CHAPTER 8 – FOOD SERVICES

BACKGROUND

School food service programs, also known as Child Nutrition Services, must comply with a variety of federal and state regulations and local school board policy. The United States Congress directed the National School Lunch Program (NSLP) and School Breakfast Program (SBP) in 1946 to "safeguard the health and well-being of the nation's children and to encourage the domestic consumption of nutritional agricultural products."

The United States Department of Agriculture (USDA) administers the NSLP and SBP. School districts that participate in the NSLP and SBP must serve students meals that meet federal guidelines for nutritional value and offer free and reduced-price meals to eligible students. When districts participate in the NSLP and SBP, they receive cash subsidies and donated commodities from the USDA for each eligible meal served at schools. Lamar CISD (LCISD) also receives donated commodities (i.e., fresh fruits) from the U.S. Department of Defense (DOD).

Government has recognized that schools have become the primary source of obtaining healthy meals for school children and has worked to enact many regulations to ensure that meals served to school children contain a healthy variety of fruits, vegetables, and whole grains, while also balancing the amount of proteins, saturated fats, sodium, and calories. The most recent regulation enacted that has a significant impact on the way school districts operate their food service program is the Healthy, Hunger-Free Kids Act of 2010. This act requires schools to improve nutritional standards for each meal served. There are specific and rigid guidelines that must be implemented, which include dietary guidelines and pricing requirements. For example, school lunches should include daily fruit and vegetable offerings, more whole grains, only fat-free or low-fat milk, and reduced saturated fat, trans-fat, and sodium.

The challenge that schools face in meeting the Healthy, Hunger-Free Kids Act of 2010 is in preparing foods that taste good and are similar to what children are accustomed to eating, while also adhering to the guidelines. Students in all school districts have noticed the differences resulting from the revised dietary guidelines and have voiced complaints that the food does not taste good and that they are still hungry due to smaller portion sizes.

Effective Child Nutrition Services operations provide students and staff with appealing and nutritious breakfasts and lunches at a reasonable cost in an environment that is safe, clean, and accessible. The goal of all school district Child Nutrition Services programs is to be self- supporting such that revenue generated from meals served cover all operational and staffing costs with no assistance needed from district general funds.

The LCISD Food Service Department (the Department) serves breakfast and lunch meals to over 30,000 students throughout the district. As of February 17, 2017 (115 days of school year), the Department served 5,327 breakfasts and 14,930 lunches on an average daily basis. Approximately 41 percent of students enrolled in LCISD schools are eligible to receive free and reduced-priced breakfast and lunch meals through federal reimbursements from the USDA Child Nutrition Program. Since 10 of LCISD schools qualify for Community Eligibility Provision (CEP),
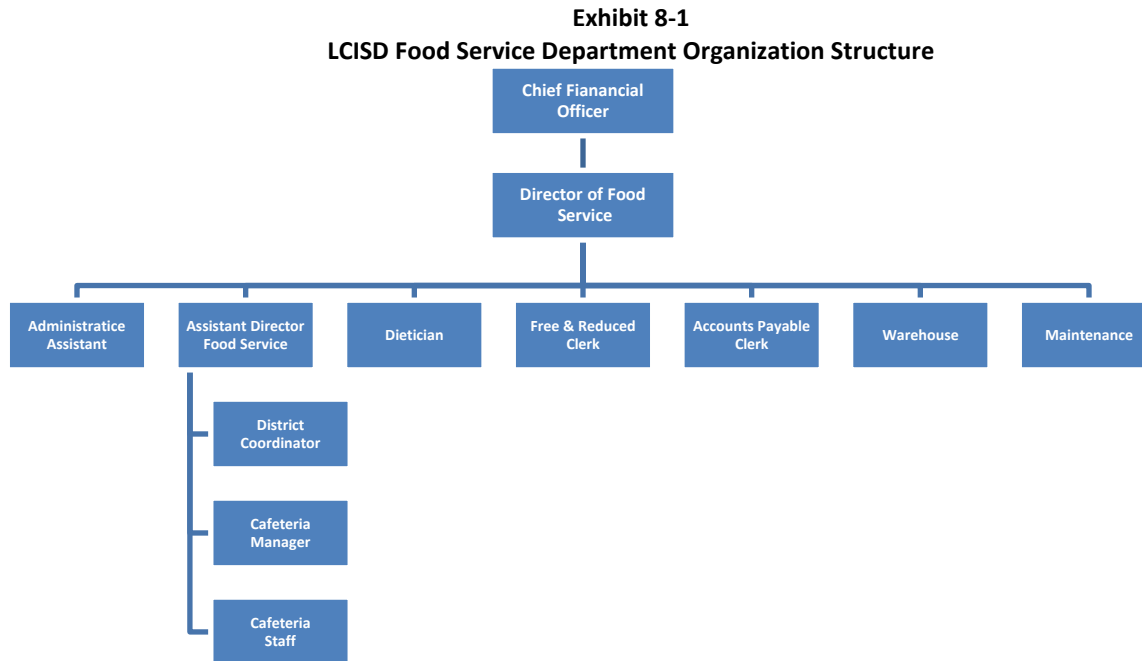
> **CHAPTER HIGHLIGHTS**
> - The Food Service Department is in a financially sound position.
> - The Food Service Organization is not structured appropriately to direct and support campus food service operations.
> - There is a lack of documented standards, policies, and operating procedures to guide campus food service operations.
> - Student breakfast and lunch participation is low at a number of district schools.
> - Cafeteria operations are overstaffed at a number of district campuses.
> - There is limited centralized training for cafeteria managers and kitchen staff.
> - LCISD's Food Service decision-making is not based on performance results and data-driven standards.
> - Menu prices have not been increased sufficiently to cover rising meal costs.
> - The balance on uncollected student meal payments is excessive.
> - Food Services has not participated in or introduced new or innovative programs to increase program revenues.

all students receive free breakfast and lunch meals at these campuses and the Department receives federal reimbursements for these meals served.

The Department operates under the leadership of the director of Food Service who reports to LCISD's chief financial officer and is supported by an assistant director of Food Service, a district coordinator, and a dietitian. **Exhibit 8-1** presents the Food Service organization structure. Most of the Department's employees are represented by approximately 240 managers and kitchen staff who work in school cafeterias at district campuses, including the Early Childhood Center.

Exhibit 8-1
LCISD Food Service Department Organization Structure

Source: Lamar CISD, February, 2017.

In 2015-2016, the Department generated $12,107,688 in revenue and had a fund balance of $3,848,208 at the end of the school year. **Exhibit 8-2** presents a summary of the Department's revenue, expenditures, and cost percentages for School Years 2015 and 2016.

Exhibit 8-2
LCISD Food Service Department Revenues and Expenses
2014-2015 and 2015-2016

Category	2015-2016		2014-2015	
	Actual	Percent of Actual Revenue	Actual	Percent of Actual Revenue
Revenue	$12,107,688	100%	$11,852,563	100%
Food costs	$5,733,070	47.35%	$5,449,253	45.98%
Salaries	$4,214,428	34.81%	$3,926,649	33.13%
Benefits	$1,441,764	11.91%	$1,568,868	13.24%
Purchased Services	$144,529	1.19%	$145,128	1.22%
Equipment	$138,090	1.14%	$235,655	1.99%
Supplies/Miscellaneous	$161,844	1.34%	$186,630	1.57%

McCONNELL & JONES LLP
CERTIFIED PUBLIC ACCOUNTANTS

Category	2015-2016		2014-2015	
	Actual	Percent of Actual Revenue	Actual	Percent of Actual Revenue
Utilities/other	$83,438	0.69%	$64,547	0.54%
Total Expenditures	$11,917,163	98.43%	$11,576,730	97.67%
Gain/Loss	$190,525	1.57%	$275,833	2.33%
Supplemental Child Nutrition	$0		$0	
Closing Balance	$3,848,208		$3,657,683	
3 Month Average Operating Cost	$2,979,291		$2,894,182	
Excess Balance over 3-Month Average Operating Costs	$868,917		$763,501	

Source: Lamar CISD NSLP Financial Report Prior Year Report for the respective years and the Lamar CISD Consolidated Annual Financial Reports for the respective years.

BEST PRACTICES

Best practices are methods, techniques, or tools that have consistently shown positive results, and can be replicated by other organizations as a standard way of executing work-related activities and processes to create and sustain high performing organizations. When comparing best practices, similarity of entities or organizations is not as critical as it is with benchmarking. In fact, many best practices transcend organizational characteristics.

The food service industry has many organizations that identify best practices for food service operations to help guide an organization to profitability, operational efficiencies and sound management practices. McConnell & Jones LLP (or the review team) identified 8 best practices against which to evaluate the food services operations of LCISD. LCISD meets two of the best practices while the other six were not met. Best practices that LCISD did not meet resulted in observations, which are discussed in the chapter. However, all observations in the chapter are not necessarily related to a specific best practice. **Exhibit 8-3** provides the summary of food service best practices and indicates whether the LCISD Food Service department has met them.

Exhibit 8-3
Summary of School Food Service Best Practices

Best Practice Number	Description of Best Practice	Met	Not Met	Explanation
1.	The program is in a financially stable position with a sufficient fund balance to handle unanticipated contingencies.	X		LCISD's food service program had a fund balance of $3,848,208 at the end of the 2015-2016 school year.
2.	The organization is structured appropriately to direct and support campus food service operations and respond to the district's rapid growth.		X	The program is understaffed in key administrative and professional staff positions. **See Observation 8-1**.
3.	Food costs, as a percentage of revenue, are at appropriate levels.	X		**See Exhibit 8-2.**
4.	Labor costs, as a percentage of revenue, cafeteria staffing, and productivity results are appropriate levels.		X	Cafeteria operations are overstaffed at a number of district campuses. **See Observation 8-4**.
5.	The program is achieving high student breakfast and lunch participation.		X	Student breakfast and lunch participation is low at a number of district schools. **See Observation 8-3**.
6.	Performance standards, policies, and procedures have been developed and successfully implemented into district cafeteria operations.		X	There is a lack of documented standards, policies, and operating procedures to guide campus cafeteria operations. **See Observations 8-2 and 8-7**.

Best Practice Number	Description of Best Practice	Met	Not Met	Explanation
7.	Cafeteria managers and staff receive sufficient centralized training and development.		X	There is limited centralized training and development for cafeteria managers and staff. **See Observation 8-6**.
8.	New or innovative programs have been introduced to increase student participation or expand revenue from non-traditional sources.		X	Food Service has not participated in or introduced new or innovative programs to increase program revenues. **See Observation 8-10**.

Source: McConnell & Jones LLP's Review Team.

ACCOMPLISHMENTS

ACCOMPLISHMENT 8-A

The LCISD Food Service program is in a financially sound position.

Best practices suggest that school food service programs maintain a reserve fund balance equal to 25 percent of their annual operating expenditures to handle unanticipated contingencies. Additionally, the NSLP requires school food service programs to maintain no more than three months' operating costs as a fund balance unless there is a specific purpose to maintain a higher balance. Any fund balance above this requirement is referred to as "excess fund balance." As part of the planned initiative to spend some of the Department's excess fund balance to satisfy NSLP fund balance requirements, wages of all cafeteria staff were increased by $1.20 per hour ($8.70 to $10.30 per hour) in FY 17 to provide more competitive pay relative to peer districts (i.e., Katy ISD pays $10.27 per hour). To spend future fund balances, replacement and upgrades to kitchen equipment and supplies along with a new vehicle for the district coordinator also have been planned.

As illustrated in **Exhibit 8-2**, the district's Food Service program had a 2015-2016 ending fund balance of $3,848,208, or 32 percent of the $11,917,163 in annual operating expenditures. As a result, the Department had sufficient fund reserves for continued self-sustained operations without relying on support from the district's General Fund.

ACCOMPLISHMENT 8-B

Food Service created a district coordinator position to provide supervision and oversight of the cafeteria operations at all district campuses.

An individual with a chef background and qualifications was hired at the beginning of February, 2017 and within the first several weeks had already made visits to all district cafeterias to identify areas of concern and assist with training and improvements at some campuses. There was a great need for this position, since no position had been dedicated to the oversight and guidance of cafeteria managers and staff at LCISD campuses.

ACCOMPLISHMENT 8-C

The dietician introduced new menus for students who require special diets.

During the past school year, one of the initiatives of the dietician was to identify students requiring special diets at all LCISD campuses. Menus have now been introduced at each campus to serve meals to LCISD students with special dietary needs.

ACCOMPLISHMENT 8-D

The Food Service program is working with a local partnership to better educate their employees.

The Food Service director is working with a local partnership between the Texas Workforce Commission and Wharton County Junior College to provide nearly 60 of the district's 240 food service workers with English as a second language lessons in the district office for 12 weeks. These lessons are tailored towards school food service staff who need English-speaking skills.

DETAILED OBSERVATIONS

Organization and Administration

OBSERVATION 8-1

LCISD's Food Service organization is not structured appropriately to direct and support campus food service operations and respond to the district's rapid growth.

LCISD's program is significantly understaffed when compared with the number of administrative and professional staff support positions of food service programs in peer districts of similar size and growth patterns. **Exhibit 8-4** provides a comparison of some key elements of LCISD and peer food service operations.

Exhibit 8-4
Comparison of LCISD and Peer Food Service Programs

Administrative & Professional Positions	Spring	Clear Creek	Lamar
Number of production cafeterias	40	43	37
Number of satellite cafeterias	1	3	1
Number of warehouse and delivery personnel	One warehouse and delivery employee dedicated to the delivery of food service items.	No dedicated personnel. Storage of vending products and various surplus equipment. Vending and maintenance employees handle deliveries.	3
Warehouse square footage	8,000	3,750	Existing: Dry Storage - 2,065 Existing Freezer- 2,035 Proposed Dry Storage - 1,978 Proposed Freezer - 2,761
Centralized purchasing or each cafeteria manager orders own food	Individual	Individual	Individual
Number of sites in summer feeding program	13	1	0
Average summer feeding participation last year	1,500\day	500\day	No program
Number of sites in dinner program	26	No program	No program
Average dinner participation last year	1,500\day	No program	No program
Allow credit card payments in cafeterias on the serving line*	No	No	No

Administrative & Professional Positions	Spring	Clear Creek	Lamar
Allow students to charge for meals	Yes 5.25 for elementary students, $5.00 for secondary students	No	Yes, $15 charge limit
Participate in Community Eligibility Program	Yes	No	Yes (10 schools)
Catering services	No	No	On a limited basis
Manager training program	Yes	Yes	Yes
Meals Per Labor Hour staffing guidelines	Yes	Yes	No

Source: LCISD Food Service Department and peer survey data.
* Credit card payments are allowed on-line through the Internet.

Thus, LCISD's Food Service organization is not structured to support the district's current organization or future growth, which includes the addition of a new elementary school in 2017, one or two new schools in 2018, and five more future schools (three elementary, one junior high, one high school) included as part of a bond election. There also are a number of clerical support or secretarial positions in all of these peer districts that were not included in **Exhibit 8-5** (i.e., free and reduced meals, payroll, finance, accounts payable, personnel, reception, vending, etc.), since the focus of **Exhibit 8-5** is on centralized administration and professional staff support.

Exhibit 8-5
Staffing Comparison between LCISD Food Services and Peer Districts

Administrative & Professional Positions	School District		
	Spring	Clear Creek	Lamar*
Director	1	1	1
Assistant Director	1	2	1
Operations Coordinator	1		
Field or Area Supervisors	5	4	1
Zone Managers			
Technology Managers/Technicians		1	
Finance/Accounting/Business		1	
Dietician/Nutrition/Menu Planning		1	1
HR/Personnel/Payroll Coordinator	1		
Procurement/Foods			
Training Manager/Coordinator	2	1	
Marketing/Communications		1	
Equipment/Maintenance	1	1	1
Vending Supervisor/Manager	2	1	
Catering Manager	1	1	
Total Positions	**15**	**15**	**5**

Source: McConnell & Jones LLP's Peer District Survey.
* Excludes clerical position such as free-reduced meal applications, accounts payable and administrative assistant position.

Most of the observations presented and discussed in this chapter are the result of an inadequate structure to direct and support food service operations at the district's cafeterias, including the Early Childhood Center. More specifically, we noted the following short-term opportunities for improvement when comparing the LCISD Food Service Department staffing with that of the peer districts.

- **Field Operations –** The most obvious and largest gap between the LCISD food service organization structure and the programs of peer districts is LCISD's absence of field supervisors to direct and support campus cafeteria operations. For example, three of the peer districts have five field supervisors and one has four field supervisors. Klein even has an additional eight zone managers to support their five field supervisors. Conversely, Lamar CISD only recently received board approval to create a new district coordinator position that was filled in February 2017. Prior to this date, there has been no dedicated position responsible for the direction, training, or support of managers and staff at district cafeterias. Although the assistant director of Food Service position is responsible for oversight and direction of campus food service operations, this position has been more involved with central office related administrative tasks and visits most district campuses on an infrequent basis. Although the approval of the district coordinator position is a positive step in the right direction, this single position cannot provide the necessary guidance and support on a timely basis to managers and staff at all cafeterias, including the Early Childhood Center, spread over a wide geographic area. District plans to add more schools in the next several years will exacerbate the situation.

- **Accounting –** The program has no accountant to generate and analyze performance indicators for management decision making related to district cafeteria operations. This has resulted in a lack of management reports available to program administrators to review the system-wide and campus-level performance of district cafeteria operations. Although the program has a free and reduced program clerk and an accounts payable clerk, it was questioned by the review team as to the necessity for having these two positions. For example, most of the free and reduced meal applications are now submitted online compared to the prior manual system required when the free and reduced clerk position was created. Further, the accounts payable clerk collects and compiles the invoices and then submits them to accounting, but these tasks appear somewhat unnecessary, since the district accounting office processes these invoices and makes payments.

- **Technology –** There is no position dedicated to support technology requirements at district cafeterias. The program uses Primero Edge software for menus, recipes, nutritional analysis, production records, point of sale (POS), ordering, and inventory. We noted that cafeteria managers and staff have little on-site training and support in using Primero Edge modules. As a result, there is anxiety among cafeteria employees regarding the use of technology. Some of the anxiety may stem from the lack of English proficiency among some kitchen staff whose native language is Spanish. The review team observed some managers still using manual reports (i.e., paper forms, binders, clipboards, etc.) rather than the modules provided in the Primero Edge system. Further, timekeeping represents an ongoing control problem at district campuses, as there are numerous calls to the central office administrative assistant (i.e., responsible for processing payroll) each day by cafeteria managers to make corrections to kitchen staff hours because they did not clock in and out of the Kronos timekeeping system at their scheduled times. There are no exception reports generated to identify and resolve this issue. Finally, there is no uniform practice across campuses for recording student meals as they progress through the serving lines. For example, students may verbalize their ID number to the cashier, enter their ID number on the keypad, or scan their ID cards. Best practices are that schools have one approach to collecting individual student ID information. The review team observed that one elementary school was not even connected to the POS system. Consequently, an employee recorded each ID number on a list and later gave the list to the manager to enter into the POS system. These practices can result in errors and the loss of program revenue for free and reduced priced meals not being claimed for reimbursement.

- **Warehousing –** The program operates a central warehouse with three full-time positions responsible for receiving, storing, and delivering food and supply products to district campuses each week, and

storing perishable food products when kitchen freezers and refrigerators are down. There are also three vans to pick up and deliver lunch meals from a Lamar High School to Seguin Early Childhood Center (ECC) each day and pick up vendor invoices from cafeteria managers two days a week. We observed excess food inventory in the warehouse that was expired, not popular among students, or was no longer served in district cafeterias for other reasons. Despite having this warehouse, most of the products and supplies used at district schools are delivered directly to each cafeteria by the program's primary vendor. Due to the poor physical condition of the current Food Service central warehouse facility, the district plans to build a new warehouse within the next 18 months. However, the funds required to operate the warehouse exceed the short-term cost savings, since central warehousing for school food service programs is based on an antiquated model that buys in mass quantity to save minimal value when all costs are considered (i.e., staffing, utilities, maintenance, transportation, etc.).
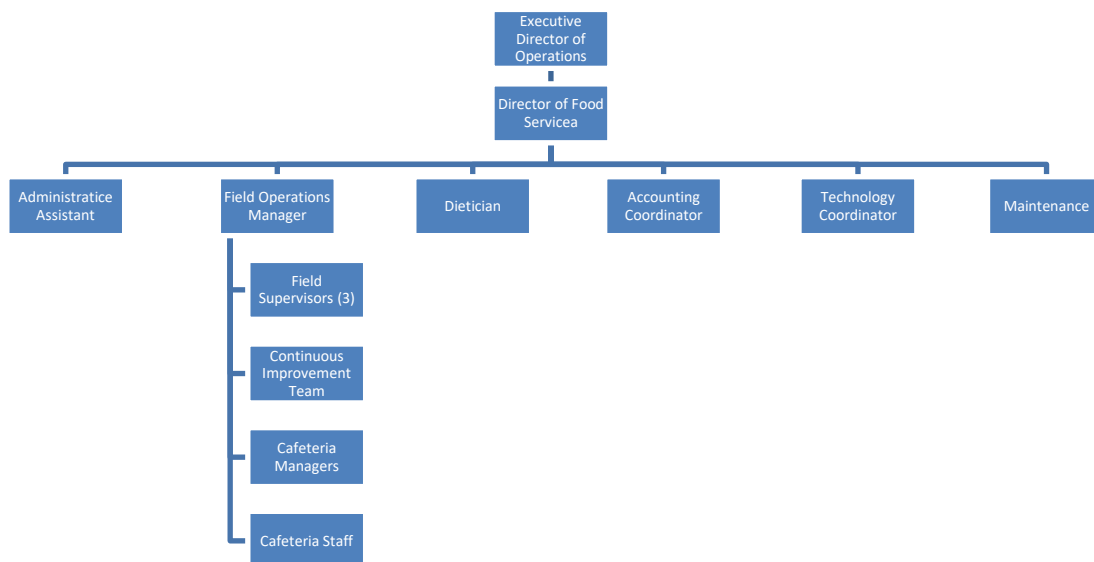
RECOMMENDATION 8-1.1

Develop and staff a new organization structure to increase the level of oversight and support for district campus food service operations and to better meet the needs of the district's future growth.

For effective implementation, the director of the Food Service should collaborate with the district's director of Human Resources and Executive Director of Operations to revise the program's current organization structure, document recommended position job descriptions, post job announcements, and interview and hire to fill new positions.

A proposed organization structure is presented in **Exhibit 8-6**, and the specific position changes are discussed in the following recommendations. As illustrated in Exhibit 1-19, it was recommended in the LCISD Proposed Organization, July 2017, in Chapter 1 of this report that the Director of Food Services will report to the LCISD Executive Director of Operations. The proposed reorganization of Food Services represents the first step of a long-term, phased hiring process to establish a foundation of core administrative and professional staff positions that are essential to the effective functioning of the organization.

Since the current organization is so significantly understaffed in these positions (i.e., 5 at LCISD vs 15 at 3 other peer districts and 22 at Klein), filling these positions immediately would be cost prohibitive. Alternatively, in the short-term, a reallocation of resources would minimize the fiscal impact of the reorganization.

Exhibit 8-6
Proposed Food Service Organization Chart

Source: McConnell & Jones LLPs' Review Team.

RECOMMENDATION 8-1.2

Restructure campus on-site field operations through the elimination the assistant director of Food Service position, elevation of the district coordinator position, creation of three field supervisor positions, and creation of a continuous improvement team (3 positions).

The key emphasis of the proposed organization structure is to increase the direction and support for LCISD cafeteria operations. More specifically, we recommend the following:

- *Eliminate the assistant director of Food Service position* and use the cost savings to help support the costs of the three new field supervisor positions. Although other peer districts have one or two assistant director positions, the lack of centralized positions in the Department's current organizational structure warrants a less vertical structure and a priority given in the allocation of more resources to focus on campus-level oversight and supervision (i.e., field supervisors).

- *Elevate the district coordinator position to a new field operations manager position*, which will be responsible for the direction and oversight of all campus-level food service operations and will report to the director of Food Service. This position will be critical to the development and mentoring of the new field supervisors and continuous improvement team. Due to the increased responsibility of this position and the recommended elimination of the assistant director position, the position title should be elevated to reflect these changes, including the conversion to a 12-month position.

- *Create three field supervisor positions* that will report to the field operations manager and will provide direct oversight and support of managers and staff at all district cafeterias, similar to these positions in peer district food service programs (see **Exhibit 8-5**). To be most efficient, these positions should be assigned to supervise cafeterias according to geographic areas.

- *Create a continuous improvement team* of three positions that will include a lead and two staff members that will be interviewed and selected by the field operations manager. These should be individuals who have demonstrated outstanding performance at the respective cafeterias during their LCISD employment. The field operations manager would assign this team to work at specific cafeterias that have the greatest performance deficiencies. The team would serve at an assigned location until performance deficiencies are resolved and would continue to be rotated among campus locations according to need as determined by the field operations manager.

- *Order five new district vehicles,* a new district vehicle has already been ordered for the field operations manager, but new vehicles will need to be ordered for the director of Food Service, three field supervisors, and the technology coordinator.

RECOMMENDATION 8-1.3

Create an accounting coordinator position and eliminate the free and reduced program clerk and the accounts payable clerk positions.

The accounting coordinator should generate and analyze management reports that include performance indicators related to district cafeteria operations, which are discussed in more detail in Observation and recommendation 8-6. These reports should be provided to the field operations manager, field supervisors, and cafeteria managers on a monthly basis to review the system-wide and campus-level performance of district cafeteria operations. This position also should be responsible for collaborating with LCISD's Business Office\Chief Financial Officer on other program and accounting related activities (i.e., free and reduced meal applications, federal meal reimbursements, program audits, accounts payable, payroll, etc.).

RECOMMENDATION 8-1.4

Create a technology coordinator position.

This position should support the technology requirements at district cafeterias and collaborate with district IT staff. These responsibilities will include the training and support of Primero Edge software at district cafeterias so managers and staff can be competent in using all system modules (i.e., production records, POS, ordering, inventory, etc.). Further, this position should generate exception reports to identify and resolve kitchen and cafeteria Kronos system timekeeping issues. Finally, this position should collaborate with school principals to establish and implement a uniform practice across all district campuses for recording student meals through the POS system.

RECOMMENDATION 8-1.5

Phase out the centralized warehouse operation, and eliminate the three warehouse positions.

Rather than proceeding with plans to build a new food service central warehouse, the existing warehouse operation should be phased-out over the next two years. This recommendation relates to warehouse operations, not the facility itself. This will include the elimination of the three full-time warehouse positions. The warehouse has been used to store food products when cafeteria walk-in freezers or coolers are not working, but a refrigerated truck could travel between campuses should such breakdowns occur. Once the warehouse is closed, all cafeteria products and supplies should be delivered and stored at district cafeterias. Further, the use of vans should be phased-out for the pickup and delivery of invoices from district campuses. Instead, the district inter-campus mail service should be used and/or invoices can be scanned and e-mailed to the food service program or district accounting central office.

FISCAL IMPACT

The plan to reduce excess fund balances in future years should include the aforementioned changes in program organization structure, which should be fully implemented over the next three years. The cost savings from the elimination of the assistant director of Food Service, three warehouse positions, and the central warehouse operation (i.e., utilities and maintenance for the warehouse storage operations, transportation, etc.) should be redirected to supporting the new positions recommended in the program re-organization.

Exhibit 8-7 provides the estimated net fiscal impact of the proposed organization changes of additional annual salary costs of $82,705, effective in Fiscal Year 2018-2019. This represents a total net fiscal impact of $330,820 over the 4-year period from Fiscal Year 2018-2019 to Fiscal Year 2021-2022. The proposed salaries are based on Fiscal Year 2017 base compensation of similar position job titles in LCISD. These estimates only include salary costs or savings and do not include non-salary costs, such as other operating costs for the central food service warehouse (i.e., vehicles, maintenance, gas, supplies, etc.). In addition to the fiscal impact of salaries, there also would be a cost associate with the recommended addition of five new vehicles for the director, three field supervisors, and technology coordinator. However, we suggest that these vehicles be purchased with excess fund balances in future years similar to the purchase of the district coordinator's new vehicle in Fiscal Year 2017.

Exhibit 8-7
LCISD Food Service Proposed Reorganization's Fiscal Impact

Job Title	Recommended Action	FY2017 Base Salary	Proposed Salary	Net Impact Savings\(Costs)
Director of Food Services	Maintain	$ 111,859	$ 111,859	$ 0
Food Service Administrative Assistant	Maintain	$ 37,837	$ 37,837	$ 0
Food Services Dietician	Maintain	$ 56,272	$ 56,272	$ 0
Assistant Director of Food Services	Eliminate Position	$ 71,928	$ 0	$ 71,928
Food Service Warehouse Manager	Eliminate Position	$ 41,648	$ 0	$ 41,648
Food Service Warehouse Assistant	Eliminate Position	$ 32,174	$ 0	$ 32,174
Food Service Warehouse Assistant	Eliminate Position	$ 30,284	$ 0	$ 30,284
Food Service Clerk 5	Eliminate Position	$ 38,755	$ 0	$ 38,755

Job Title	Recommended Action	FY2017 Base Salary	Proposed Salary	Net Impact Savings\(Costs)
(Free/Reduced Applications)				
Food Service Clerk (Accounts Payable Clerk)	Eliminate Position	$ 30,847	$ 0	$ 30,847
Food Service Field Supervisor	New Position	$ 0	$ 38,000	$ (38,000)
Food Service Field Supervisor	New Position	$ 0	$ 38,000	$ (38,000)
Food Service Field Supervisor	New Position	$ 0	$ 38,000	$ (38,000)
Accounting Coordinator	New Position	$ 0	$ 50,271	$ (50,271)
Continuous Improvement Team Member - Lead	New Position	$ 0	$ 35,000	$ (35,000)
Continuous Improvement Team Member	New Position	$ 0	$ 32,000	$ (32,000)
Continuous Improvement Team Member	New Position	$ 0	$ 32,000	$ (32,000)
Food Service Technology Coordinator (PC Tech II)	New Position	$ 0	$ 45,070	$ (45,070)
District Coordinator	Reclassification to Field Operations Manager	$ 42,873	$ 62,873	$ (20,000)
Food Service Maintenance Technician		$ 48,197	$ 48,197	$ 0
Total Impact		**$ 542,674**	**$ 625,379**	**$ (82,705)**

Source: LCISD Food Service Department and review team calculations.

ANTICIPATING TOMORROW

As the district grows, it should continue to implement an ongoing program reorganization to ensure adequate campus-level support to support its growth. Given the lack of administrative and professional staff support positions in the current program, appropriate positions will need to be added in future years as funding permits. Due to the sizable gap in administrative and professional staff positions when compared to similar-size programs in peer districts, it will take significant resources and a long-term approach to provide an adequate organization structure to support growth.

The recommended new organizational structure in **Exhibit 8-6** is a short-term approach to adding key administrative and professional positions, but this structure is still not adequate. Thus, there will be an ongoing need for relevant positions to be added in future years to better support the district's long-term growth and more closely align with the centralized organization structure of peer districts. For example, with the expansion of centralized administration and a more horizontal organizational structure, an assistant director can be added in the long-term with the addition of other more administrative and professional staff positions in field operations, human resources, purchasing, training, etc. Further, with the addition of these positions, more clerical and administrative assistant type positions will be needed to support the expanded and more horizontal organization structure. Finally, the Department will need to continue adding Management-in-Training (MIT) positions to align with district growth and the need for managers to fill positions at new or existing cafeterias. As a result, the reorganization will need to continue on an ongoing basis, as funding permits, until this gap can be narrowed and the program operates with a more comparable organization structure to food service programs at peer districts.

OBSERVATION 8-2

There is a lack of documented standards, policies, and operating procedures to guide campus food service operations.

The absence of formalized standards and procedures results in a lack of uniform and consistent practices across district cafeterias, especially when coupled with the lack of on-site support and structured training given to cafeteria managers. This includes, but is not limited to, the absence of structured training on food production to ensure menus are followed; structured training staff on merchandising and displaying food on the serving lines to

look more appealing; structured training staff on efficient food preparation methods; and maintaining food temperature controls. During on-site visits to 20 district cafeterias, the review team observed several instances of disrespect, resistance to change, and insubordination from cafeteria managers when the new district coordinator was instructing them on how to properly prepare, display, and serve food on the serving lines. However, we also witnessed more instances of campus food service staff having a strong desire for more knowledge and guidance. They were enthusiastic to learn from the new district coordinator and immediately implemented his suggestions.

In an environment lacking established uniform policies and procedures or ongoing support and training, we observed informal policy decisions being made at district cafeterias on an ad-hoc and reactionary basis through phone conversations or e-mail correspondence. Thus, it is a challenge to hold cafeteria managers and kitchen staff accountable for their food preparation, merchandising, and customer service practices. This situation has resulted in waste, poor food quality and appearance, and poor service at some cafeterias. Specifically, we noted the following:

- Inconsistent food quality, display/merchandising, and service on cafeteria serving lines.

- Lack of uniformity in meals being served due to not following daily menus and/or recipes.

- Daily menus, decorations, and signage were inconsistent across schools and were not even present at some schools.

- Food waste was observed in one location because the kitchen staff did not properly use the food production sheets or review past items sales in the Primero Edge system and produced 54 extra chicken tenders that were not served during that lunch period.

- Cafeteria managers order food directly from approved vendors, but their orders are not reviewed and authorized to ensure that items align with the four-week cycle daily menus and recipe product specifications. Further, there is no verification of food and supply inventory on-hand and no standard inventory levels established for schools to adhere to. This situation has resulted in staff ordering and serving the wrong food products and excessive food and supply inventories at some campuses.

- Different color and type of uniforms are being worn by cafeteria employees across schools and even among staff at the same schools. Most schools have adopted a "scrubs" uniform.

- There is unused kitchen equipment being stored in school kitchens. This includes large mixers, meat slicers, etc. that are covered in plastic bags. Most of this equipment was used for food preparation requirements of recipes from prior years but the use of convenience foods now require minimal preparation and equipment needs.

- The director of Food Service should have greater participation with outside contractors in new school kitchen design, layout, and equipment selection. For example, we observed that some of the new equipment installed at Fulshear High School was not being used and was not needed (mixer, meat slicer, tomato slicer, etc.).

- From the review team's observation, it does not appear that the district's pest control contractor is servicing all cafeterias on a routine basis. The cafeteria employees at one campus indicated that they had a rodent problem and that no traps had been set nor had they seen the pest control service company for some time.

RECOMMENDATION 8-2

Document and implement standard operating policies and procedures for district cafeterias.

It is important that cafeteria managers and staff understand and implement operational policies and procedures at their cafeterias in areas such as food preparation, food presentation on serving lines, food quality, purchasing, inventory, sanitation, and service. The food service Director, field operations manager, dietician, field supervisors,

and continuous improvement team should all use this documentation to improve the quality and consistency of food service across district cafeterias. With respect to other operational practices, we recommend the following:

- Training and ongoing monitoring should be provided to ensure that uniform policies and procedures related to food preparation, food quality, food display/merchandising, service, signage and decorations are implemented and followed at all district cafeterias.

- The food and supply product orders from cafeteria managers should require approval, order revisions, and orders being placed through the program's central office. Thus, all cafeteria managers should submit food and supply orders to the dietitian for review and adjustments and then the orders should all be centrally made to the vendors to ensure control and uniformity.

- A policy should be established and monitored to ensure that all cafeteria employees wear and maintain the same professional uniforms at all district campuses. It is suggested that the cafeteria managers may have different color uniforms so they can be more easily identified.

- An inventory should be taken of unused or unneeded cafeteria and dining area equipment, and a plan should be implemented for removal and sale or disposal of surplus equipment.

- Include the director of Food Service and field operations manager in planning new school kitchen facilities and equipment.

- The field operations managers and field supervisors should ensure that the district's pest control contractor is servicing each cafeteria on a routine basis. This recommendation includes responding promptly to emergency issues such as rodent problems reported at specific campuses.

The director of Food Service, field operations manager, dietitian, and field supervisors should document standardized operating policies and procedures and train cafeteria managers and kitchen staff to implement and follow these practices in their food service operations. The field operations manager and field supervisors should monitor campus operations to ensure the successful implementation and ongoing observance of these policies and procedures.

FISCAL IMPACT

This recommendation can be implemented with the implementation of the new organization structure and fiscal impact already presented in **Recommendation 8-1**.

ANTICIPATING TOMORROW

As the district grows, it should establish a formalized approach to the administration of campus food service operations. The development and implementation of documented policies, procedures, and performance measures will be important to enhance the effectiveness and efficiency of campus food service operations. However, since cafeteria managers and staff have been operating in a more informal manner for many years, efforts to establish a more formalized management process will meet with resistance and will require adequate campus-level training, oversight, and follow-up to ensure proper implementation. This relates back to the reorganization discussed in the prior recommendation and will be dependent on the adequacy of the administrative and professional positions created to support this transition to a more formalized management approach. As a result, a more long-term approach will need to be considered with these changes since they represent a significant reversal to the way campus food service operations have been managed in the past.

Student Meal Participation

OBSERVATION 8-3

Student breakfast participation is 10 percent or below at 10 district schools and lunch participation is below 50 percent at 15 district schools.

Exhibit 8-8 presents average daily student participation (ADP) for breakfast and lunch meals by campus during January 2017. As illustrated, the average district-wide student breakfast participation was 19 percent and lunch participation was 53 percent. At the 10 schools (9 elementary and Seguin EEC) classified as Community Eligibility Participants (CEP), where all students receive free breakfast and lunch meals, lunch ADP percentages ranged from 72.57% to 91.39%. However, breakfast participation was 10 percent or below at four elementary schools, three middle/junior high schools, and three high schools, while lunch participation was below 50 percent at eight elementary schools, four middle/junior high schools, and three high schools.

Rather than participating in the school lunch program, the majority of students at some elementary schools were observed eating their lunch meals brought from home. The review team also observed instances where children who brought their lunches from home were allowed to be first in line when entering the cafeteria. This is not a good approach to encouraging increased school lunch participation.

This negative perception of the quality of school breakfast and lunch meals was confirmed by the results of a district's Campus Climate Survey of parents, staff, and students conducted by the district in November and December of 2017.   One of the lowest ranking survey indicators was related to the quality of food served at district schools. Of the student survey respondents, 55 percent either disagreed or strongly disagreed that "fresh, high-quality food is served at school." This compared with 31 percent of parents and 25 percent for school staff either disagreeing or strongly disagreeing about the quality of food being served at district schools.

Exhibit 8-8
Student Breakfast and Lunch Participation by Campus
January 2017

Category	Student Breakfast Participation	Student Lunch Participation
CEP SCHOOLS		
Travis Elementary	38.60%	91.39%
Jackson Elementary	48.82%	89.14%
Pink Elementary	36.35%	87.47%
Beasley Elementary	38.09%	85.53%
Bowie Elementary	37.37%	85.04%
Taylor Ray Elementary	36.28%	83.95%
Smith Elementary	37.57%	79.24%
Jane Long Elementary	33.93%	75.55%
Meyer Elementary	33.39%	75.23%
Seguin ECC	70.83%	72.57%
OTHER ELEMENTARY SCHOOLS		
Arredondo Elementary	21.55%	65.44%
Velasquez Elementary	28.67%	63.95%
Thomas Elementary	26.67%	63.09%
Hutchison Elementary	19.45%	57.31%
Mcneill Elementary	17.65%	55.97%
Williams Elementary	17.31%	54.15%
Austin Elementary	17.82%	49.40%
Hubenak Elementary	16.99%	45.50%
Huggins Elementary	12.93%	44.37%
Dickinson Elementary	6.74%	43.83%
Bentley Elementary	15.08%	40.58%
Adolphus Elementary	10.00%	39.67%
Campbell Elementary	6.34%	39.06%

Category	Student Breakfast Participation	Student Lunch Participation
Frost Elementary	8.37%	38.23%
MIDDLE & JUNIOR HIGH SCHOOLS		
Navarro Middle	30.16%	86.81%
George Jr. High	24.92%	75.73%
Lamar Jr. High	20.24%	74.91%
Wessendorff Middle	40.69%	69.95%
Polly Ryon Middle School	20.15%	54.21%
Wertheimer Middle	9.33%	46.49%
Briscoe Jr. High	12.00%	42.51%
Reading Jr. High School	8.86%	41.29%
Leaman Jr. High	5.67%	35.16%
HIGH SCHOOLS		
Terry High School	13.11%	61.17%
Lamar High School	11.41%	55.20%
Foster High School	6.23%	33.17%
George Ranch High School	6.61%	30.81%
Fulshear High School	7.26%	28.84%
TOTAL	**18.95%**	**53.33%**

Source: LCISD Food Service Department.

As previously noted, the lack of campus oversight coupled with the autonomy provided to cafeteria managers has resulted in operational weaknesses related to food preparation, meal quality, food display/appearance, signage, and service at some district cafeterias. These situations represent barriers to student breakfast and lunch meal participation. More specifically, during on-site visits to 20 district campuses, the review team observed the following:

- **Food preparation** – We observed that some meals were not prepared according to recipes. For example, black beans were not drained at a number of locations, as specified by the recipe. Upon investigation, we learned that this was the result of Spanish speaking kitchen staff being unable to read the recipe (which is only in English). We also learned that this language barrier is a common problem among many of the district's kitchen staff when trying to read and follow recipes. This is why the English language training being provided to kitchen staff (noted in Accomplishments section) is very important to resolving these issues. The lack of hands-on training (knife skills, cutting board, etc.) provided to kitchen staff also results in improper or inefficient food preparation practices.

- **Food quality** – Although some schools were serving food that looked appetizing, others served food that was poorly presented, overcooked, and not held at the correct serving temperatures. At two locations visited, the serving line steam tables and warmers were not functioning properly, so vegetables were being served at well below the required 140 degree temperatures (i.e., 101 degrees at one location and 65 degrees at another). In another location, the broccoli and mixed vegetables we sampled were soggy and cold. At one high school, food was placed on top of counters and not being kept warm in a poorly equipped line (used heated drawers). The manager indicated that one of the three serving lines that was properly equipped was not being used because they did not have enough staff. In another location, we observed burned rolls that were made and were going to be served on the next day. We understood that this problem was created by ovens not being calibrated.

- **Food display/appearance** – Although some schools were serving food that looked appetizing, others served food that was not appealingly displayed on cafeteria serving lines. For example, service staff at some cafeterias left hamburger buns in green plastic bags on the serving lines rather than removing the

buns from bags to be more properly displayed. We also observed apples that were brown and spotted on the serving line at one school.

- **Menu/food choices** – Since most menus involve the use of convenience foods, the quality of some of these products could be improved. For example, it appeared that the quality of the pizza could be improved, based on the presentation and the fact that students were throwing much of this product in the trash. The menu selection also appeared limited. For example, the lunch choice at elementary schools on one day was pizza or a cold soy sandwich (served in paper wrap). There are also other food items that do not appeal to the students. Also, some foods are served because they are provided as subsidies through the USDA or Department of Defense, although they may have minimal appeal for the students. For example, the DOD provides commodity fresh fruits. We observed half grapefruits being served at elementary schools that were very difficult for students to eat with a plastic fork. As a result, uneaten grapefruits were thrown in the trash.

- **Serving Line Signage** – Several schools had menu signage and attractive decorations and posters, while other schools had no signage at all in the serving lines. Although school breakfast and lunch menus are online, it is important that menus also be posted in cafeteria serving lines each day.

- **Service** – As students moved through the lunch lines at some schools, we observed staff not being friendly or helpful to the students. We even observed one cafeteria manager at an elementary school aggressively yelling "NEXT" to all the small children moving through the serving line. Food also was not plated in an appealing manner by some staff.

Other observations made during school visits revealed the following opportunities for increased student lunch and breakfast participation:

- There are limited a la carte options at high schools. Although the grill lines and international foods are popular items at district high schools, a la carte items are only offered on the traditional lunch lines, so there are no kiosks or other service areas offering a la carte items inside the cafeteria or at outside patio areas. These additional service areas could provide extended a la carte offerings and reduce the wait times of the traditional lines. Some school districts in Texas also have increased student meal participation through the use of food trucks during serving hours on some campuses. From a campus policy perspective, principals of some schools do not allow food service to offer some a la carte items (i.e., bottled water). Vending machines remain on during meal serving periods at some schools and compete with the school lunch program. Some school vending machines also may contain items that are of non-nutritional value, which would be in violation of the NSLP.

- There have been few new or innovative issues by the Department to increase student breakfast or lunch participation. Some school food service programs across the country have tried new initiatives to increase student breakfast and lunch participation. For example, Tusculum Elementary in Metropolitan Nashville Public Schools increased participation from approximately 250 to 600 breakfasts per day following the introduction of a breakfast in the classroom program. Other schools have introduced food courts with branded food offerings, salad bars, or farm-to-school options from local food sources to incorporate fresh produce into lunch menus.

- Surveys and focus groups are not conducted to solicit student feedback. Understanding student tastes, preferences, wants, and needs relative to breakfast and lunch meal programs is critical to increasing meal participation. Several tools are available to obtain this understanding including periodic surveys, focus groups, and food taste tests to allow students to express their satisfaction with the quality, selection, and variety of meal choices. If the menu offerings and recipes are aligned with student tastes and preferences, there is a greater likelihood that they will participate in the student breakfast and lunch program. During brief visits with cafeteria managers and a school administrator, we obtained insight into student tastes and preferences. For lunch, they indicated students liked hamburgers, chicken/waffles, Frito pie, nachos, but disliked tacos, crispitos, black beans, ravioli, chicken, pizza, quesadillas, and whole grain breading on the chicken sandwiches. One manager indicated that

McCONNELL & JONES LLP
CERTIFIED PUBLIC ACCOUNTANTS

cheeseburgers did not need to be served 4 days a week. Interestingly, it was shared with us that students eat the pickles off of the salad and throw the lettuce and tomatoes away. For breakfast, students like the cinnamon rolls, french toast, and breakfast pizza, but do not like eggs/toast, breakfast bars, pop tarts, or muffins. The dietician should consider these preferences when developing future menus.

- The program has not initiated any nutrition education programs or activities for parents, teachers, students, faculty, or staff. There is a student health advisory committee or food bloggers that give an annual report to the school board, but there have been limited efforts to involve parents in an advisory capacity for the school breakfast and lunch program. For example, parents could be involved in taste testing panels of potential menu products from different food brokers. Without the buy in of parents, it will be difficult to increase student meal participation.

- Bank debit cards are not accepted for meal payment. This limitation reduces student meal participation especially for a la carte food and beverages.

RECOMMENDATION 8-3

Increase student breakfast and lunch participation at LCISD schools.

We recommend that Food Service establish a districtwide target to increase the districtwide average daily student participation from by five percentage points for both breakfast and lunch in the next five years. This would result in breakfast participation of 24 percent for breakfast and 58 percent for lunch. To accomplish this, barriers to student lunch participation at the schools should be identified and strategies should be designed to reduce and/or eliminate these barriers. These strategies include, but are not limited to:

- As previously recommended, training and ongoing monitoring by the field operations manager and field supervisors should be provided to ensure that uniform policies and procedures are implemented and followed at district cafeterias with respect to food preparation, food quality, food display/merchandising, service, signage and decorations.

- Develop healthy and nutritious recipes and cost effective menus that meet federal nutrition requirements and are popular choices among students. The dietician should collaborate to plan cost effective menus, based on the tastes and preferences of students.

- Expand a la carte options at high schools. This could include expansion of points of service and food and beverage offerings outside of the traditional cafeteria lines. For example, mobile kiosks or food trucks could be located in various areas of cafeterias or outside patio areas to serve a la carte items. The field operations manager and field supervisors should collaborate with school principals to allow the sale of a la carte items such as bottled water and the elimination of competitive foods during the school lunch period.

- Introduce new initiatives to increase student breakfast and lunch participation. For example, breakfast-in-the-classroom could be pilot tested in specific elementary schools that have low breakfast participation. Other more innovative ideas can be implemented to increase student lunch participation at district secondary schools, such as food courts with branded items, salad bars, or farm-to-school options from local food sources to incorporate fresh produce into lunch menus. Since there may be resistance from some campus administrators and faculty, pilot tests of these new initiatives could be conducted at specific campuses that have the most support and the most need to increase student lunch participation.

- Conduct periodic surveys and focus groups to solicit student feedback implement improvements to increase student meal satisfaction, where feasible. This includes enhancing the selection, appearance, taste, freshness, aroma, and variety of meals served.

- Establish nutrition and wellness education programs or activities and taste test panels. The dietician could include parents, students, and school teachers and staff in nutrition educational and wellness

programs along with taste testing panels to select future menu products from different food brokers. The buy in from these different school food service constituents will be a critical step to increased student meal participation.

- Bank debit cards should be accepted for payment of breakfast and lunch meals at district high school cafeterias. This will provide an opportunity for increased participation from those students who may not have cash.

The positions involved in the development and implementation of approaches to increase student breakfast and lunch participation include the director of Food Services, school principals, the field operations manager, field supervisors, dietician, cafeteria managers and staff, students, campus administration, teachers, school staff, and parents.

FISCAL IMPACT

An increase in student breakfast and lunch meal participation would result in a corresponding increase in departmental revenues. However, these revenues would be offset by the costs associated with serving these additional meals.

ANTICIPATING TOMORROW

As LCISD grows, it should establish a comprehensive program to enhance the quality and choices of school breakfast and lunch meals.   The successful implementation of this recommendation will require a multi-pronged approach to generate a more positive image of the school breakfast and lunch program. Given the current image and reputation of the program, this will require a concerted and dedicated long-term approach. It will require the involvement and participation of all stakeholders, including students, administrators, teachers, school staff, and parents. Without the full buy-in of all of these constituents, combined with improved food quality and meal choices, it will be difficult to overcome the current poor perception of the school breakfast and lunch program.

Cafeteria Staffing and Training

OBSERVATION 8-4

Cafeteria operations are overstaffed at a number of district campuses.

The staffing models used for LCISD cafeterias are based on student enrollment and do not evaluate productivity or schedule cafeteria staff based on productivity standards. Cafeteria employees are now scheduled for 5, 6, 7, or 8 hour shifts per day according to the student enrollment at their respective schools. As a result, a number of district cafeterias are overstaffed when measured by the commonly accepted school food service productivity measure of Meals Served per Labor Hour (MPLH). This measure is calculated based on a school's average daily student meal participation (ADP), rather than school enrollment, divided by the average daily labor hours scheduled.

Some food service programs establish meals per labor hour standards based on average daily student participation (meal equivalents served by school level). One of the reasons for MPLH ranges, rather than specific targets, is the variability in MPLH results based on a number of other controllable or non-controllable factors, which include, but are not limited to:

- use of disposables versus ware-washing;
- satellite versus self-operation;
- use of convenience foods;
- number of menu items served;
- menu item preparation requirements;

- number of self-serve items;
- number of serving lines;
- number of lunch periods; and
- staggering of labor hours.

Exhibit 8-9 illustrates an example of a staffing guide that includes meal equivalent and meals per labor hour range guidelines for the food service program in Conroe ISD.

Exhibit 8-9
Meals Per Labor Hour Based on Meal Equivalents

Meal Equivalents	Recommended MPLH Range
201 to 250	12 to 15
251 to 300	13 to 16
301 to 400	14 to 18
401 to 500	14 to 19
501 to 600	15 to 19
601 to 700	16 to 20
701 to 800	17 to 22
901 and up	19 to 23

Source: Pannell-Martin (2014), School and Nutrition Service Management for the 21st Century.

In February 2017, the districtwide average productivity for all district cafeterias, including the Early Childhood Center was 16.64 MPLH. However, productivity was much lower than the districtwide and their respective group averages at a number of cafeterias, as illustrated in the cafeteria MPLH results by category grouping in **Exhibit 8-9**. This exhibit includes those cafeterias at the elementary schools of Beasley, Adolphus, Bentley, Frost, Campbell, and Dickinson, along districtwide with Leaman Junior High, Wertheimer Middle, and Fulshear High schools.

The districtwide MPLH results at LCISD of 16.64 is similar to the 17.1 MPLH results of Conroe ISD, but well below the MPLH results being achieved at Clear Creek ISD, where MPLH group averages are 21.57 for elementary schools, 22.39 at middle schools, and 22.5 at high schools. This compares to LCISD's MPLH group average results of 15.5, 14.58, and 16.85, respectively, as shown in **Exhibit 8-10** on the following page.

Exhibit 8-10
Meals Served Per Labor Hour by Campus-Level
Year-to-Date February 17, 2017

Category	Average Meals Per Day	Actual Labor Hours Per Day	Average MPLH
CEP ELEMENTARY SCHOOLS			
Meyer Elementary	810	32	25.32
Taylor Ray Elementary	789	32	24.67
Jane Long Elementary	769	32	24.05
Bowie Elementary	830	37	22.44
Pink Elementary	710	32	22.20
Travis Elementary	751	37	20.30
Smith Elementary	569	32	17.78
Jackson Elementary	539	32	16.84
Beasley Elementary	455	32	14.21
Group MPLH Average			**20.88**

Category	Average Meals Per Day	Actual Labor Hours Per Day	Average MPLH
OTHER ELEMENTARY SCHOOLS			
Thomas Elementary	728	32	22.76
Velasquez Elementary	641	32	20.03
Williams Elementary	620	32	19.36
Arredondo Elementary	610	32	19.05
Mcneill Elementary	586	32	18.31
Hutchison Elementary	492	27	18.23
Huggins Elementary	553	32	17.27
Hubenak Elementary	523	32	16.34
Austin Elementary	420	27	15.54
Adolphus Elementary	393	32	12.28
Bentley Elementary	302	32	9.43
Frost Elementary	247	27	9.15
Campbell Elementary	289	32	9.03
Dickinson Elementary	234	27	8.67
Group MPLH Average			**15.51**
MIDDLE & JUNIOR HIGH SCHOOLS			
Navarro Middle	575	32	17.97
George Jr. High	1102	64	17.22
Reading Jr. High School	1073	64	16.76
Wessendorff Middle	504	32	15.74
Polly Ryon Middle School	469	32	14.64
Lamar Jr. High	969	69	14.05
Briscoe Jr. High	806	59	13.65
Leaman Jr. High	576	54	10.66
Wertheimer Middle	314	32	9.81
Group MPLH Average			**14.58**
HIGH SCHOOLS			
George Ranch High School	1852	94	19.70
Foster High School	1601	83	19.29
Terry High School	1618	88	18.39
Lamar High School	1332	88	15.14
Fulshear High School	369	49	7.52
Group MPLH Average			**16.85**
Seguin ECC	495	27	**18.33**
ALL SCHOOLS	**26,515**	**1,593**	**16.64**

Source: LCISD Food Service Department.

Given the prevalent use of convenience foods and disposables (Styrofoam trays and plastic utensils) at LCISD cafeterias, productivity appears low. Although elementary schools are supposed to use plastic trays, we observed Styrofoam trays being used at most locations. The rationale for this from cafeteria managers was that their locations were short staffed one position. Despite the overstaffing at district cafeterias, we observed that some cafeteria managers continue to perceive that their operations are understaffed.

The low enrollment and relatively low number of meals served at some campuses provide a barrier to making appropriate scheduling adjustments to achieve MPLH targets. **Exhibit 8-11** presents the school enrollment and average daily breakfasts and lunches served by school. These include the elementary schools of Smith, Jackson,

Beasley, Hubenak, Hutchison, Austin, Adolphus, Dickinson, Campbell, Bentley, and Frost. The lowest student participation among these schools is Frost Elementary, which is only serving 49 breakfasts and 198 lunches on an average daily basis. Among the middle and junior high schools, Leaman Junior High and Wertheimer Middle are serving an average of only 43 and 37 breakfasts and 265 and 222 lunches, respectively, on a daily basis. Fulshear High School only serves an average of only 27 breakfasts and 114 lunches per day.

Exhibit 8-11
School Enrollment and Average Daily Breakfast and Lunches Served
Year-to-Date, February 17, 2017

Category	School Enrollment	Daily Breakfasts	Daily Lunches
CEP SCHOOLS			
Bowie Elementary	650	273	556
Meyer Elementary	725	253	555
Taylor Ray Elementary	631	238	550
Jane Long Elementary	615	260	510
Pink Elementary	602	202	508
Travis Elementary	591	244	507
Smith Elementary	435	184	385
Jackson Elementary	405	182	357
Beasley Elementary	375	128	327
Seguin ECC	304	241	253
OTHER ELEMENTARY			
Thomas Elementary	850	208	516
Mcneill Elementary	858	114	471
Arredondo Elementary	701	146	463
Williams Elementary	940	160	459
Huggins Elementary	933	102	450
Velasquez Elementary	678	195	445
Hubenak Elementary	787	131	392
Hutchison Elementary	684	125	364
Austin Elementary	624	98	322
Adolphus Elementary	727	72	321
Dickinson Elementary	545	33	282
Campbell Elementary	607	22	266
Bentley Elementary	599	75	227
Frost Elementary	503	49	198
MIDDLE AND JUNIOR HIGH SCHOOLS			
George Jr. High	1034	213	817
Lamar Jr. High	883	186	630
Reading Jr. High School	1269	91	470
Navarro Middle	504	130	414
Briscoe Jr. High	908	101	360
Wessendorff Middle	395	147	312
Polly Ryon Middle School	680	81	310
Leaman Jr. High	756	43	265
Wertheimer Middle	457	37	222
HIGH SCHOOLS			
Terry High School	1931	259	1129

Category	School Enrollment	Daily Breakfasts	Daily Lunches
Lamar High School	1599	232	887
George Ranch High School	2552	141	710
Foster High School	2060	149	628
Fulshear High School	402	27	114

Source: LCISD Food Service Department.

Some school districts today use varying degrees of centralized food production. These school districts deliver meals, ingredients, products, and supplies to their schools. This strategy often increases employee productivity at satellite kitchens that require less labor hours than self-contained kitchens. At present, of the district's campuses only Seguin EEC is classified as a satellite school. This is despite the presence of new kitchens with excess capacity, such as at Fulshear High, where much of the equipment and facilities are underutilized.

Thus, there appears to be an opportunity to convert to satellite operations for certain locations based on certain factors such as low enrollment, low participation, proximity to other schools, simple operations (i.e., one grade and/or one serving line). For example, Frost and Fulshear High Schools (enrollment of 400 students) are serving less than 150 meals per day. Some schools have only one serving line and/or only one grade at their locations (i.e., Navarro Middle, Ryan Elementary, Williams Elementary, etc.). Further, some of the newer schools (Ranch HS, Reading, JH, and Ryon Elementary) are located adjacent to each other. These all represent potential opportunities to increase the use of satellite operations to increase employee productivity. This also would reduce the costs of having to have a cafeteria manager on each campus.

RECOMMENDATION 8-4

Increase cafeteria labor productivity districtwide.

LCISD's Food Services should establish a districtwide target to increase the districtwide meals served per labor hour results from 16.64 to 18 MPLH. To achieve these targeted reductions and staffing schedule adjustments across district cafeterias, we recommend the following.

- **Improve system-wide meals per labor hour results by focusing on improving productivity at specific cafeterias.** Meals per labor hour standards should be established for each cafeteria and staffing schedules at each campus should be adjusted to reflect those standards. A focus should be made initially on aligning staffing schedules for increasing productivity at those schools with low MPLH results, as illustrated in **Exhibit 8-9**. To optimize productivity, a combination of scheduled employees must be used, based on school level (elementary, middle, high school), average daily student meal participation, and specific school site factors (i.e., kitchen facilities and equipment, dining room capacity, school policies, etc.). There also could be more training of cafeteria managers and increased involvement on their part in terms of staffing schedules at their locations, along with cross-training of all kitchen staff to perform all jobs in the operation. The effective implementation of appropriate staffing schedules, based on campus enrollment and other campus features, should result in reduced departmental payroll costs and corresponding increases in employee productivity.

- **Expand the number of satellite kitchen operations at the campuses.** A strategy to reduce total kitchen labor hours and increase meals per labor hour would be to select appropriate schools with relatively low enrollment and convert them from self-contained to satellite operations. In this system, food service staff at one school with an underutilized kitchen (previously discussed) will prepare meals for its students and for students at one or more additional schools in the same geographic area. The meals would be placed in insulated containers, transported, and delivered to the other school kitchens. The receiving schools' kitchen ovens and serving line steam tables would then be used to keep the food at appropriate temperatures until served. Any increases in staffing at the central kitchen required by

MJ McCONNELL & JONES LLP
CERTIFIED PUBLIC ACCOUNTANTS

additional meal production volume and the transporting and delivery of meals should be more than offset by the reduction in labor hours at satellite kitchen locations. Thus, there should be an overall reduction in system-wide employee productivity and a corresponding reduction in payroll costs. In addition, the cost of kitchen equipment repair and replacement should decrease, as fewer kitchens would need appliances to refrigerate or heat food items. The major capital costs will be the purchase of a sufficient number of vehicles to transport meals to the satellite operations. There also will be added supply costs of insulated containers for transporting the meals from the central kitchen to satellite locations.

The director of Food Service, field operations manager, field supervisors, and school administrators should be involved in the development and implementation of approaches to increase employee productivity and reduce the corresponding departmental payroll costs. Productivity increases and reduced labor cost percentages also are the result of increased student breakfast and lunch meal participation (see **Recommendation 8-3**). Thus, increased meal participation without increases in average daily labor hours will result in increased employee productivity.

FISCAL IMPACT

Based on the districtwide average daily labor hours of 1,593, increased productivity from 16.64 to 18 MPLH would result in a reduction of 120 labor hours on an average daily basis across all district cafeterias including the Early Childhood Center. Assuming an average wage of $10 per hour, this would translate in to an average daily labor cost savings of $1,200 per day or $216,000 per year (based on 180 school days). This would correspond to an annual reduction of departmental salaries from 33.1 percent to 31.3 percent of departmental revenue (based on 2015-2016 revenue and salaries). The payroll cost savings for a four-year period, beginning in Fiscal Year 2018-2019 would total $864,000 ($216,000 per year x 4 years).

ANTICIPATING TOMORROW

As the district grows it should integrate productivity standards into all district cafeterias and revise staffing, where applicable. The successful implementation of MPLH productivity standards represents a significant change in cafeteria staffing, when compared to the current method of staffing according to school enrollment. If the same percentage of students participated in the breakfast and lunch programs at each school, this would be appropriate. However, since student breakfast and lunch participation vary widely across campuses, MPLH productivity standards are required to ensure appropriate cafeteria staffing and operational efficiency. Since MPHL productivity standards have not been used as a guide to staffing cafeterias, there will be resistance among staff at most cafeterias, especially those with low productivity. This situation will require considerable training, coaching, and support for those campuses required to revise their schedules and reduce their daily labor hours. It also will require both a short- and long-term approach to changing the culture of each cafeteria and to receiving buy-in from cafeteria managers with a new approach to scheduling their operations.

OBSERVATION 8-5

There is limited centralized training for cafeteria managers and kitchen staff.

The Department has a monthly managers meeting to share information with cafeteria managers, but there is no online instruction and limited centralized training for managers and food service staff working in district cafeterias. Central menu/recipe testing sites and orientation/training kitchens, along with the introduction of online training, would significantly improve efficiencies in system food service operations. For example, managers and staff could go to a designated district cafeteria for training by the field supervisors on new recipes, food preparation procedures, food presentation, and serving methods.

RECOMMENDATION 8-5

Establish centralized training and testing kitchens at select schools.

Schools that have underutilized kitchen space, equipment, and serving lines, as previously discussed, should be identified and selected as training sites for cafeteria managers and kitchen staff. For example, more food service site personnel could be trained if the underutilized Fulshear High School was designated as a testing and training kitchen. All district cafeteria managers and kitchen staff could receive hands-on training during scheduled timeframes in the school year, especially when schools are not in session. These centers could also be used for the orientation and training of all new food service employees for on-site training on different topics (i.e., food preparation, food display/merchandising, safety/sanitation, etc.) and as test sites for new recipes and menu offerings and also could develop online training modules for cafeteria managers and staff. These also would be good locations for those hired in the Management in Training (MIT) program.

The director of Food Service, field operations manager, field supervisors, dietician, technology coordinator, and accounting coordinator should be involved in the development and implementation of training programs to improve the skills of cafeteria managers and staff and corresponding effectiveness and efficiency of LCISD cafeteria operations.

FISCAL IMPACT

This recommendation can be implemented with the implementation of the new organization structure and fiscal impact already presented in **Recommendation 8-1**.

ANTICIPATING TOMORROW

As LCISD grows it should expand training and development opportunities for cafeteria managers and staff.   Since no one position is dedicated to the training and development of cafeteria managers and staff, this will require a collaborative effort from the field operations manager, dietician, field supervisors, technology coordinator, and accounting coordinator.   As previously suggested, with sufficient funding, the program can add a training coordinator position similar to that at some of the other peer districts that will be dedicated solely to the training and development of cafeteria managers and staff. This will allow the continued expansion of both on-site and online training programs on a more regular basis.

Financial Management

OBSERVATION 8-6

LCISD's Food Service Department decision-making is not based on performance results and data-driven standards.

Clear performance expectations and standards have not been developed for campus food service operations. For example, management reports of key performance indicators (i.e., food costs, labor costs, productivity, meal participation, etc.) are not generated to identify opportunities for improvement in cafeteria operations. As a result, it is difficult to hold cafeteria managers accountable for the performance of the operations for which they are responsible. There is a recognition award for School of the Month, but this award could be more meaningful is it were based on quantitative performance standards or metrics. It is important that LCISD's cafeteria managers understand these critical performance indicators and know how to use this information for decision-making on an ongoing and timely basis to improve the efficiency and effectiveness of food service operations. More specifically, the review team observed the following:

- Budgets and income statements are consolidated for the program level only. Since they are not broken down by campus level, they cannot be used to monitor food service operations.

- As previously discussed, district cafeterias are staffed according to obsolete models based on student enrollment. Sustainability and future growth requires decision making based on updated staffing models based on meals served per labor hours (MPLH) productivity standards to determine staffing levels at district cafeterias.

MJ McCONNELL & JONES LLP
CERTIFIED PUBLIC ACCOUNTANTS

- Monthly student meal participation reports are generated by campus level. However, these reports are not sorted according to school classification or level of participation for further analysis and decision making.

- Key performance indicators and metrics are not used to benchmark their foodservice operations.

An effective performance measurement system will measure Food Services program results and compare them with benchmarked standards. Examples of commonly used food service program performance and efficiency measures on both a campus and districtwide basis, most of which are currently not being tracked and reported, include:

- food costs (as a percentage of revenue);

- payroll costs (wages and benefits as a percentage of revenue);

- employee productivity (Meals Per Labor Hour);

- student meal participation (breakfast, lunch, and breakdown by free, reduced, and paid);

- net income/loss; and

- results of breakfast and lunch meal satisfaction surveys.

RECOMMENDATION 8-6

Develop and implement performance standards and expectations for campus food service operations.

The accounting coordinator (recommended position) should generate monthly reports based on performance and efficiency standards and implement them into all district cafeteria operations. The field operations manager and field supervisors (new positions) would then be responsible for evaluating the variance analysis that compares several key performance targets with actual results at their assigned campuses and communicating the results to cafeteria managers. To be most effective, monthly site visitation reports should be completed by the field supervisors that include, but are not be limited to, targets and results by campus for the following performance measures:

- food costs (as a percentage of revenue);

- payroll costs (includes both wages and benefits as a percentage of revenue);

- employee productivity (Meals Per Labor Hour);

- student meal participation (breakfast, lunch, and breakdown by free, reduced, and paid);

- net income/loss; and

- results of breakfast and lunch meal satisfaction surveys.

It is important that the accounting coordinator provide these reports to the field supervisors on a timely basis to correct unfavorable variances from performance targets. For example, Meals per Labor Hour (MPLH) reports would be analyzed to adjust staffing schedules on an ongoing basis. It is important to develop realistic campus level budgets and generate monthly profit & loss statements by campus so cafeteria managers can be held accountable for the financial results of their operations.

The director of Food Service and field operations manager should ensure that performance and efficiency standards are appropriately implemented across all campus food service operations. A simplified variance analysis could then be implemented by campus that compares several key performance targets with actual results to improve operating efficiencies in food service operations. In addition, the performance indicators previously discussed should be compared with peer districts through annual benchmarking surveys.

FISCAL IMPACT

This recommendation can be implemented with the implementation of the new organization structure and fiscal impact already presented in **Recommendation 8-1**.

ANTICIPATING TOMORROW

As the district grows, it should increase training and support for cafeteria managers in the implementation of operational performance and efficiency standards. Since cafeteria managers have not had specific performance standards integrated into their operations, this will require both a short-term and long-term approach for successful implementation. There will likely be resistance to change by some managers, which could make the implementation of these standards more challenging at some campuses. As a result, the field operations manager, field supervisors, and accounting coordinator will need to focus more of their efforts on those campus locations with the greatest challenges for successful implementation. The long-term approach to adding additional field supervisors (beyond the 3 field supervisors recommended currently) to be more aligned with similar programs in peer districts will provide further support for the successful implementation and ongoing monitoring of campus operations.

Student Meal Prices

OBSERVATION 8-7

Menu prices have not increased sufficiently to cover rising meal costs.

In recent years, student lunch prices have been increased by only $.05 per year. These small increases will not cover the ongoing product and labor cost increases required to support district cafeteria operations. There also is an opportunity to increase the prices of a la carte food items being served in district cafeterias.

RECOMMENDATION 8-7

Increase lunch and a la carte menu prices.

To plan annual menu price increases, the director of Food Service will need to collaborate with the LCISD chief financial officer to present a long-term plan for proposed menu price increases to the district superintendent and board to reach and maintain pricing levels appropriate to cover rising associated meal costs (products, labor, supplies, etc.). This will include the recommendation to increase lunch menu prices by at least $.15 per year for the next several years until menu prices are better aligned with annual projected meal cost increases. In addition, a la carte menu item prices should be priced to achieve targeted food costs below 40 percent of revenue.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

ANTICIPATING TOMORROW

As LCISD grows, it should increase meal prices to achieve and maintain prices comparable to peer districts. Since the district cannot absorb a one-time .30 lunch menu price increase, it is important to have a plan to adjust menu prices annually to align with peer district prices. In the long-term, it will be important to adjust menu prices annually to keep pace with peer prices and annual increases in meal costs. This strategy will require that annual surveys be conducted of peer districts to determine menu prices and planned adjustments and to ensure that LCISD continually adjusts menu prices to align with peer districts and meal cost increases.

OBSERVATION 8-8

The balance on uncollected student meal payments is excessive.

Students are now allowed to charge up to $15 for their meals. When their debt exceeds $15, they are to receive a cheese (soy) sandwich and milk. Students receive a yellow sheet for low funds alerts when their unpaid balances are nearing $15 and pink sheets when their charges exceed $15. The board policy gives the superintendent the authority to set practices regarding meal charges. Last year, the district reimbursed the Food Service program for

almost $100,000 in uncollected meal accounts that had accumulated over a few years from schools throughout the district. The unpaid balances for some students range between $500 and $800. The February 2017 year-to-date uncollected payments from students has already reached over $25,000.

RECOMMENDATION 8-8

Establish and enforce a policy to reduce the non-payment of meal charges.

The LISD superintendent and board may consider the enforcement of a policy that would require all outstanding meal debts of district students to be paid prior to receiving their high school diplomas. Thus, effective with the 2018-2019 Fiscal Year, students would no longer be able to receive their high school diplomas if they have outstanding debts for school meals.   This would be similar to holds that are placed on diplomas for other debts to the school district.   Although there is a charge limit of $15 per student, the policy has not been effectively enforced and the district has continued to incur the loss from bad debts to the general fund. With the proper enforcement of this policy, the district should reduce the balance resulting from nonpayment of student meals.

FISCAL IMPACT

This recommendation can be accomplished with existing resources and should result in an annual district cost savings to the district's general fund of at least $25,000 per year beginning in Fiscal Year 2017-2018. The five-year cost savings are estimated to be $125,000.

ANTICIPATING TOMORROW

LCISD, as it grows, should reduce debt from uncollected student meal accounts through stronger policy enforcement. From a community perspective, the policy to collect student debts for unpaid meal charges will likely present some opposition from parents in the school district. However, it is important that the school district adopt an appropriate public relations and communications strategy to make sure that parents understand that the district cannot subsidize student meals and absorb the debt resulting from non-payment of meals. Once it becomes clear to parents that this policy will be enforced, there should be a greater likelihood of meal debts being paid more timely.

OBSERVATION 8-9

Food Service has not participated in or introduced new or innovative programs to increase program revenues.

There are opportunities to add new and innovative programs to increase program revenue that have not been initiated. For example, some school districts have received federal grants to participate in additional programs to increase student participation and departmental revenue. These include grants or additional funding to participate in programs such as the Fresh Fruit and Vegetable, After School Enrichment, Snack, Summer Feeding, and Summer Camp programs.   At this time, an outside vendor manages the after school snack program and receives all of the revenues. This situation is taking revenues away from LCISD's food service program that could be used to support food service operations. Currently, the district gets receives no percentage of the revenues.

RECOMMENDATION 8-9

Expand programs to increase student participation and corresponding department revenue.

This would include securing federal grants or additional funding to participate in programs such as the Fresh Fruit and Vegetable, After School Enrichment, Snack, Summer Feeding, and Summer Camp programs.   For example, the Food Service Department could replace the outside vendor and manage the after school snack program. Accordingly, LCISD would receive all associated revenues. It also is recommended that the Chick-fil-A deliveries are discontinued and the program prepares a more comparable chicken sandwich at a reduced price and higher value to students.

FISCAL IMPACT

This recommendation can be implemented with the implementation of the new organization structure and fiscal impact already presented in **Recommendation 8-1**.

ANTICIPATING TOMORROW

As the district grows, it should use additional program revenues to continue to build the appropriate organizational structure to manage the Department's growth.   In addition to revenue increases from increased student participation in traditional breakfast and lunch meals, the program could further expand annual income through more non-traditional revenue sources. For example, the food service programs in Spring and Clear Creek manage their district vending and/or catering programs, rather than outsourcing these functions. These additional revenue sources will allow LCISD to continue to expand their organizational structure to include more administrative and professional staff position to support the district's growth.

ANTICIPATING TOMORROW-OTHER TOPICS

The review team's perspectives on the future implications of our observations for LCISD's food services function were provided after each recommendation in this chapter.

FISCAL IMPACT

The following table summarizes the fiscal impact of each recommendation noted in this chapter.

FISCAL IMPACT SUMMARY

	RECOMMENDATION	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	TOTAL 5-YEAR (COSTS) OR SAVINGS	ONE TIME (COSTS) OR SAVINGS
	CHAPTER 8: FOOD SERVICES							
8-1.1	Develop and staff a new organization structure to increase the level of oversight and support for district campus food service operations and to better meet the needs of the district's future growth.	$0	($82,705)	($82,705)	($82,705)	($82,705)	($330,820)	$0
8-1.2	Restructure campus on-site field operations through the elimination the assistant director of Food Service position, elevation of the district coordinator position, creation of three field supervisor positions, and creation of a continuous improvement team (3 positions).	$0	$0	$0	$0	$0	$0	$0
8-1.3	Create an accounting coordinator position and eliminate the free and reduced program clerk and the accounts payable clerk positions.	$0	$0	$0	$0	$0	$0	$0
8-1.4	Create a technology coordinator position.	$0	$0	$0	$0	$0	$0	$0
8-1.5	Phase out the centralized warehouse operation, and eliminate the three warehouse positions.	$0	$0	$0	$0	$0	$0	$0

	RECOMMENDATION	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	TOTAL 5-YEAR (COSTS) OR SAVINGS	ONE TIME (COSTS) OR SAVINGS
8-2	Document and implement standard operating policies and procedures for district cafeterias.	$0	$0	$0	$0	$0	$0	$0
8-3	Increase student breakfast and lunch participation at LCISD schools.	$0	$0	$0	$0	$0	$0	$0
8-4	Increase cafeteria labor productivity districtwide.	$0	$216,000	$216,000	$216,000	$216,000	$864,000	$0
8-5	Establish centralized training and testing kitchens at select schools.	$0	$0	$0	$0	$0	$0	$0
8-6	Develop and implement performance standards and expectations for campus food service operations.	$0	$0	$0	$0	$0	$0	$0
8-7	Increase lunch and a la carte menu prices.	$0	$0	$0	$0	$0	$0	$0
8-8	Establish and enforce a policy to reduce the non-payment of meal charges.	$25,000	$25,000	$25,000	$25,000	$25,000	$125,000	$0
8-9	Expand programs to increase student participation and corresponding department revenue.	$0	$0	$0	$0	$0	$0	$0
TOTAL CHAPTER 8		**$25,000**	**$158,295**	**$158,295**	**$158,295**	**$158,295**	**$658,180**	**$0**

McCONNELL & JONES LLP
CERTIFIED PUBLIC ACCOUNTANTS