

## Nutrition Services Department Strategic Plan

### Report Summary

April 27, 2015

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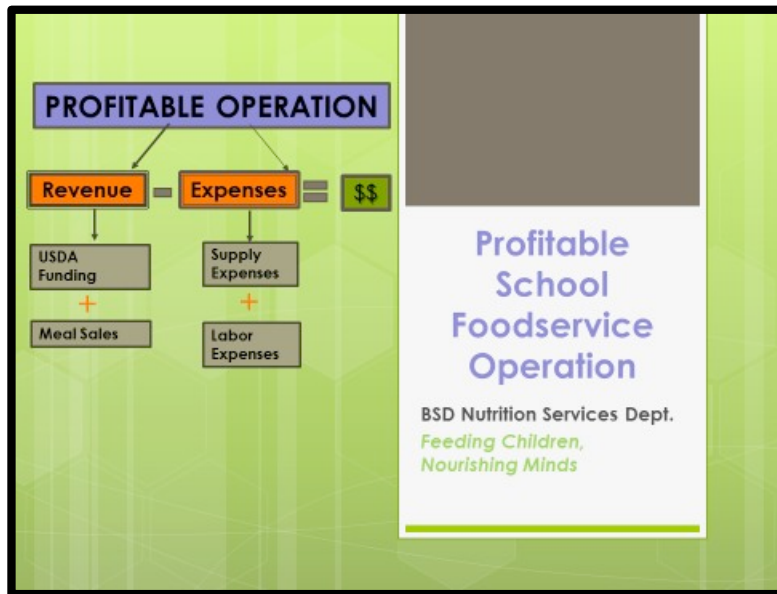
As is true of many of the support services, Nutrition Services (NS) goals don't always fit neatly into the district strategic plan, which is more directly focused on student achievement. This illustration though explains how NS focuses its efforts each year.



#### NS Supports Student Achievement by:

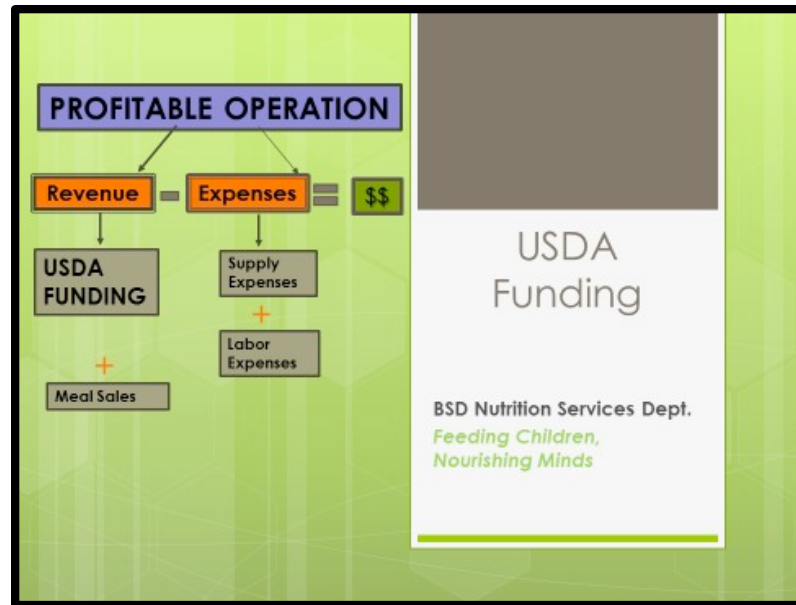
- Preparing students to Learn by providing:
  - Nourishing meals & Snacks.
    - Students who are well nourished are ready to learn and learn better than undernourished counterparts.  
<http://www.extension.org/pages/68774/3-ways-nutrition-influences-student-learning-potential-and-school-performance#.VSP6VvnF-Sq>
  - Research has shown that school meals provide more nutrients than meals brought from home.  
<http://nfsmi.org/documentlibraryfiles/PDF/20140127113403.pdf>
- Nutrition education

Being able to Provide Good Nutrition to students depends on NS running a Profitable Operation which functions as the foundation for NS to provide students with healthy meals.



**A Profitable School Foodservice Operation is dependent on:**

- Revenue
  - USDA Meal Reimbursements – 61.3%
  - Meal Sales – 27.4%
  - Other Misc. – 11.3%
- Expenses
  - Supply Costs
    - Food – 86%
    - Non-Food – 14%
  - Labor Costs are comprised of:
    - Cost of labor (employee salaries + benefits = total compensation package) – NS has little impact on this.
    - Amount and type of labor used (number of FTEs and mix of skill sets) – NS staff can impact this.



### USDA revenue consists of:

- Meal Reimbursement - Rates are increased each year, however the average 2% increase does not always cover the increased supply and labor expenses. This is especially true when more USDA requirements don't come with increased funding for implementation.
  - NS received higher reimbursements for W. Walker this year due to using the CEP method of determining free and reduced-price eligibility. NS was able to claim 10% more of meals at the higher free reimbursement rate.
- USDA Foods – While the value of USDA Foods (formerly known as “commodities”) totals about \$700,000 - \$800,000/year for BSD NS, vendor and ODE processing fees, as well as delivery issues make this revenue resource increasingly expensive and difficult to use.

USDA revenue comes with strings attached. Meal reimbursements are dependent on district “school food authorities”, i.e. NS, meeting all USDA requirements for meals and operations.

- Meal requirements changed radically in SY 2012-13 with the implementation of new regulations stemming from the Healthy, Hunger-Free Kids Act of 2010. While BSD Nutrition Services was already meeting most of the required changes prior to implementation, some of these changes impacted revenue significantly:
  - to the negative, through loss of meal sales, (students didn't want lower calorie meals or all whole grain products or be forced to take certain foods); and to the positive, through higher reimbursement rates (a 6 cent/lunch increase was given to those districts complying with the new meal requirements); BSD NS qualified for the additional reimbursement as soon as it was available after an audit by ODE/USDA.

USDA periodically audits districts to ensure that they are meeting its requirements.



**ODE/USDA audits (now called “Administrative Reviews”)** are performed by the State Agency (e.g. ODE) on behalf of USDA every 3 years. NS just had its review February 23 – March 3, 2015, and did very well.

Results of March, 2015 Review:

- NS staff lauded for excellent customer service
- Other areas of the dept. were recognized also; NS purchasing policies and practices, documentation of meeting new meal requirements (Production Records); Processing of Meal Applications for free or reduced price meals.
- Findings
  - Confidentiality in Verification process
  - Documentation for meal components
  - Smart Snacks compliance
  - Wellness Policy Update



**Revenue from Meal Sales provides 27% of NS’s total revenue. So far in 2014-15:**

- Breakfast and Lunch meal sales each increased by 8%.
- A la Carte meal sales decreased by 21% with the implementation of the new “Smart Snacks” standards.
- Sales of meals to Head Start decreased by 36% with the reduction of two sites.

**Meal Sales are dependent on a variety of factors:**

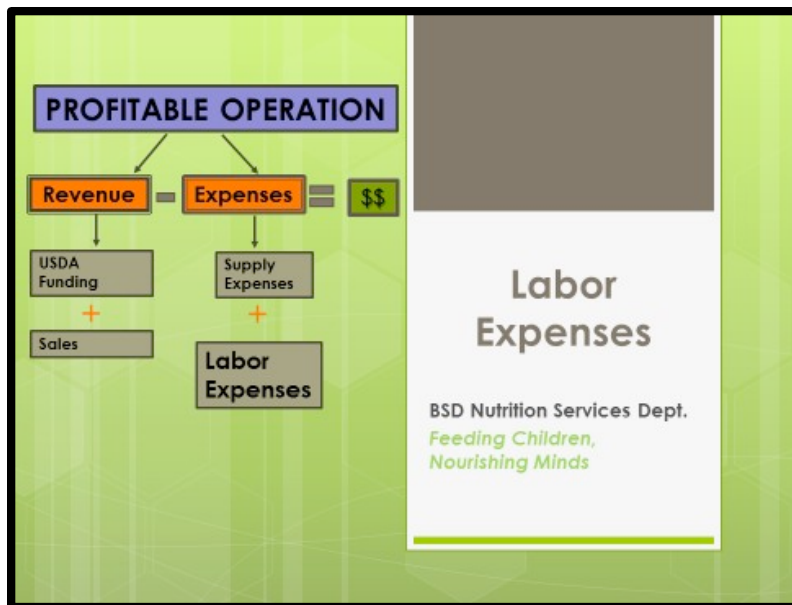
- Customer Satisfaction
  - Customers = students + parents. The decision of whether to choose a school meal is a combination of the students’ desire to eat school meals and the parents’ desire for their students to eat school meals. As students get older, parents have less influence on their decision to purchase a school meal and more options to purchase foods sold outside of NS. Customer satisfaction is regularly measured by sales data.
- Access to meals and the amount of time students have to eat.
- Customers’ perception of the meals. Many parent customers might not realize that the meals we serve currently are lower in fat and salt, and higher in nutrients than in the past. (Note: this is generally not a factor that drives students to purchase meals.)
- Competition from other in-district and out-of-district food sales. These food service providers are required to, but are not always currently meeting USDA requirements for foods sold on campus during the school day.



**Food and non-food expenses increased in SY 2014-15 by about 5% (YTD Jan 31).**

Reasons for this increase are:

- Newly implemented USDA requirement that students have to take a half cup of fruit/vegetable at breakfast, (note: this requirement was implemented for lunch in SY 2012-13).
- Only one vendor submitting a bid for the contract provided little competition for pricing.
- Change in main grocery vendor at end of SY 2014 necessitated by cancellation of previous grocery vendor meant new vendor had little time to prepare to fill orders. Just to continue meal service, NS had to locate new suppliers and purchase necessary supplies at local vendors, e.g. Cash & Carry for increased prices.



**2014-15 Labor expenses increased by about 5%. Reasons for increase are:**

- Salaries/Benefits (the cost of labor increased)
- Amount of labor used increased a bit this year due to:
  - The change to a new primary grocery vendor at end of SY 2014 increased NS labor because the new grocery vendor's capacity to deliver supplies on time, to deliver supplies to all locations, and to track and manage of our USDA foods was limited. Most deliveries from September through October were late, and on a few occasions, some deliveries were made only to a few central sites (e.g. high schools), necessitating that NS staff then complete the delivery from the central sites to individual schools. Extra NS labor was also needed to receive late deliveries and handle last minute menu changes due to suppliers outages; (Tyson Chicken warehouse fire); (unexpected demand for product – (frozen ravioli)
  - Increased need to train staff on new USDA requirements.



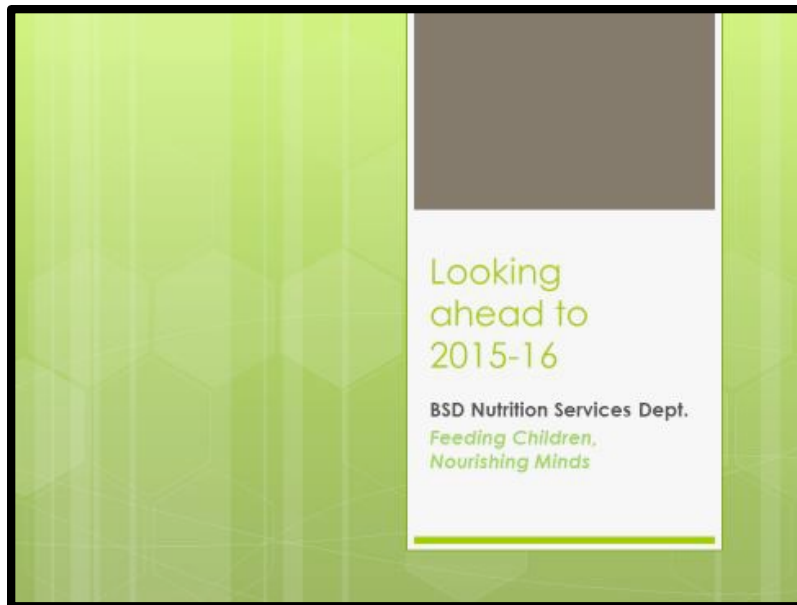
**NS's Profit and Loss statement YTD January 2014-15 shows that due to:**

- Increases in supply and labor expenses
- Decreases in A la Carte and Head Start revenue

NS may end 2014-15 with a loss.

While high start-up expenses generally mean that NS does not begin to show a profit until later in the year, by mid-year 2014-15, NS profit had decreased by 165% of what it was mid-year 2013-14.





**NS has a healthy fund balance, but an on-going loss will not be sustainable.** To address this, NS is continuing to analyze revenue and expense data to pinpoint areas that we can adjust to realize savings or increase revenue. The following factors will aid in increased revenue and improved tracking of revenue and expense data.

- The Oregon Legislature is currently considering a bill that would fund the cost of reduced-price lunches for students who are eligible for these.
- An increase in meal sales is expected with the advent of the full day kindergarten.
- NS is in the initial phase of evaluating new software that would better track sales data and inventory, as well as reduce labor costs. NS's current software has not kept up with new USDA requirements.