

District produced more meals than it served, costing it an estimated \$32,400 in fiscal year 2019

Meal overproduction resulted in an estimated \$32,400 of wasteful spending

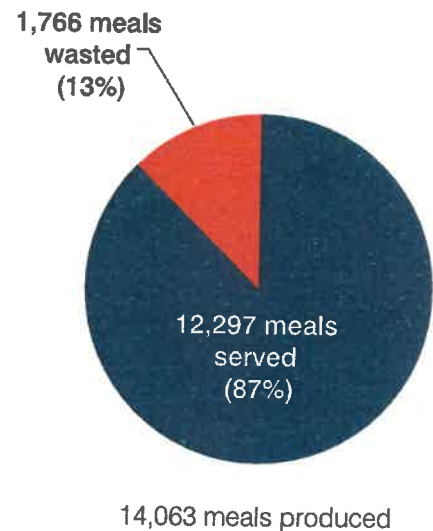
Meal overproduction contributed to food service program loss—In fiscal year 2019, the District produced more meals than it served through its food service program, resulting in wasteful spending. Meal production records for September 2018 and February 2019 show that during those 2 months, the District reported producing 1,766 more meals than it served, which is equivalent to it wasting 13 percent of the total meals it produced during that time period (see Figure 1). Based on the \$3.67 the District spent in fiscal year 2019 to produce each meal in its cafeteria, the District wasted nearly \$6,481 on those 1,766 meals that it did not serve and for which it did not receive any payments. According to District officials, factors such as the District’s open campus lunch policy (discussed below) affected their ability to more accurately predict the number of lunches to prepare each day. Further, District officials stated that they tried to provide various lunch selections, such as burgers, nachos, sandwiches, and salads, and enough of each selection without running out of any particular selection. According to the meal production records we reviewed, students could have selected their lunch each day from 2 different hot meals, 2 types of pizza, a sub sandwich, a wrap, and a salad.

Based on the 2-month meal production sample we reviewed, the District may have overproduced an estimated 8,830 meals during the school year. This equates to the District having spent an estimated \$32,400 in fiscal year 2019 on meals that it never served. The District’s food service program operated at a loss of over \$30,000 in fiscal year 2019; therefore, the District’s overproduction was the primary reason for its operational loss.

The District’s food service program loss did not require that it divert monies from other parts of its budget to cover the loss because it had a balance in its food service fund that it used to cover the loss. However, the District’s food service fund balance decreased by 70 percent between fiscal years 2015 and 2019 because the program lost money in 4 of the 5 fiscal years during that period. If the District continues to overproduce meals and does not have other revenues to compensate for the cost of the overproduced meals, it will likely deplete its food service fund balance, which would require the District to divert monies from other important priorities to its food service program.

District lunch period policies may have impacted meal production—The District has had a long-standing policy of allowing junior and senior students to leave campus for the lunch period, which was 30 minutes. Allowing certain students to leave campus for lunch is a common practice in many high schools across

Figure 1
District wasted 13 percent of meals produced over 2 months Fiscal year 2019



Source: Source: Auditor General staff analysis of District meal production and meals served records for September 2018 and February 2019.

the country. Then, in fiscal year 2019, the District implemented an additional lunch period concept called Power Hour, which added an additional 30-minute free period to the regular 30-minute lunch period. This concept applies to all students and is essentially a free hour to eat lunch, study, meet with friends, attend club meetings, and receive tutoring. During the first 30 minutes of Power Hour, students with failing grades are required to attend tutoring sessions, and student clubs can also meet during the first 30 minutes of Power Hour. According to the experiences of other high schools around the country that have also implemented the Power Hour concept, they have seen positive impacts on student achievement, including reduced failure rates, fewer students being referred for discipline, and stronger student-teacher relationships. However, because of Power Hour, District juniors and seniors can now leave campus for the full lunch hour as long as they do not have any failing grades. Although Power Hour may have a positive impact on students and student achievement, increasing the open campus policy to 1 hour may make going off campus more enticing to students and thereby make it more difficult for the District's food service staff to predict how many students will stay on campus and eat a cafeteria lunch each day. It does appear that the District's policies may have impacted meal production because the District served 18 percent fewer lunches per pupil in fiscal year 2019 than it did, on average, in the 5 previous fiscal years. In addition, although the open campus policy applies only to juniors and seniors, we observed students leaving campus at the beginning of the Power Hour and then returning shortly thereafter with large amounts of food, which they could have distributed to students who were not eligible to leave campus at lunch. Allowing students leaving campus at lunch to bring back food for others who are not eligible to leave campus can make it even more difficult for District officials to determine how many students will purchase school lunches each day.

District has taken steps to increase meal participation and reduce overproduction, but more can be done

District has taken steps to increase meal program participation—Recognizing that it needed to do more to attract students to eat lunch at school, the District has taken steps to increase meal participation by adding amenities to the cafeteria, including 3 large screen televisions, lunch tables with device charging ports, and made-to-order sandwiches. Despite these amenities, the District's food service program was still losing money, so in fiscal year 2020, District officials implemented a few more strategies to increase participation, including having school buses arrive 15 minutes earlier than usual in the mornings, which helped increase revenues by increasing student breakfast participation. Further, the District expanded its sales of a la carte items, such as snack foods and drinks. For example, the District began selling an a la carte fruit smoothie made almost entirely from free food available through the United States Department of Agriculture's Foods in Schools program. According to District officials, the smoothie is one of the most popular a la carte items, and a la carte sales increased daily food service program revenues by \$60 per day to as much as \$500 per day in fiscal year 2020.

District can take additional steps to reduce meal overproduction—Although the District's efforts in fiscal year 2020 to increase food service revenues appear to be successful, we identified some other steps the District can take to help increase meal participation and reduce meal overproduction. Specifically:

- **Reviewing and planning meal production using past production records**—The District determined the number of meals to serve each day based on the number of meal sales from the prior day, and it had a set menu rotation. However, as noted earlier, the District overproduced some meals, resulting in waste. Other school district audits have noted that some districts with efficient food service programs monitor meal production records to help their districts make foods that students like, which can maintain or increase student participation in the food program and help reduce overproduction and waste. For example, when we reviewed the District's September 2018 and February 2019 meal production records, we found that the most commonly overproduced meals during those 2 months were hot breakfast and lunch meals, such as hot dogs, fish, sub sandwiches, wraps, and salads. The District can use information like this to prepare fewer of the less popular items and more of the popular items. Further, not liking the meals served could impact students' participation in the program in the future. The District could also use the meal production records to help it determine if it should reduce the number of selections offered each day.

- **Taking lunch counts in the classroom**—In fiscal year 2019, the District based the number of meals it prepared for lunch each day on lunch sales from the prior day. However, we found that some districts with efficient food service programs limit waste by having classroom teachers take morning counts of students intending to eat a district-served lunch that day. Those counts are then provided to food service staff to guide them in determining the proper number of lunches to prepare that day.
- **Researching practices of similar districts in Arizona or other states**—We identified 2 practices that other districts have implemented to improve their high school food service program operations that may be beneficial to the District. First, we found that some other high schools across the country have limited open campus policies to juniors and seniors with grade point averages above a district-determined minimum. Second, officials at some high school districts across the country have found that high school students prefer cafeteria lunch lines that move quickly; otherwise, they may leave the line or never enter the line because of the wait and instead go off campus for lunch. In fiscal year 2019, the District implemented separate cafeteria lines where students could order made-to-order sandwiches and salads to increase student lunch participation. However, because made-to-order items tend to take more time and slow down lunch lines, research indicates that premade sandwiches and salads that students can grab and go are better options for high school cafeterias. Although these 2 practices may be beneficial to the District, the District should perform its own assessment to determine if these practices would be beneficial given the District's specific circumstances and the student population it serves and determine whether these or other practices would help increase meal participation and reduce meal overproduction.

Recommendations

3. The District should reduce meal overproduction by:
 - a. Regularly reviewing meal production records and making menu changes based on participation levels and popularity of items.
 - b. Collecting lunch order counts each morning in classrooms and basing meal production on these counts.
4. The District should research practices of other high school food service programs in Arizona and other states and determine and implement practices that would work well with the District's food service program and student population and result in increased meal participation and reduced meal overproduction.

District response: As outlined in its [response](#), the District agrees with the finding and recommendations and will implement the recommendations.

