

School Board Meeting/Workshop:

May 8, 2017

Subject:

2016-17 Food Service
Report/Budget

Presenter:

**Marilyn Splinter, Director
Food Service**

SUGGESTED SCHOOL BOARD ACTION:

Information

DESCRIPTION:

Review & Accountability

Food Service is an enterprise account, a business within the school district. We have specific regulations to follow defining how we conduct our business to be eligible for federal and state reimbursement. We have directives from the state on what can be charged to food service and how it is to be identified. We have standards of operation that must be met to be in compliance with terms of Minnesota Department of Health licensure. Accountability is required for meals served, student eligibility, financial transactions and food safety. We carefully practice accountability in all aspects of our business.

State Agency Monitoring – MDE Food & Nutrition Services

The district applies to participate in the school meals program on an annual basis. Part of the participation is to be reviewed and monitored by the state agency. State agencies are required to conduct an administrative review of all school food authorities at least once during a three-year review cycle period. The scope of the administrative review focuses on two primary review components: critical areas of review and general areas of review.

The critical areas of review are performance standard one and performance standard two. Performance standard one focuses on the certification and benefit issuance process and the accuracy of meal counting and claiming. Performance standard two focuses on whether meals claimed for reimbursement meet meal pattern and nutritional quality requirements. The general areas of review are resource management and other general areas of program compliance.

We completed an Administrative review in December 2015. We had a very clean review. It was nice having a Buffalo graduate doing our review.

Staffing & Productivity

Food service expenses and revenues are interrelated. As an enterprise account, if we do not earn money, we do not have money to spend. The cost per meal can change significantly if the enrollment or participation changes in any particular school, or the district. We staff our kitchens based on meal equivalents per labor hour. All production and sales during the school day are included in the meal equivalents. We use a formula to convert breakfast, lunch and ala Carte sales into meal equivalents. One lunch is equal to one meal equivalent. We benchmark an acceptable range for operation before we need to make changes to establish appropriate levels of productivity. We try to operate consistently at the top of the acceptable range. Business and operating conditions change and we adapt and revise our work plan to maintain labor standards. Times of service are set by the school day schedule in the building. We are given the schedule for meal service and we adapt our meal production schedule and staffing pattern to accommodate the need.

Labor is our biggest cost. We monitor meal equivalents per labor hour every month. We adjust hours assigned as business changes. The past two years we have evaluated our staffing pattern, making revisions so we have fewer staff working longer hours, hopefully resulting in better jobs.

Since labor is our biggest cost, it is important to invest in well-trained staff. Retention of highly skilled staff is in actuality a cost savings. It gives us greater efficiency and productivity. The School Meals Program has a new federally required standard for education and continuing education. The law went into effect July 1, 2015. Our department has met and exceeded the new standards about as long as I have been working with BHM Schools.

We require our food service staff to successfully complete a ten hour class in sanitation and food safety and a ten hour class in child nutrition programs during their probationary period. Staff choosing to become School Nutrition Association (SNA) certified at level 2 or 3, are compensated with an increase in their hourly wage. SNA certification is a nationally recognized professional program requiring successful completion of core curriculum in key areas: sanitation, nutrition, food production, program administration and human relations. There are three levels of certification. Level one requires twenty hours of specialized training in key areas. SNA Certification, renewed annually, is maintained through participation in continuing education events, classes and conferences.

In addition to the SNA certification, all food managers must hold a Food Manager Certificate with the Minnesota Department of Health. We must have one on duty during hours of operation which is a requirement of the Minnesota Food Code. Our kitchens are inspected twice a year by the Minnesota Department of Health. Our inspections are consistently very, very good. I greatly respect the work consistently accomplished by our food service staff and am very proud of their accomplishments.

Facility Use

The district facility use procedure includes guidelines for the use of the food service space. We coordinate, with the school district and community organizations, to facilitate the use of our food service facilities for events that benefit the district and the community. We help order and prepare food for the event or assign a food service staff person to supervise the use of our facilities. The food service staff is compensated for the catering work according to the terms of their contract. The group hosting the event is billed for the expenses associated with the food service labor. We want community food events to be prepared and served in a safe and sanitary manner, which will also contribute to the success of the event.

The scope of our catering activities is focused on events directly connected with the school district and community or private events utilizing school facilities.

Paid Lunch Price Equity

The HHFKA has a Paid Price Equity clause, which basically means that the paid price of the meal(s) must equal the reimbursement received for a free meal. We have received a complicated, multi-step formula to determine what price we will be required to charge for a paid student lunch. To be in compliance for 2017-18, our meal prices are not required to increase. However, a \$.05/meal increase is recommended. The adult meal price minimum is set by the state, which will be followed if it is greater than a \$0.05 increase would be. This assumption will be included in the proposed 2017-18 food service budget. The food service budget is usually approved by the Board as part of the district budget at the June meeting.

Free & Reduced Priced Meals, Kindergarten Breakfast

Families apply for meal benefits annually. They may apply on-line or with a paper application. This year we sent the application information by e-mail to all our families who have provided an e-mail address. Paper applications were mailed to families not using e-mail for school messages. Paper applications will still be available in all school offices. The application form is also posted on the department webpage.

Families were notified of their application results by e-mail as well or by US mail for those who do not provide an e-mail address.

These changes in operating practices helped us avoid several thousand dollars in printing, assembling, labeling and mailing the application packets. Then again we avoided printing, envelopes and postage costs for the results notification.

Families who qualify for reduced priced school meals do not have an out of pocket expense. The State of Minnesota provides the district with reduced price fees as a reimbursement. We receive \$0.30 for breakfast and \$0.40 for lunch. When I started working in school food service the reduced price fees were \$0.30 and \$0.40, which at that time represented about half the price of a paid meal. The federally set fee has not changed since 1988.

All kindergarten students are eligible for breakfast free of charge. The State of Minnesota provided an additional reimbursement for each breakfast served to kindergarten students who qualify for paid meals.

Ala Carte sales are primarily generated at the secondary schools. Approximately 7% from the elementary schools and 93% from the high school and middle school. This is consistent with our intent and business plan. Part of the business plan for elementary schools is to reinforce the concept of choosing a balanced meal on a daily basis.

The elementary schools Ala Carte sales are extra milk, juice or items on the menu. The items available to middle school students during breakfast are extra milk, juice or items on the menu. The middle school lunch time Ala Carte options include extra menu items and snack items that are sold for about \$1.00 or less. The nominal price limits the portion size and the products offered. The high school business plan was developed with more customer options in mind. There are more choices, both in meal menus and the Ala Carte items available. The students are more satisfied when they have the option to choose.

Menu Development

The Healthy Hunger Free Kids Act that went into effect January 2010 changed the rules for school meal programs. The big change for lunches occurred in 2012-13. Breakfast patterns changed for 2013-14 and again for 2014-15. The changes resulted in significantly higher food and labor costs without a corresponding increase in reimbursement.

The next phase of the HHFKA is sodium reduction. We have been working towards the new targets. We have the 2017-18 school year to reach the targets without penalty. This is the directive we have received from USDA and MDE/FNS, so far.

On May 1, 2017, USDA announced forthcoming changes in the school meal regulations which, according to the press release, will postpone the sodium reduction and change the percentage of grain items that need to be 51% whole grain rich. What this will look like, exactly, will be outlined in USDA memos and directives from MDE/FNS. These will likely be available by July 1, 2017.

We use NutriKids menu planning and nutrient analysis software. NutriKids is a complex program that does nutrient analysis of recipes and menus, creates production records, sizes recipes, menu forecasting and product order guides. It is a valuable tool that helps us monitor our compliance with federal and state regulations.

The nutrient analysis we develop in the process of planning menus is not intended for medical use. We do provide menu nutrient analysis reports to the Health Offices for their reference in assisting students with diabetes. Each month we develop nutrient analysis reports for each menu offered each school day.

Student Eligibility

The total number of free and reduced students has increased over the years. The number can vary from day to day as students enroll and leave the district. Applications for meal benefits may be submitted at any time during the school year. Families may apply for free/reduced meal benefits by completing an electronic application or completing a paper application. The paper application is posted on the website and printed copies are available in each school location. If circumstances change during the school year, families may update their application with a telephone call or file a new application. Families may also be Directly Certified under an agreement between the Department of Health & Human Services (HHS) and the Department of Education (MDE). The information from HHS about families qualifying for public assistance, SNAP or MFIP, is matched with the student data BHM Schools reports to MDE. MDE provides us with an electronic report of the directly certified students. The reports are provided periodically throughout the year.

The percentage of students qualifying for free/reduced meals was 22.1% on October 1, 2016, which is a decreased from the 25.0% reported on October 1, 2015. The change in percentage represents 168 students.

October 1, 2016 MARSS Report

Buffalo Community Middle School	21.3%
Montrose Elementary School	39.5 %
Buffalo High School	18.2%
Northwinds Elementary School	19.5%
Discovery Elementary School	14.6%
Parkside Elementary School	32.5%
Hanover Elementary School	12.4%
Tatanka Elementary School	30.2%
Phoenix Learning Center	55.6%
Pride Transitions	15.4%

Families applying for free/reduced meals for the first time are often very concerned about confidentiality. We take confidentiality seriously. Confidentiality is a required skill for every food service employee.

Angel Account

We have Angel Accounts for each school. The food manager has access to the account and will transfer funds to a student's account to tide them over when a shortfall occurs. The funds transferred are a gift, not a loan. The Angel Account is funded by donations from a corporate foundation, employees, families and community members. This year we had significant donations form the community in response to an Infinite Campus e-mail message, postings on the website and Facebook page about the Angel Account.

Our community responded very generously. We are very grateful for the donations. The donations help so many students and families.

When I am asked to donate to a charity, I think how much would I give? Then I donate that amount to the Angel Account. Having these funds available has eliminated a lot of stress and anxiety for students and staff.

Paypams & Infinite Campus Messaging

PAMS (Parent Account Management System), an on-line credit or debit card payment system for student meal accounts, is a complimentary service we provide for our families.

Paypams system utilizes web access and e-mail to communicate with their customers. Parents designate what services they need including setting automatic payments either on a specified day or when the account balance reaches a designated amount. Accounts may also be set up to send e-mail messages when the account balance reaches the low balance threshold. When the parent receives the low balance message, they may choose to make a credit/debit card payment or send money to school.

The credit/debit card payments, received electronically by the district's bank, are valid and approved payments. Because of this validation process, the credit card payments are not instant. Depending on when the parent initiated the credit card payment, it could come through in an hour or it could take a day for the payment to be credited to the student meal account. We do manual communications several times a day to pull in payments to get money into student's accounts as soon as possible.

The district does not take the credit card payment directly. Parents deal directly with Paypams. We do assist families when they are having Paypams account difficulties by logging in as the system administrator.

The volume of payments received through the on-line system has grown steadily since installation in January 2004. Paypams became a complimentary service provided to our families in August 2007 and utilization took off and hasn't slowed down. We currently receive 77.5% of prepayments through Paypams, 15.3% by check and 7.2% by cash. This is about a 2% shift from payments made by check to Paypams compared to last year. The percentage of cash payments remained about the same. Food service pays the transaction fees involved with the use of www.paypams.com. The fees are recognized as a business cost.

Parents appreciate the ability to monitor the meal account activity, receive reminders when there is a low balance and set up recurring payments if they wish.

Another service we offer families is low and negative balance notification using Infinite Campus Messaging. Messages are launched Monday-Thursday to families with meal accounts with a low or negative balance. We began this service with text to voice

telephone messages. This year we switched to e-mail and text. The change has been well received and works very well. Families may opt out of the courtesy messages by contacting the Food Service office.

USDA Commodity Entitlement

The USDA commodity distribution program provides entitled funding for the student lunches served last school year. The funds for the entitlement come from tariffs charged on imported products. The current allocation is \$0.22 per meal or about \$199,000.

Last fall, we were offered Bonus Commodities. We filled out the survey asking for approximately \$51,000 in extra "brown box" product. We are scheduled to receive about \$44,200 in bonus food items. This is in addition to our entitlement. Our cost to receive the Bonus Commodities is shipping and storage, \$2.69/case. The Bonus commodities will bring us a net gain of about \$41,400 in fruits, vegetables, cheese, chicken and beef, a significant cost avoidance. We are able to take advantage of the offer because we maintain dry and frozen storage for commodity food items.

Minnesota School Foodservice Buying Group (MSFBG)

BHM School District is a member of the MSFBG, a joint powers buying group hosted by Anoka-Hennepin School District. Any self-operated school food service program may be a member. The membership fee covers the cost of administering the program. The fee is scaled according to enrollment.

The Buying Group bids high volume products directly from the manufacturer. The schools that are members buy the same product at the same laid in cost from their distributor. The only difference is the service fee charged by their distributor. It is a good thing for schools, especially the small ones that don't have the volume to drive low bid pricing.

An example of the cost savings is cereal. The amount we save on cereal more than pays for the membership fee and the cost of my time sitting as a voting member on MSFBG Board. This year, the price bid for General Mills Bowl Pack Cereal (96/1 ounce), was \$15.45. This is about \$10/case less than we paid for it twenty years ago.

Summer Food Service Program – Census Eligible Sites

We became a sponsor for the Summer Food Service Program in 2015, hosting a census eligible site at Discovery. In 2016 we were approved for two census eligible sites, Discovery and Montrose. The SFSP, with a census eligibility site, is open to all children up to age 18. No applications, no reservations, no signing in. The children just need to come in during the posted meal times.

We partnered with Special Education, Targeted Services, Buffalo High School, Community Education, SunBlock and KidKare to offer meals in the Discovery and Montrose cafeterias to all the children who participate in these programs.

We plan to continue partnering with Bev Koopman's foundation, Feed the Mind, to offer free books every day we are serving meals. Approximately 3,000 books were taken home over the course of the program.

We are coordinating with the Montrose SPARK program in that the afternoon activities will begin with lunch at the MES SFSP and activities in the park will follow.

Allison Barkley, Food Service Department Secretary has done an exemplary job of securing donated prizes and grant funding to sponsor events and presentations scheduled in conjunction with the SFSP meal service.

We also had produce donated to us by some of our food service staff with over abundant gardens as well as the BHS Ag department.

The Summer Food Service Program for 2017 will look a bit different. We will have a third census eligible site, Buffalo Community Middle School, serving meals the days SunBlock is in session. Discovery and Montrose will serve meals Monday through Friday, June 14-August 25, 2017

2017-18 Budget & Program Plans

Staffing for 2017-18 will be adjusted to focus on performing at the upper range of targeted meal equivalents per labor hour. We will continue to look for ways to improve our business and the service we offer to our families.

The 2017-18 income guidelines are likely to be adjusted for the current economic conditions. Historically, a cost of living increase has been added.

The reimbursement rates will likely remain about the same.

The percentage of students eligible for free and reduced meals will likely remain about the same, unless something dramatic happens with the economy and jobs.

Revenue from Ala Carte sales has improved with better products and new recipes.

We will plan for an average of \$0.05/meal increase in the paid meal prices to cope with increased costs, specifically in labor.

Conclusion

Change is one of the few things we can all count on. It is an opportunity to try different methods of business operations. Change brings challenges. If we don't successfully learn new skills and accomplish needed changes, we will be left behind and someone else will be doing the job better.

I remember reminding my son of the three reasons to go to play football or hockey: to develop skills, play fair and have fun. This mind set applies to our food service staff as well. They are reminded of the following concepts regularly:

If nine days out of ten you don't enjoy coming to work there is something wrong.

If there is something wrong, you have three choices: fix it, accept it, or leave.

If you can't fix it or accept it, then you need to go find something to make you happy.

Life is too short not to be happy.

They are also reminded that if we don't know there is a problem, we can't fix it.

If someone has an idea and doesn't share it, we lose an opportunity to improve.

Many changes will occur in the coming year. As these changes occur, food service will work to stay focused on our purpose, which is to feed kids while operating an enterprise account. We are very fortunate to have very dedicated and skilled food service staff. This is a solid organization and it is a great place to work.

Thank you for the opportunity to serve the district since November, 1989. I will miss the people, adults and kids.

The Stories....

Buffalo Community Middle School:

There are so many every day. One that comes to mind is recently when we were serving lunch, a student leaned towards me and said "you are my favorite lunch lady". She concluded with "don't tell the others, I don't want them to feel bad". What I loved about this conversation is she wanted to share how she felt, yet she shared empathy, kindness compassion for the other staff members

It is amazing the reception from the students we get every day from the thank yous to the complements on food items that are being served that day. Often times hugs take place as they pass through the registers, or the how's your day going or have a great day comments, the huge smiles and the students who stop to help straighten trays or pick up and help us out.

These acts of kindness reflect how we are doing. So many great conversations take place daily and during the school year. This is our norm, a positive inviting place to pick up lunch, eat and share time with friends.