>Participation rates (regular and free/reduced meals recipients as a percentage of eligible students)</li> <li>Districtwide summary of school satisfaction surveys</li> </ul> |

Source: OPPAGA.

Districts should develop effective annual budgets and long-term program plans. These documents serve as the program's financial plan and help to ensure that the program will not drain resources that could be used to support classrooms. The budgets and financial plans should capture all anticipated program costs and revenues. To the extent possible, they should link to the program's operating plan, district's strategic plan, and school board goals.

In establishing the annual food service budget, districts should identify all program revenue and costs, including both direct (food and labor) and other support costs such as utilities, equipment maintenance, custodial services, and warehousing.<sup>6</sup> These costs also include the federal indirect rate.<sup>7</sup> Budgeting all costs allows food service program managers to determine if the program is self-supporting or relies on general operating funds that could otherwise be used to educate students.

<sup>6</sup> Districts should track actual or reasonably estimate all program-related expenditures such as cafeteria utilities, janitorial service, equipment maintenance, armored car services, delivery services, and renovation costs. For instance, districts can estimate the cost of janitorial services and utilities based on the percentage of square footage of the kitchen compared to the remainder of the building.

<sup>7</sup> As part of a grant program, federal and state rules provide for an "indirect rate" that covers district personnel and accounting support provided to the food service program. Yet, some districts do not charge the food program for the costs of these services.

District food service programs also should develop long-term financial plans that project revenues and costs for the next five years, including considerations of changes in the student population and needed major equipment purchases and renovations. (Changes in student population can affect program costs, revenues, and the amount of federal cash reimbursements the program will receive.) These long-term financial plans help districts determine whether their food service program will be able to maintain self sufficiency in the future.

In establishing a long-term financial plan, districts should ensure that they maintain an adequate reserve fund balance to cover emergencies or unanticipated expenditures over the five-year period. While there are no legal minimum requirements for a food service program fund balance, a balance of at least 3% to 5% of total actual expenditures will usually provide adequate monies to cover unforeseen expenditures.<sup>8</sup> Federal regulations prohibit school districts from accumulating a fund balance in excess of three months average operating expenditures without a planned use for this surplus. If the five-year projection indicates that the program will not be able to cover its costs and maintain a healthy reserve fund balance, the district may need to consider exploring opportunities to reduce costs or increase revenue.

## Reducing Food Costs

It is important for school districts to adopt strategies to manage the cost of the food used in their meals. Successful strategies for lowering food costs include joining cooperatives to receive volume discounts, maximizing use of USDA commodities, and matching food items to supplier stock items.

Districts can join purchasing cooperatives to receive quantity discounts. Smaller districts have less purchasing volume and thus often pay higher prices for food items than larger districts that can

take advantage of quantity discounts. Smaller districts can often reduce their food costs by joining purchasing cooperatives. In these arrangements, one district typically serves as the host district and partners with the other districts to increase the volume of food ordered from commercial distributors. Some districts report saving at least 5% in food costs by participating in purchasing cooperatives.

Districts should maximize use of USDA commodities. Districts can reduce food costs by effectively using USDA commodities. Through this program, districts receive a commodity allocation, or credit, that enables them to select food items at no cost that they would otherwise have to purchase. Available commodity food items typically include meat, fish, poultry, fruits, cheese, oil, and grains.<sup>9</sup> School districts should take steps to ensure that they maximize their use of USDA commodities by structuring their menus to use commodities as part of each planned meal.

Districts can increase the value of their commodity allocations by making strategic food item selections. Whenever possible, districts should use their commodity allocations to select food items that produce the largest savings to the district.

Some districts have been able to further reduce food costs by using processing companies to convert USDA commodities into ready-to-serve food items. These districts have arranged to ship their USDA bulk commodities allocation items directly to food processors who convert the items into final ready-to-heat-and-serve menu items for delivery to the districts as needed. Using food processing companies in this manner allows the districts to reduce their labor and storage costs.

Districts should match food items to supplier stock items. Districts can often obtain savings by modifying their school menus to match their food suppliers' stock inventory of food items.<sup>10</sup> This helps avoid the need to buy more expensive

<sup>8</sup> Some factors that a food service program should consider when establishing the approximate level for its food service fund balance reserve include historical, financial, student enrollment patterns, and exposure to emergencies.

<sup>9</sup> Typically, districts receive an annual dollar allocation that is then used by the districts to order food items from the USDA list of available items. The allocation is based on the total number of lunches served in the National School Lunch Program.

<sup>10</sup> Nutritional value should be a primary consideration when making adjustments to school menus.

special order items. For instance, a district could avoid requiring a supplier to special order, stock, and deliver three-ounce hamburger patties when lower priced two-ounce portions already are kept in the supplier's inventory.

## Increasing Efficiency, and Lowering Labor and Operational Costs

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Districts can take several steps to maximize food service program efficiency and minimize its labor and operating costs. These costs vary among districts but typically constitute a major proportion of program expenditures. Best practices for maximizing program efficiency include establishing clear lines of organizational authority, ensuring that employees have clear program policies and procedures and are trained appropriately, using federally authorized strategies to streamline administrative requirements, efficiently linking employee benefits with hours worked, implementing shared manager programs, using a central kitchen, and considering outsourcing of warehousing, delivery services, and food preparation when appropriate.

Districts should establish clear lines of authority. It is important for districts to clarify management responsibility for food service programs. A dual-supervisory relationship exists in most districts in which school-based food service personnel—cafeteria managers and staff—are under the authority of both the school principal and the district's food services director. In this model, both principals and the food services director often have shared authority for hiring, firing, and evaluating school-based food services managers and employees. This can lead to confusion and conflicts regarding who has decision-making authority in areas such as performance expectations, staffing levels, and implementing cost-saving strategies. To avoid these problems, districts should clarify and balance authority and responsibilities for food service directors, school cafeteria managers, and principals. Districts should

also maintain functional organizational and job descriptions to help managers and staff understand their organizational relationships, assign responsibilities, and avoid conflicts.

Districts should ensure that program employees have access to policies and procedures. Districts should maintain up-to-date policies and procedures to help ensure that activities are carried out in an efficient and effective manner and are in compliance with federal and state laws. Well-developed written procedures establish a variety of processes, including many that are related to the financial well-being of the food service program. These include properly accounting for federal reimbursable meals, meal preparation and portion sizes, collecting and depositing cash proceeds, and managing inventory. In addition, written procedures document a district's institutional memory for key processes and help to minimize disruption to essential services and reduce the need for costly training and assistance when staff turnover and absenteeism occurs. To ensure that employees know and use program policies and directives, school districts should make comprehensive procedures manuals available to all food service managers and should regularly review these manuals to ensure that they are current and complete.

Districts should ensure that the food service staff receives appropriate training. Training helps ensure that program employees understand performance expectations and have the skills and knowledge necessary to efficiently and effectively carry out their duties. School districts should have a process for identifying food service employee training needs and ensuring that staff receive this training. Additionally, program managers should receive comprehensive training in essential program functions such as food safety, portion control, production control, special diets, inventory, meal count procedures, receiving and storing food and supplies, emergency procedures, and customer service. Districts may also benefit from cross-training food service employees to enable them to perform duties in multiple areas of cafeteria operation.



School districts can partner with other districts and other organizations to lower their training costs. For example, some districts have partnered with regional consortia, the Florida Department of Education, and professional associations to provide training for food service employees. For example, professional associations, such as the national [School Nutrition Association](#) and the [Florida School Nutrition Association](#) often offer industry certification programs to their members.

Districts should consider implementing USDA alternative meal counting methods to help reduce administrative costs and increase student participation. To reduce local paperwork and administrative burdens, the USDA has developed alternative procedures districts may adopt for implementing the federal school lunch and breakfast programs. These alternatives, commonly referred to as Provisions 1, 2, and 3, allow schools with relatively high ratios of students eligible for free and reduced price meal participation to decrease administrative costs and expand student meal participation. These provisions allow districts to reduce how often they must process eligibility applications for free and reduced price meals. Exhibit 2 illustrates the relevant requirements of the provisions.

Provisions 2 and 3 represent the largest potential savings to districts. These options require schools to serve meals to all students at no charge and significantly decrease the submission frequency for free and reduced lunch eligibility applications, as well as simplify meal counting and claiming procedures.<sup>11</sup> In general, these provisions require districts to maintain counts of student breakfast and/or lunch meals by paying category for one year, a base year. For at least the next three years, districts may apply the base-year ratio of participation of free, reduced price, and paid meals to their total count of meals for federal funding purposes, and all meals are provided to students free of charge.

These provisions allow a district to reduce labor costs by not having a cashier and reduce paperwork by eliminating the need to make annual determinations of eligibility for free and reduced price meals. Participating districts then frequently increase the volume of meals they serve, and the federal per-meal funds they receive may offset the lost cash income. This option also reduces paperwork for parents and students by eliminating the need for completing the free and reduced price meals application.

<sup>11</sup> Provision 1 reduces the application frequency from annual to bi-annual for free and reduced price meal participants.

## Exhibit 2

### School Districts May Reduce Administrative Costs Through Alternative Meal-Counting Methods

| Federal Provision | Qualified Schools  | Frequency of Certification  | Method Used to Calculate Reimbursement  |
|-------------------|--|---|---|
| Provision 1       | Schools where at least 80% of the children enrolled are eligible for free or reduced price meals | Every two years   | Schools continue to take daily meal counts of the number of meals served to children by type as the basis for calculating reimbursement claims.   |
| Provision 2       | Schools that serve meals to children at no charge  | Every four years. Additional four-year extensions are possible when certain conditions are met. | This provision reduces application burdens and simplifies meal counting and claiming procedures. It allows schools to establish claiming percentages and to serve all meals at no charge for a four-year period.                            |
| Provision 3       | Schools that serve meals to children at no charge  | Every four years. Additional four-year extensions are possible when certain conditions are met. | This provision reduces application burdens and meal counting and claiming procedures. It allows schools to simply receive the same level of federal cash and commodity assistance each year, with some adjustments, for a four-year period. |

Source: U.S. Department of Agriculture.

In the past, some districts may have been able to cover the cost of their entire breakfast or lunch program by receiving only the federal per-meal funding if they had a high ratio of students eligible for free and reduced price meals, such as 60% to 75% or greater. However, due to recent significant increases in food costs, the federal reimbursement rates alone may no longer be sufficient to cover the cost of all meals served.<sup>12</sup>

Before implementing these alternatives, districts need to evaluate whether these steps would be profitable for their schools. In doing so, districts should consider all costs of their breakfast or lunch programs and any anticipated changes in those costs. In addition, districts should consider the impact of increases in meal participation on their staffing costs. If greater participation creates the need to hire additional staff or to pay increased benefits to staff that must begin working full-time, small increases in participation may not be cost-effective.

Districts that implement one of the federal provisions should periodically re-evaluate their program participation rates to ensure that it continues to be cost feasible. Studies show that the greatest increase in participation tends to come from students who previously paid for their breakfasts and/or lunches. As a result, over time the proportion of paid students receiving free meals may increase significantly which may result in less federal revenue. If the district is required to calculate a new base year for renewal, federal reimbursements may no longer be sufficient to cover the costs of the increased participation of paid students.<sup>13</sup>

Districts should consider increasing the minimum number of hours employees must work to receive benefits. School districts may be able to reduce labor costs by raising the minimum number of hours per week food service employees must

work to receive full health and retirement benefits. Our October 2008 survey of Florida school districts found that the majority (70%, or 47 of 67) allowed food service employees who work 20 or fewer hours per week to receive full health and retirement benefits. Due to the relatively high benefit costs associated with part-time positions, school boards should examine the appropriateness of their current benefits policies and consider requiring district personnel to work a minimum of 30 hours per week to qualify for full benefits. Such a policy shift may require changes to labor contracts but could be grandfathered in to protect current part-time personnel from losing their benefits. This could bring district practices more in line with those in the private sector to achieve cost savings.

Districts should implement shared manager programs. Districts may be able to reduce labor costs by implementing shared manager programs, which reduce labor costs by having two schools share one cafeteria manager. This step is particularly effective when the two schools serve a relatively small number of meals (about 400 or fewer meals served per school) and are close in proximity to one another. In addition, shared manager programs work best at elementary schools because they typically offer set meal plans and few a la carte items. School districts may be able to achieve significant cost savings from implementing such a strategy depending on the number of schools involved.

Districts should consider using a central kitchen. Some school districts may be able to reduce labor and operating costs by using central kitchens to cook meals for multiple schools. In this system, staff at one school prepares meals for its students and for students at one or more additional schools. The meals are placed in insulated containers and delivered to the other school cafeterias. The receiving school's serving line must include temperature controls to keep the food warm until it is served. Central kitchens can produce savings in several ways, including reducing the number of cafeterias that need appliances to refrigerate or heat food items and wash dishes and utensils. In addition, since the

<sup>12</sup> The federal government adjusts its cash reimbursements each year to reflect changes in food and labor costs based on the Food Away From Home series of the Consumer Price Index for All Urban Consumers. These annual adjustments in the cash reimbursement rates help schools deal with rising costs over time; however, near-term cost increases can be challenging to schools.

<sup>13</sup> New base years are required when the family incomes of the student population changes significantly. With no significant change, extensions can be granted for up to four years at a time.

receiving school does not have to prepare meals, it can reduce employee staffing.

Districts should review warehousing and delivery services. Districts may be able to lower their operating costs by outsourcing food storage and delivery services. For example, some school districts have outsourced warehousing and delivery of all food, commodities, and supplies. Outsourcing these services may be particularly beneficial to districts that are having difficulty keeping pace with rapidly growing student populations, do not have funds available to purchase land and/or build the necessary facilities needed for storage, or are experiencing high property and construction costs.

Outsourcing decisions should be based on a thorough evaluation of a district's current food service warehousing and delivery arrangements. This evaluation should take into consideration current or projected district warehousing space need and availability, staffing, and potential delivery costs if the district continues to warehouse internally. Availability and proximity of suppliers and commercial warehouse space as well as the availability and cost of district staff to manage district-owned warehouse space are also key factors in making outsourcing decisions. As districts grow, the economics of outsourcing can change. Therefore, districts should perform outsourcing evaluations every few years.

Districts should consider using commercially prepared foods to minimize scratch cooking and reduce labor costs. Some school districts have reduced labor costs by increasing their use of commercially prepared foods. For example, districts that use pre-portioned and ready-to-bake bread dough instead of preparing the dough from the basic ingredients can reduce labor costs by significantly reducing preparation and clean-up time as well as improving product consistency. While the extent to which Florida districts use pre-prepared foods varies, most school districts we reviewed in the past could have reduced labor hours and, in some cases the number of kitchen staff they employed, by reducing scratch cooking.

## Optimizing Potential Revenues

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To help ensure that school food service programs are self-supporting, it is important for districts to take actions to maximize program revenues in addition to reducing costs. These include promoting participation in school lunch and breakfast programs, identifying and reducing participation barriers, using a la carte items, and initiating innovative breakfast programs. District food service programs may also increase revenues by catering school-related functions, negotiating single-source vending machine contracts, implementing alternative meal counting methods, and, as a last resort, raising meal prices.

Districts should promote their food service program. School districts can often increase student participation in their food service programs and encourage good nutritional habits through promotional campaigns. These campaigns can employ strategies such as distributing newsletters, menus, and nutritional information. Some districts have also used special events where participating students win small prizes while learning about the importance of good nutrition, and theme days such as Fajita Cookouts, pasta bars, and Grandparents Day.

Districts should identify and reduce participation barriers. Some districts also have increased revenues in their food service programs by identifying and addressing barriers to student participation. These barriers include poor food quality, inadequate lunch periods, insufficient seating, and untimely bus scheduling.

Districts can identify many of these barriers by surveying students about their satisfaction with food quality, service, and school cafeterias. Districts can place these questionnaires on their websites or can conduct periodic surveys at schools. Food service managers and principals can use this information to identify problem areas and develop corrective actions that increase breakfast and lunch program participation.



Districts should use a la carte items. Districts can also increase revenues through the sale of a la carte food items.<sup>14</sup> For example, our June 2003 Best Practices Review of the Wakulla County School District showed that its program offered a variety of popular items and annually sold about twice as much a la carte items per student as its peer school districts.

Districts need to take care in pricing a la carte items to avoid reducing sales of full meals for which they receive federal funds. This could decrease the district's overall federal reimbursement as well as reduce student nutrition.<sup>15</sup> However, districts that offer carefully priced and healthy a la carte items can supplement existing program revenues.

Districts should initiate innovative breakfast programs. Districts can receive federal cash reimbursements to help cover the cost of breakfast programs. However, many districts have found that student participation in these programs is hindered because bus scheduling does not allow students enough time to eat breakfast before school begins. To address this issue, some school districts have rearranged bus schedules to provide students with additional time to eat once they arrive on campus. Other districts have instituted "Breakfast on the Bus" programs in which students can pick up a bag breakfast as they board their bus to eat while traveling to school. Alternatively, other districts have made breakfast available on meal carts at bus drop off points to allow students an opportunity to pick up a ready-to-go breakfast. Districts can also initiate "Breakfast in the Classroom" programs in which cafeterias prepare breakfasts and sends them to the classroom, rather than students coming to the cafeterias. By selecting a best-fit option, districts can increase student breakfast participation and program revenues.

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<sup>14</sup> A la carte items can be defined as any food item that is not part of a reimbursable breakfast or lunch meal. These include items such as ice cream, pizza, chips, soft drinks, bottled water, and cookies. Also considered a la carte are extra items the student requests, such as an extra carton of milk, entrée, or dessert.

<sup>15</sup> "Reimbursable meals" are those meals for which the federal government provides grant payments to the school district through states for nutritionally balanced, low-cost meals served to children eligible under the program for free and reduced meals under the National School Lunch and School Breakfast Programs.

Districts can offer catering to school-related functions. Food service departments can provide catering services for district events at a cost-plus-recovery basis. In these cases, districts charge the sponsoring organization for the cost of the food items, any extra labor costs required for food preparation and delivery, and a profit markup. In addition to increasing program revenue, an active catering service can assist the program in covering department overhead and equipment as well as provide an in-house service to the district.

Districts can consider using snack vending machines. Where district policy allows, food service programs can expand the sale of snacks in middle and high schools to hours when the cafeteria is not open by making vending machines readily accessible. Districts that adopt this option should exercise care that the snacks are nutritious and not be ready substitutes for meals. The vending machines can either be district owned and stocked, or be outsourced with a percentage of sales going to the food services program.

Some larger school districts may be able to benefit financially by negotiating single-source contracts for snack vending machines districtwide. In some cases, district food service programs may be able to receive commissions of 5% to 10% of annual vending machine proceeds. In addition, school districts may be able to negotiate an initial bonus for signing a single-source contract.

Districts should consider revising meal prices only after ensuring that the Food Service Program is efficient and effective. Due to the financial impact on families, a district should raise meal prices only after it has taken steps to minimize operating costs and has taken advantage of other opportunities to increase program revenues. However, districts should consider doing so if its best efforts have not enabled the program to become self-supporting, resulting in subsidies from resources that could otherwise be used to fund classroom instruction. Revised meal prices should ensure that the program is able to cover its costs and maintain a healthy reserve fund balance into the future.

Districts should also consider how a potential price increase would affect participation rates and, thus, overall revenue including the cash reimbursement it receives from the federal government to operate its food service program.

## **Agency Response**—————

In accordance with the provisions of s. 11.51(5), *Florida Statutes*, a draft of our report was submitted to the Department of Education to review and respond. We met with department officials to discuss report findings, and the department chose not to submit a formal, written response.



# *The Florida Legislature*

## *Office of Program Policy Analysis and Government Accountability*

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