

Support Services – Child Nutrition

This chapter reviews the Child Nutrition Program as reviewed by the Office of Educational Quality & Accountability. It is divided into the following sections:

- A. Introduction & Background
- B. Management, Planning, Policies & Procedures
- C. Performance Reporting & Technology
- D. Free and Reduced-Price Lunch Participation & Nutrition
- E. Standards & Equipment

A. INTRODUCTION & BACKGROUND

A successful child nutrition program will follow all the required federal and state regulations, should offer high quality, properly prepared, healthy foods that are appealing to children, must be well managed financially by controlling costs as well as bringing in adequate revenue to achieve sustainability, must have well-trained, engaged employees, must have accountability, should procure goods and services using fair and open competition, and should provide nutrition education and establish good student eating habits for a lifetime.

School meal programs began in 1946, when the National School Lunch Act of 1946 was signed, authorizing the National School Lunch Program (NSLP) to “safeguard the health and well-being of the nation’s children”. The program, administered by the U. S. Department of Agriculture (USDA), is open to all public and nonprofit private schools, as well as all residential childcare institutions. The NSLP also offers after school snacks for sites that meet the eligibility requirements.

The Child Nutrition Act of 1966 established the School Breakfast Program (SBP). This is a federally-assisted meal program that provides nutritionally balanced, low-cost, or free breakfasts to children in public schools, nonprofit private schools, and residential child care institutions.

Most districts participate in the NSLP, the SBP, the after-school snack program, the Fresh Fruit and Vegetable Program, and the Child Nutrition Commodity Program. Districts that participate in these federal programs receive cash subsidies and donated commodities from the USDA for each eligible lunch meal they serve. In return, the district must serve student meals that meet federal guidelines for nutritional value, offer free or reduced-price meals to eligible students, and accurately keep required records.

Students in the lowest socioeconomic bracket qualify for free lunches, while others qualify for reduced price lunches. All meals served according to federal guidelines receive some level of reimbursement, including those served to students paying full price. School districts do not receive federal reimbursement support for teacher or guest meals. **Exhibit 5A-1** shows the applicable 2017-18 and 2018-19 federal reimbursement rates for breakfast and lunch. Districts receive an additional six cents per meal for meeting the meal pattern requirements.

**Exhibit 5A-1
School Meals: Federal per Meal Reimbursement Rates
2017-18 and 2018-19**

Meal Type	School Breakfast Program - Severe Need ¹		National School Lunch Program	
	2017-18	2018-19	2017-18	2018-19
Free	\$2.09	\$2.14	\$3.29	\$3.37
Reduced Price	\$1.79	\$1.84	\$2.89	\$2.97
Paid	\$0.30	\$0.31	\$0.37	\$0.37

Source: <https://www.fns.usda.gov/school-meals/rates-reimbursement>

The Healthy, Hunger-Free Kids Act of 2010 (HHFKA) provided sweeping changes to school nutrition programs, and also made significant changes in the required meal components. **Exhibit 5A-2** illustrates some of these changes in program administration and operation. The new regulations also require districts to charge equitable prices for full-pay meals and non-reimbursable a la carte items, establish nutritional requirements for all foods sold on campuses at any time during the school day, and also require school nutrition directors/managers to meet education, training, and certification requirements.

**Exhibit 5A-2
Excerpted Summary of the Healthy, Hunger-Free Kids Act of 2010**

Section and Title	Summary of Provision
Sec. 203. Water (NSLP/SBP)	<ul style="list-style-type: none"> Requires schools to make free potable water available where meals are served
Sec. 205. Equity in school lunch pricing	<ul style="list-style-type: none"> Requires schools to charge students for paid meals at a price that is on average equal to the difference between free meal reimbursement and paid meal reimbursement; schools that currently charge less are required to gradually increase their prices over time until they meet the requirement; schools may choose to cover the difference in revenue with non-federal funds instead of raising paid meal prices Establishes a maximum annual increase in the required paid increases of 10 cents annually, but allows schools to establish a higher increase at their discretion
Sec. 206. Revenue from non-program food	<ul style="list-style-type: none"> Requires all non-reimbursable meal foods sold by school food programs to generate revenue at least equal to their cost
Sec. 208. Nutrition standards for all foods sold in schools	<ul style="list-style-type: none"> Requires USDA to establish national nutrition standards for all food sold and served in schools at any time during the school day
Sec. 306. Professional standards for school child nutrition	<ul style="list-style-type: none"> Establishes a program of required education, training, and certification for all school child nutrition directors

Source: USDA

¹Sample district is eligible to receive severe-need reimbursements for breakfasts served to eligible students on sites where 40 percent or more of the lunches claimed at the site in the second preceding school year were served free or at a reduced price, and the site is participating in or initiating a school breakfast program.



Exhibits 5A-3 and 5A-4 provide the nutritional changes required under HFFKA. As shown, both the breakfast and lunch menus must offer more fruits and vegetables. Milk must be either low fat or fat-free. Phased-in sodium target levels are established, and trans fats must be eliminated.

Exhibit 5A-3
Summary of Changes in Nutritional Requirements for Breakfast

Item	Old Requirement	New Requirement		
Fruit	½ cup per day (vegetable substitution allowed)	1 cup per day (vegetable substitution allowed); quantity required for 2014-15. Students are allowed to select ½ cup of fruit under OVS.		
Grains and Meat/ Meat Alternate	2 grain servings or a meat and grain serving	For grains, daily minimum of 1 ounce equivalent minimum per day; weekly minimum ranges, varying by grade: <ul style="list-style-type: none"> • K-5: 7-10 ounces • 6-8: 8-10 ounces • 9-12: 9-10 ounces May substitute meat/meat alternates after minimum daily requirement for grains is met.		
Whole Grains	encouraged	At least half of the grains to be whole grain-rich beginning July 1, 2013. Beginning July 1, 2014, all grains must be whole grain rich.		
Milk	1 cup	1 cup, 1% (unflavored) fat-free (unflavored/flavored)		
Sodium	Reduce, no set targets	Target 1 (2014-15): K-5: ≤ 540 mg 6-8: ≤ 600 mg 9-12: ≤ 640 mg	Target 2 (2017-18): K-5: ≤ 485 mg 6-8: ≤ 535 mg 9-12: ≤ 570 mg	Target 3 (2022-23) K-5: ≤ 430 mg 6-8: ≤ 470 mg 9-12: ≤ 500 mg
Calories	varied, depending on menu planning system in use, but only minimums provided	Only food-based menu planning allowed with these calorie guidelines: <ul style="list-style-type: none"> • K-5: 350-500 calories • 6-8: 400-550 calories • 9-12: 450-600 calories 		
Trans Fat	no limit	Zero grams per serving (nutrition label)		

Source: USDA

**Exhibit 5A-4
Summary of Changes in Nutritional Requirements for Lunch**

Item	Old Requirement	New Requirement												
Fruit and Vegetables	½ - ¾ cup of fruit and vegetables combined per day	¾ - 1 cup of vegetables plus ½ - 1 cup of fruit per day												
Vegetables	no specifications as to type of vegetable	Weekly requirements for: <ul style="list-style-type: none"> • dark green • red/orange • beans/peas • starchy • other 												
Meat/Meat Alternate	1.5 – 2 ounce equivalents (daily minimum)	K-5: 1 oz. eq. min. daily (8-10 oz. weekly) 6-8: 1 oz. eq. min. daily (9-10 oz. weekly) 9-12: 2 oz. eq. min. daily (10-12 oz. weekly)												
Grains	8 servings per week (min. of 1 serving per day)	K-5: 1 oz. eq. min. daily (8-9 oz. weekly) 6-8: 1 oz. eq. min. daily (8-10 oz. weekly) 9-12: 2 oz. eq. min. daily (10-12 oz. weekly)												
Whole Grains	encouraged	At least half to be whole grain-rich beginning July 1, 2012. Beginning July 1, 2014, all grains must be whole grain-rich.												
Milk	1 cup	1 cup, 1% (unflavored) fat-free (unflavored/flavored)												
Sodium	reduce, no set targets	<table border="0"> <tr> <td>Target 1 (2014-15)</td> <td>Target 2 (2017-18)</td> <td>Target 3 (2022-23)</td> </tr> <tr> <td>K-5: ≤ 1230 mg</td> <td>K-5: ≤ 935 mg</td> <td>K-5: ≤ 640 mg</td> </tr> <tr> <td>6-8: ≤ 1360 mg</td> <td>6-8: ≤ 1035 mg</td> <td>6-8: ≤ 710 mg</td> </tr> <tr> <td>9-12: ≤ 1420 mg</td> <td>9-12: ≤ 1080 mg</td> <td>9-12: ≤ 740 mg</td> </tr> </table>	Target 1 (2014-15)	Target 2 (2017-18)	Target 3 (2022-23)	K-5: ≤ 1230 mg	K-5: ≤ 935 mg	K-5: ≤ 640 mg	6-8: ≤ 1360 mg	6-8: ≤ 1035 mg	6-8: ≤ 710 mg	9-12: ≤ 1420 mg	9-12: ≤ 1080 mg	9-12: ≤ 740 mg
Target 1 (2014-15)	Target 2 (2017-18)	Target 3 (2022-23)												
K-5: ≤ 1230 mg	K-5: ≤ 935 mg	K-5: ≤ 640 mg												
6-8: ≤ 1360 mg	6-8: ≤ 1035 mg	6-8: ≤ 710 mg												
9-12: ≤ 1420 mg	9-12: ≤ 1080 mg	9-12: ≤ 740 mg												
Calories	varied, depending on menu planning system in use, but only minimums provided	Only food-based menu planning allowed with these calorie guidelines: <ul style="list-style-type: none"> • K-5: 550-650 calories • 6-8: 600-700 calories • 9-12: 750-850 calories 												
Trans Fat	no limit	Zero grams per serving (nutrition label)												

Source: USDA

Exhibit 5A-5 shows a sample district’s child nutrition program revenues and expenditures over time. The program saw a healthy beginning balance in all three years and a profit in 2014-15, when revenues exceeded expenditures.



Exhibit 5A-5
Sample District's Child Nutrition Fund Revenues and Expenditures Over Time

Category	2012-13	2013-14	2014-15
Beginning Balance	\$315,150	\$286,932	\$237,728
Revenues			
Return of Assets (Local Sources)	\$245,210	\$230,214	\$184,951
State Reimbursement	\$72,046	\$77,744	\$64,879
Federal Reimbursement	\$566,128	\$516,707	\$559,394
Total Revenues	\$886,567	\$827,298	\$811,873
Expenditures			
Salaries and Benefits	\$434,408	\$443,058	\$432,327
Food and Supplies	\$449,747	\$396,006	\$346,722
Other Expenses	\$30,648	\$37,441	\$22,259
Total Expenditures	\$914,803	\$876,505	\$801,308
Beginning Balance + Revenues - Expenditures	\$286,914	\$237,725	\$248,293

*Note: Totals may not reconcile completely due to rounding
Source: OCAS Revenue and Expenditures Reports 2013-2015*

An important measurement of program efficiency is the analysis of expenditures to revenue, which is called an operating ratio. Operating ratios are calculated by dividing each expenditure category in a given time period by the total revenue for the same time period, which yields a percentage. Revenue generated by the sample district's child nutrition program was \$811,873 for the school year. **Exhibit 5A-6** shows each amount expended by category and its corresponding percentage of the total revenue. Industry best practices exist to guide operators in ensuring the financial soundness of the program. Recommendations suggest that no more than 40 to 45 percent of revenue be spent on labor and benefits, and the same recommendation exists for food and supplies. No more than 85 percent of revenue should be spent on food, labor, and benefits combined. For 2014-15, the sample district spent 96 percent on these categories because a higher amount than recommended was spent on labor/benefits.

Exhibit 5A-6
Sample District's Child Nutrition Operating Ratios,

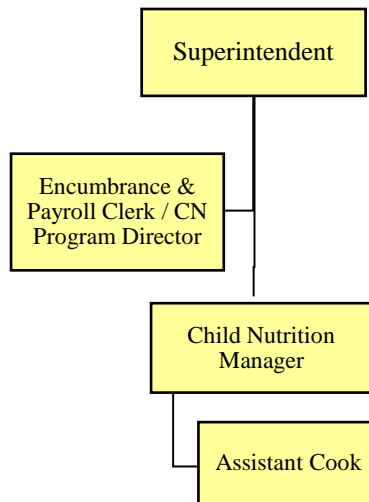
Category	Expenditures	Percentage of Revenue	Industry Standard
Labor/Benefits	\$432,327	53.3%	40-45%
Food/Supplies	\$346,722	42.7%	40-45%
Other	\$22,259	2.7%	15-20%
Total Expenditures	\$801,308	98.7%	N/A

Source: OEQA's Archived OCAS Reports for Sample District

B. MANAGEMENT, POLICIES, PLANNING & PROCEDURES

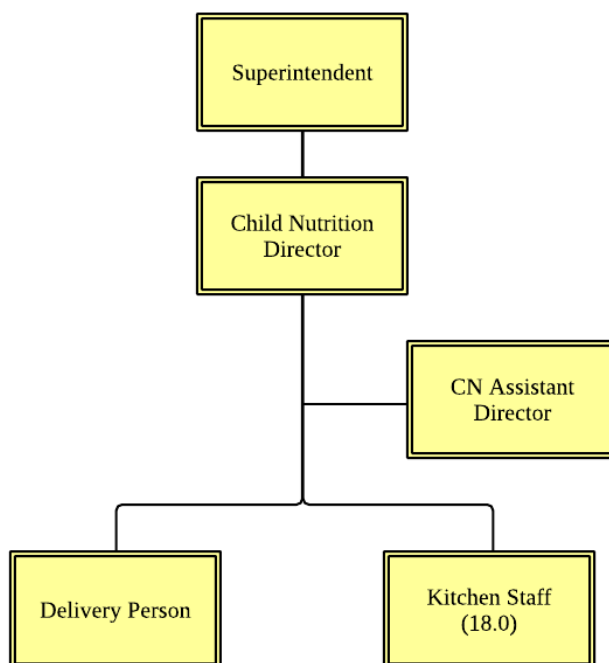
A small district’s child nutrition staffing and organization is shown in **Exhibit 5A-7**. The kitchen staff is comprised of two full-time employees with the Encumbrance and Payroll Clerk serving as CN Program Director. **Exhibit 5A-8** shows the typical organization of staff within the child nutrition department of a medium-sized district. As shown, staff reports to the child nutrition director who reports to the superintendent.

**Exhibit 5A-7
Sample Small District’s Child Nutrition Organizational Chart**



Source: OEQA Archived Exhibit

Exhibit 5A-8
Sample Medium-Sized District’s Child Nutrition Organization



Source: OEQA Archived Exhibit

FINDING 5A-1

Most school districts have a *Wellness Policy* in place. However, while onsite at a few districts, the consulting team did not verify that there was a plan in place to ensure that policy updates would occur. The regulation for updating the policy states that this must be completed no later than July 1.

RECOMMENDATION

In order to stay compliant, districts should incorporate specific dates into their planning calendar to address prescribed Wellness Policy updates.

The Wellness Policy should include an assessment of its implementation, publicizing the policy and progress toward implementation. Inclusion of different groups in development and assessment of the policy should also be noted.²

FISCAL IMPACT

This recommendation can be implemented with existing resources.

² <http://www.fns.usda.gov/tn/local-school-wellness-policy>

FINDING 5A-2

Several districts did not have critical policies in place to address cost of meals. One such example, a small district was charging \$1.50 for adult lunches. The State Department of Education’s Child Nutrition Program requires schools to charge \$3.54 for adult lunches, \$1.71 for adult breakfasts, and \$0.86 for adult snacks. With the prices for adult meals being below those required levels, the general fund must then cover the difference.

RECOMMENDATION

Create a policy in compliance with what the SDE requires that adults should be charged for meals in an effort to make the Child Nutrition program more self-sustaining and less dependent upon the district’s General Fund.

The Nonprogram Food Expenditures/Revenues Report—*Healthy, Hunger-Free Act of 2010*, Section 206 (Reference USDA Policy Memo SP-39-2011) states: “If a district is not charging enough for the adult meals or à la carte and the district does not want to raise prices, then the district **MUST** charge some of its FOOD purchases to the General Fund (Project Reporting Code 000, Function Codes 3110 and 3155)”.³ Districts should abide by this recommendation in order to stop the cycle of unnecessarily funding the Child Nutrition Program from the General fund, thereby allowing such funds to instead be used in supporting classroom instruction.

FISCAL IMPACT

This recommendation, if implemented would have a potential impact for increasing revenue into the Child Nutrition Program and decreasing general fund expenditures that could be better used within the classroom setting. A determination for how much revenue could be gained would be based upon the average number of adults that participate in the breakfast/lunch program.

FINDING 5A-3

There are no job descriptions for the Child Nutrition (CN) personnel that delineate duties and daily tasks that are to be performed. In addition, there is no plan for a “back-up” menu and foods that would be available to ensure ongoing food service in the event of personnel absences. Superintendents are concerned about the possible absence of the manager and the continuity of the meal service as well as any substitute employee being able to adequately perform in the case that both CN workers were absent.

RECOMMENDATION

Develop and post CN job descriptions and a “back-up” menu that will ensure there is no interruption of food service when CN workers are absent.

Substitutes should be informed of the posted job descriptions before the day they are to serve as a CN substitute. In addition, substitutes should understand those tasks and be able to perform them. Most importantly, the CN substitute would need to be informed of the “back-up” menu

³ <http://sde.ok.gov/sde/sites/ok.gov.sde/files/2%20%202017%20Compliance%20Document.pdf>

and foods that are available. Providing the “backup” menu and foods would dismiss any concerns of the administration for times when the manager would not be able to come to work.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING 5A-4

Superintendents, Encumbrance Clerks, and Cafeteria Managers do not engage in any form of annual planning process to identify and communicate needs regarding the Child Nutrition Program. Without a Child Nutrition Program plan, there is no means to gauge success and no way to provide improvement.

RECOMMENDATION

Establish the *Team Up for School Nutrition Success* initiative to identify needs of the child nutrition program and communicate goals to address those needs to ensure a cycle of ongoing improvement.

Part of the *Team Up for School Nutrition Success* initiative is to develop goals to address areas of needed growth in the school nutrition program and overcome the barriers to growth. It is suggested that a district’s Cafeteria Manager follow up on the implementation of these goals and determine some new directives for the upcoming school year.

First the team, after establishing a planning event, should conduct a needs assessment that includes the program areas as listed below, but certainly not excluding other possible areas.

- Equipment;
- Budget;
- Training;
- Costs of labor and food;
- Potential savings opportunities;
- Purchasing practices;
- Customer satisfaction; and
- Menu options.

After the team selects the areas that need the most attention, then create goals and make plans for accomplishing the goals. To assist the team in this effort, a planning template could be used and referred to for monitoring progress of the plan’s implementation. The template could indicate the selected goals to accomplish in a time span of one to five years. **Exhibit 5A-9** provides a sample planning template.

**Exhibit 5A-9
Child Nutrition Planning Template**

CN Area: Training						
Goal 1: CN staff will take advantage of 3-4 free training sessions during the 2017-18 school year.						
Activity	Timeline	Person(s) Responsible	Evidence of Progress	Resources	Significant Obstacles	Evaluation Tools
CN workers will be introduced to the website to glean potential trainings; Will participate in 3 or more sessions. Will keep a portfolio of Feedback Forms	Begin recruiting in early May and finish by Mid-May	Superintendent will monitor; CN workers will complete training.	Training feedback form is completed for each session and kept in portfolio.	Institute of Child Nutrition (ICN) website	Time, willingness	Mid-year check-up for reviewing what has been completed. Part of Performance Evaluation.

Source: Created by OEQA 2017

During the annual planning meeting with administration and CN staff, it is suggested that consideration be given to the opinions of staff, parents, and students regarding food service operations, service, and foods. Discuss feedback and potential plans to implement the suggestions and improvements. See **Appendix G** for student surveys and taste testing tool for new foods.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING 5A-5

The Healthy Hunger Free Kids Act of 2010 requires that training on certain topic areas (nutrition, operations, administration, and communications/marketing) and a certain number of training hours per year be completed by Child Nutrition (CN) employees (10 hours for managers and 6 hours for staff). Although CN managers may attend these important trainings, the staff should be directed to also attend these required trainings.

RECOMMENDATION

CN Managers should ensure to actively pursue training opportunities that will build capacity as manager and support efforts toward professional growth in the entire CN team.

There are several ongoing training opportunities for CN personnel. CN staff in some districts may not be aware of these opportunities due to being new employees at their assigned School. The consulting team suggests the staff should attend the Cooking for Kids free culinary training, which also includes ten days of on-site chef consultation and training during the school year.

Also, it is highly recommended that staff take advantage of a multitude of free training resources on the Institute of Child Nutrition’s (ICN) website.⁴

In order to grow professionally and to meet the new federal requirements of professional standards, it is imperative for CN staff to participate in as many training opportunities as possible. Training topics available from ICN include culinary arts, financial management, procurement, customer service, food safety, menu planning and meal patterns, smarter lunchrooms, marketing and *No Time to Train: Short Lessons for School Nutrition Assistants*, to name a few.

The Oklahoma School Nutrition Association’s Summer Conference also occurs each year. Many opportunities for professional development are offered at this conference including in-depth training on purchasing and developing a wellness policy.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING 5A-6

Most districts’ child nutrition departments are not operating according to standard business practices in an enterprise system. Districts are not being reimbursed to the full extent allowable. Direct and Indirect costs are not being charged to the Child Nutrition Fund, specifically, for utility costs.

Interviews of superintendents reveal that the child nutrition fund does not get charged for the full amount of allowable utilities. Some districts have performed the necessary calculations to determine that a certain percent of the square footage of the district’s buildings is allocated to the kitchens and lunchrooms. In one case, as shared by a financial secretary, a district did charge child nutrition a 5.0 percent on utilities while all electric bills were paid out of the building fund. Comparisons of expenditures charged to child nutrition for utilities in past years show a decrease in for two years, as noted in **Exhibit 5A-10**.

Exhibit 5A-10
Sample District’s Child Nutrition Utility Expenditures Over Time

Year	Utility Expenditures
2011-12	\$4,014
2012-13	\$4,845
2013-14	\$8,749
2014-15	\$2,697
2015-16	\$2,646

Source: OEQA Archived Exhibit

⁴ theicn.org/Templates/TemplateDivision.aspx?q=cEIEPTI=

USDA regulations consider utilities to be an allowable cost to the program, as the kitchens need utilities such as electricity and gas to operate equipment. A district may charge child nutrition directly for utilities if there is a methodology to quantify how much energy is used by the program. The best method is to install separate utility meters for each kitchen and related areas. It was noted that several districts did not have separate utility meters for their kitchens. Another acceptable method is to use a prorating system that allocates use and cost based upon child nutrition’s percentage of the total square feet. To provide the truest picture of the cost to operate the child nutrition program, all allowable costs must be included. As an enterprise, child nutrition should be responsible for paying all allowable costs.

RECOMMENDATION

Require the child nutrition program to reimburse the general fund to the full extent allowable for utility costs.

Utility costs should be assessed for child nutrition based on the full calculated percentage of kitchen/lunchroom square footage as compared to the entire district square footage. This percentage should be applied to a district’s annual utility costs and charged to the child nutrition account.

FISCAL IMPACT

The consulting team for one district’s performance review estimated an annual charge of \$7,200 for electricity, which is the amount in the appropriate line item in the child nutrition budget. For all other utilities charging the child nutrition program for the full 7.4 percent, up from the current 5.0 percent, yields an additional \$1,270. This results in an increase to the district’s general fund.

Recommendation	2019-20	2020-21	2021-22	2022-2023	2023-2024
Charge child nutrition for all utilities.	\$8,470	\$8,470	\$8,470	\$8,470	\$8,470

FINDING 5A-7

The consulting team observed that meal counts are based upon number of trays used, and it was confirmed that this method is being utilized by a few districts’ CN staff. This method of establishing meal counts is not a method approved by the SDE’s Child Nutrition Division. Meals should be counted at the end of the serving line using a count sheet, electronic device, or other approved method.

In order to receive federal reimbursement, a district must have a system for data collection and recordkeeping that ensures compliance with federal, state, and local regulations and policies. This includes the method used to collect meal counts at the point of service. Several districts have no point of service (POS) method to collect accurate meal counts or to verify that the meals have the proper components to be reimbursable.



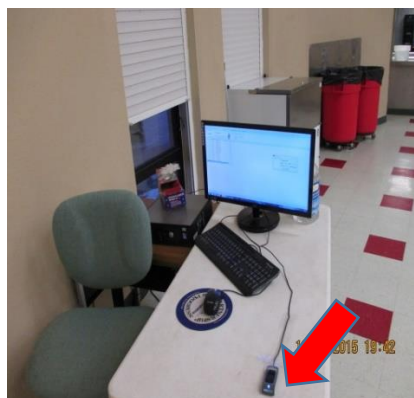
Child nutrition programs are reviewed every three years by representatives from the State Department of Education. Termed an Administrative Review, the representatives must follow federal guidelines in assessing the program. When a district undergoes an Administrative Review, any number of factors could result in the state agency assessing financial penalties and reclaiming federal monies that were previously paid to the district. For example, serving ineligible meals would result in the reclamation of funds. The consulting team observed that as many as ten percent of the meals served to students in grade six through eight were ineligible.

RECOMMENDATION

Adopt a compliant method for accurately collecting meal counts.

The first step in solving meal count accuracy problems is to decide on a compliant and accurate meal-counting method then purchase or adopt that method and implement it with consistency. If the district goes with a technology-based method then the child nutrition manager must undertake training to be able to effectively use the new technology. An example of an accurate accounting system is seen in **Exhibit 5A-11**, which provides a view of a fingerprint scanner.

Exhibit 5A-11 Biometric Identification - Fingerprint Scanner



Source: OEQA Archived Exhibit

The NUTRIKIDS software for menu planning and nutritional analysis is available but not used by many due to districts not investing in the CN manager's training or the use of the meal count component.

FISCAL IMPACT

There would be software costs if districts chose to add the meal counting component to their existing child nutrition management software. The consulting team estimates that the initial purchase of NUTRIKIDS Point of Sale (POS) would require approximately \$1,845.00.

Recommendation	2019-20	2020-21	2021-22	2022-2023	2023-24
Initial purchase and annual renewal of NUTRIKIDS Point of Sale (POS) software for meal counting	(\$1,845.00)	\$0	\$0	\$0	\$0

C. PERFORMANCE REPORTING / TECHNOLOGY

FINDING 5A-8

There are numerous small districts that employ only two Child Nutrition employees, a manager and a cook. Both work eight hours per day. These districts do not perform a meals per labor (MPLH) hour analysis to measure production efficiency due to their size.

When looking at one small district’s meals per labor hour (MPLH) over a four month period, it ranged from 10.8 to 12.0 with the average being 11.5 meals per labor hour, which is considered low. Recommended standards are 12 meals per labor hour when meals are prepared from scratch using mostly raw ingredients. One district, however, utilizes almost 80 percent “heat and serve” meals or convenience type foods. If convenience foods are the major foods served, the standard would be 16.0 meals per labor hour.

SDE Staffing Guidelines for Onsite Production provide productivity goals based upon the number of meal equivalents served and the number of labor hours needed to prepare meal equivalents. The student reimbursable lunch meal is the standard unit of conversion for determining meal equivalents. Therefore, all meal types are converted to meal equivalents for the purposes of measurement. A meal equivalent is not a unit of production but a calculation that allows a child nutrition manager to equate all meals to a standard. By converting all food sales to meal equivalents, a manager can then determine production rates. The SDE uses the following conversions to meal equivalents:

- one lunch equates to one meal equivalent;
- two breakfasts equate to one meal equivalent;
- four snacks equate to one meal equivalent; and
- a la carte sales of \$2.34 equate to one meal equivalent.

The most common means of measuring employee productivity in child nutrition is the Meals Per Labor Hour (MPLH) measure. This is calculated by dividing the number of meal equivalents produced and served in a day by the number of labor hours required to produce those meals. The SDE guidelines for MPLH staffing are shown in **Exhibit 5A-12**. The SDE provides MPLH guidelines for both conventional and convenience systems of food preparation. The consulting team found some districts to be largely using a conventional system of food preparation, with some convenience food items.



Exhibit 5A-12
Oklahoma Staffing Guidelines for Onsite Production

Number of Daily Meal Equivalents	Recommended for Conventional Systems ⁵		Recommended for Convenience Systems ⁶	
	Meals per Labor Hour (MPLH)	Total Hours	Meals per Labor Hour (MPLH)	Total Hours
10 – 100	12	<8	16	<6
101 – 150	12	8 – 12	16	6 - 9
151 – 200	12	12 – 16	16	9 – 12
201 – 250	14	14 – 17	17	12 – 14
251 – 300	14	17 – 21	18	14 – 16
301 – 400	15	20 – 26	18	17 – 21
401 – 500	16	25 – 31	19	21 – 25
501 – 600	17	29 – 35	20	25 – 30
601 – 700	18	33 – 37	22	27 – 31
701 – 800*	19	37 – 42	22	32 – 36
801 – 900*	20	40 – 45	23	35 – 39
901 and up*	21	42+	23	39+

Source: SDE School Food Service Compliance Document, July 2012

**The data for these ranges are sourced from the Cost Control Manual, and the total hours associated with them are estimates*

RECOMMENDATION

Increase efficiency of meal preparation.

To increase meal preparation efficiency, districts have three options: 1) reduce the number of hours used to produce the same number of meals; 2) increase the participation rate vis-à-vis the number meals but prepare them with the same amount of labor; and/or 3) change to a conventional system of meal prep and use the same amount to labor but be evaluated under different guidelines. In rural areas it is difficult to find and hire people with the skills and knowledge needed on a part-time basis at a low rate of pay. Therefore, if participation can be increased at breakfast, lunch, and snack time or more meal programs could be offered such as the supper program, that would be preferred by the school.

Another approach would be to reduce the amount of convenience foods, such as frozen rolls and burritos, and make more menu items from scratch using the current labor. Foods made from scratch tend to be less expensive and would utilize the labor more efficiently. Extra foods such as desserts, puddings, and chips are more expensive, and do not count towards any meal component as established by USDA. They could, however, be sold as a la carte offerings and bring in additional revenue if they meet the Smart Snack regulations such as baked chips, whole grain lower fat cookies, or low-fat puddings.

⁵ a system where meals are generally prepared from scratch onsite.

⁶ a system where meals are generally only re-heated from frozen prepared items onsite.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING 5A-9

Food costs are high for several Oklahoma Public Schools based upon acceptable and common standards. The average food cost of a lunch meal as written on the menu, is \$1.854 and for breakfast it is \$1.5445 when all components are taken. The food cost per meal as a percentage of the total cost of the meal is 67.4%, with the food cost being \$ 2.19 per meal equivalent and the cost of labor per meal as a percentage of the cost of the meal is 32.6% or \$1.065 per meal. Normally, a child nutrition program with 1-999 students has about a 46 percent food cost and a 46.3 percent labor cost.

There are some reasons for the higher food costs at some districts. Foods cost more from distributors and vendors because there is not as much competition for a small school's business. It also costs far more for vendors to travel to a small rural school. A compelling example of this problem is that milk costs \$.334 per carton at Tannehill and at Union Public Schools, a suburb of Tulsa, it costs \$.23 per carton.

Another reason the food costs are high is overproduction, which was observed to be about 25 percent at breakfast and 20 percent at lunch. The extra foods were served on the salad bar the next day as "free extra food" and there were second meals offered to the older students free of charge. These are expenses that are not reimbursable and only serve to increase the food costs across-the-board. The lunch menus also have several "extra" items, such as chips, cookies, pudding, cakes, and cobblers that are not required to meet federal meal requirements and simply add additional costs. For example, a bag of chips range in cost from \$.32 to \$.35 a bag and are not reimbursable.

RECOMMENDATION

Reduce food costs by eliminating overproduction and the provision of items incompatible with federal meal requirements.

It is recommended that schools review current practices that are elevating costs such as the overproduction of food and the offering of non-reimbursable food items. Districts should investigate the revenue potential of an approved a la carte offering. Some districts that do not offer students a daily a la carte selection. These items could supplement the reimbursable meal, offering students more healthy additional calorie choices. These items would also generate revenue for the child nutrition program.

FISCAL IMPACT

The consulting team recommends that a la carte prices for additional menu items be calculated at just slightly higher than a break-even cost, so that most students will be able to purchase items at

least from time to time. The consulting team estimates a la carte and second entrée sales will provide a minimum of \$150 extra revenue per month.

Recommendation	2017-18	2018-19	2019-20	2020-21	2021-22
Introduce a la carte sales	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300

FINDING 5A-10

In districts with more than two school cafeteria sites, it has been observed that reports are not prepared for individual kitchen operations showing key financial and performance data. The child nutrition director is not always able to determine if individual site operations are financially sound or in need of improvements.

There are no financial reports prepared showing the activities of the individual cafeterias. The program operations are analyzed at the district level only, not by individual site. Kitchen staff are not receiving sufficient information about the financial status of their operation.

Many child nutrition programs use MAS (Municipal Accounting Systems) for their financial reports. These reports reflect district-level data, but they are not broken out by individual cafeterias. Revenue and expenditure data are available by individual site and could be used to prepare monthly site-level reports. Participation and sales data are available from individual sites from their point-of-sale system (POS). These data are tabulated to prepare the required monthly claim for reimbursement, which is submitted to Oklahoma State Department of Education (SDE). Kitchen staff place orders for their operations and an order sheet is prepared for the delivery person. These invoices could be used to determine food costs by site. Staff is paid on a contract basis, so labor costs could also be broken out by individual school.

Management is focused on how the overall program is performing. However, there is no analysis of individual operations to determine if any are not performing at a fiscally sound level. There is no evaluation by site to determine potential for increased revenue opportunities or cost-cutting measures. Food costs and other expenditures are only calculated at the district-level, and there is no determination of individual site-level expenditures.

NFSMI recommends preparing and distributing site-level performance reports in their class *Financial Management: A Course for School Nutrition Directors*.⁷ SNA's self-assessment tool, *Keys to Excellence*, includes the following best practices and indicators:

- A Statement of Revenue and Expenditures (Profit and Loss Statement) is prepared on a monthly basis for the department level and for each serving site.
- School nutrition site-level Statements of Revenue and Expenditures are distributed.

⁷ <http://www.nfsmi.org/documentlibraryfiles/PDF/20151012041124.pdf>

- School nutrition personnel at the school site level receive training on controlling costs and revenue generation.
- School nutrition personnel at the school site level are encouraged to develop and implement practices to increase revenue and control costs.⁸

One cafeteria-level report distributed by a sample school district is shown in **Exhibit 5A-13**. This sample provides a variety of data, including financial and performance data, in a format that is easy to read and understand. Additional sample reports can be found in the NFSMI financial management class materials.

⁸[http://schoolnutrition.org/uploadedFiles/4_Certification, Education and Professional development/3 Keys to Excellence/Keys%20to%20Excellence%20Standards%202015-2016.pdf](http://schoolnutrition.org/uploadedFiles/4_Certification,_Education_and_Professional_development/3_Keys_to_Excellence/Keys%20to%20Excellence%20Standards%202015-2016.pdf)

Exhibit 5A-13 Sample Monthly Cafeteria Report

Revenue:		Current Month	Year to Date
Meal Revenue		\$2,411.40	
Supplemental Sales		\$1,648.90	
Other Revenue		\$75.34	
Total Reimbursement		\$15,061.75	
TOTAL REVENUE:		\$19,197.39	\$139,903.44

Expenses:		Current Month	Year to Date
<i>Inventory/Food Cost</i>			
Beginning Inventory		\$5,973.00	
Purchases		\$7,167.00	
Transfers		(\$70.00)	
Ending Inventory		\$5,932.00	
Total Food Usage:		\$7,138.00	\$51,686.00
<i>Inventory/Supply Cost</i>			
Beginning Inventory		\$1,413.00	
Purchases		\$753.00	
Transfers		\$311.00	
Ending Inventory		\$1,564.00	
Total Supply Usage:		\$913.00	\$6,618.00
<i>Labor Costs</i>			
School Staff		\$8,186.19	
Temporary Labor		\$0.00	
Total Labor:		\$8,186.19	\$67,638.24
Overhead		(\$108.37)	\$6,207.11
TOTAL EXPENSES:		\$16,128.82	\$132,149.35
GAIN or (LOSS):		\$3,068.57	\$7,754.09
% GAIN or (LOSS):		15.98%	5.54%

Percent of Revenue			
	Total Cost	% of Total Revenue	Goal Less Than
Food	\$7,138.00	37.18%	40%
Supplies	\$913.00	4.76%	5%
Labor	\$8,186.19	42.64%	40%
Overhead	(\$108.37)	-0.56%	7%
Total Cost	\$16,128.82	84.02%	92%

Total Meal Equivalents Per Day	
Total Breakfasts:	56
Total Lunches:	264
Supplemental Sales:	36
Total Meal Equivalents:	357

% of Eligible Meals Served			
Average Daily Attendance:		426	
	# Eligible	% Served	Goal
Free	223	85.67%	
Reduced	14	88.72%	
Paid	219	26.56%	

Current Month Plate Cost			
	Total School Cost	Cost Per ME	Goal
Food	\$7,138.00	\$1.05	\$1.08
Supplies	\$913.00	\$0.13	\$1.13
Labor	\$8,186.19	\$1.38	\$1.08
Overhead	(\$108.37)	(\$0.02)	\$1.19
Total Cost	\$16,128.82	\$2.55	\$2.48

YTD Plate Cost			
	Total School Cost	Cost Per ME	Goal
Food	\$51,686.00	\$1.05	\$1.08
Supplies	\$6,618.00	\$0.13	\$1.13
Labor	\$67,638.24	\$1.37	\$1.08
Overhead	\$6,207.11	\$0.12	\$1.19
Total Cost	\$132,149.35	\$2.67	\$2.48

Supervisor Comments/Suggestions:

Source: OEQA Archived Exhibit

RECOMMENDATION

Develop site-level reports for each kitchen operation that can be analyzed monthly and used for program improvements.

The CN directors/managers should work with the accounting software company, MAS, and central office staff to develop monthly financial reports by individual cafeterias. The reports should contain sufficient data for a thorough analysis by site to determine if each is operating in a cost-effective manner, or if any are experiencing a loss. Management should then work with appropriate kitchen staff to implement changes that will improve the financial status. The reports should be distributed to site-level staff on a monthly basis, and they should be trained on how to interpret and use the data for program improvement.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING 5A-11

Some smaller districts in the state chose to take the Community Eligibility Provision, which, for some, resulted in revenue constraints. One district's CN program, for example, has had a deficit for the past four years. While onsite, the consulting team noted that the CN expenditures were again higher than revenue, and the deficit was at an all-time high. Not only was food cost driving this deficit, but also the Child Nutrition revenue was less that particular school year compared to the previous year due to the reduced number of program qualifying students. The school elected to take the Community Eligibility Provision (CEP) for 2016-17 (CEP provides all meals free of charge).

CEP utilizes the number of students on direct certification (families receiving food stamps, SNAP, TANF, or FDPIR) and no applications are required to be completed. The Direct Certification percentage was 42.8 percent for the example district as of April 2016. The formula to determine how many free and reduced priced meal students there would be is the Direct Certification percentage of 42.8% multiplied by the factor of 1.6 which equals 68.5 percent free and reduced priced meal students. This correspondingly means that 31.5 percent of the student meals were not reimbursed. The percentage of students receiving free and reduced-price meals in 2015-16 was 83.3 percent or 23 more students than this year out of a total of 156 students. When comparing reimbursement, the previous year to the performance review year, there was a 14.8 percent decrease.

When considering this decrease in number of free and reduced priced meal students, about \$12,183 of the deficit will be due to the difference between CEP and the previous method of using free and reduced-price meal applications. The number of free and reduced priced meal students is also used in the formula to determine State Aid; therefore, the school also saw a decrease in State Aid formula funding of the general fund.

Financially, districts' child nutrition programs, similar to this example district, do not have an independent fund, but are totally dependent upon the general fund for reconciliation of the program's budget. No utilities, custodial support, or encumbrance clerk salary costs are charged

to the food service program. Any supplement from the general fund takes money out of the classrooms.

Exhibit 5A-14 shows the example district’s child nutrition program revenues and expenditures over time. The program experienced a loss each year with a substantial decrease in total revenues over time. Expenditures had a small decrease from 2012-13 to 2015-16.

Exhibit 5A-14
Example District’s Child Nutrition Fund Revenues and Expenditures Over Time

Revenues	2012-13	2013-14	2014-15	2015-16
District Sources (Local Sources)	\$13,409	\$12,389	\$11,199	\$9,424
State Reimbursement	\$1,605	\$1,689	\$1,579	\$828
Federal Reimbursement	\$88,634	\$84,012	\$81,465	\$67,744
Total Revenues	\$103,648	\$98,090	\$94,243	\$77,996
Expenditures				
Salaries	\$30,450	\$30,568	\$31,343	\$40,608
Benefits	\$23,610	\$12,086	\$12,631	\$21,264
Purchased Services	\$793	\$828	\$1,025	\$878
Supplies	\$71,366	\$69,596	\$71,839	\$63,203
Other Expenses (*Other & Property)	\$3,050	\$752	\$5,904	\$100
Total Expenses	\$129,269	\$113,830	\$122,742	\$126,053
Revenues - Expenses	(\$25,621)	(\$15,740)	(\$28,499)	(\$48,057)

*Note: Totals may not reconcile completely due to rounding *amount of Other and Property combined*

Source: OCAS Revenue and Expenditures Reports 2013-2016

RECOMMENDATION

Reexamine possible reimbursement methods and then determine the best choice for the district’s child nutrition program.

School administrators need to determine which method of accounting for the number of free/reduced price meal students should be used. If CEP is selected, then this district or any district experiencing this same dilemma, should research ways to increase the Direct Certification numbers. Also, it is recommended that the cafeteria manager take Child Nutrition financial management classes, such as is offered at the Institute of Child Nutrition.

District administration and CN staff must prioritize efforts to increase communication and mutual sharing of information regarding expenditures, revenue, and budget on a monthly basis. The meeting should focus on comparing actual expenditures versus what was budgeted so that adjustments can be made before the end of school. Also, menus need to be costed regularly to ascertain if the food cost is in line with the budget.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING 5A-14

The consultants observed in some districts that some of the cooking techniques did not reflect best practices and should be enhanced with additional training for the manager and CN staff. The food served on days of the visit could be enhanced by utilizing different methods of cooking, seasoning, and the inclusion of more fresh or frozen fruits and vegetables. While observing, it was noted that the mashed potatoes and canned carrots were being “cooked” on the hot food serving line. Nutrient loss in foods is increased when it is exposed to heat for extended periods of time.

It might also enhance the life of the serving line equipment if cooking was done on the stove top or oven. Also, it would take less time to heat food on the stove top instead of the serving line equipment.

RECOMMENDATION

The cafeteria employees should participate in the free Cooking for Kids culinary training and consultation with a chef for 10 days of on-site assistance.

To learn these different culinary skills, it was highly recommended to all Superintendents that CN staff register for the Cooking for Kids program (See Cooking for Kids website,⁹ for resources and information). Such training explains the different methods of preparation, such as vegetables being roasted, stir fried, steamed, blanched, or served raw.

These different methods enhance the flavors of foods and add interest to the menus. Also, adding herbs, spices, and layering flavors will improve the taste of foods without adding sodium. Offering different kinds of sauces and spice stations can also be used to enhance the flavors of foods (See **Appendix G** for spice/herb chart). Students could self-serve and individualize their foods, which is of value and importance to GenZ students.

Finally, stocking the salad bar with fresh vegetables and fruits or fruits packed in minimal sugar would be an excellent way to increase the fruit and vegetable consumption of students and meet the USDA requirements for vegetable subgroups that are to be offered each week. Canned vegetables usually have higher sodium levels, and the texture, taste, and appearance of canned vegetables is not as desirable as fresh or frozen forms. Use of olives on the salad bar (noted during observation) is expensive, and olives are high in sodium. Boiled eggs and leftovers from previous meals served on the salad bar are costly, and also add to the calorie intake of students, which may make the calorie levels too high to meet USDA meal guidelines.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

⁹ <https://cookingforkids.ok.gov>

FINDING 5A-15

The latest regulations concerning menu requirements include different vegetable sub-groups in specified amounts, serving sizes and total amount of vegetables offered per meal service, all grains to be at least 50 percent whole grains, reduced sodium levels, no trans-fat, no more than 10 percent of calories from saturated fats, and minimum and maximum amounts of calories per age group. There were some regulation concerns when observing lunch menus. Those concerns include:

- not enough vegetable choices - only carrots were served
- beans can count as a meat or as a veggie but not as both
- only vegetable served was for a sandwich
- tomato soup reconstituted at the ratio of 1 can soup to 1 can water. (1 cup soup = 1/4 cup vegetable, which would not be enough vegetable for that day)
- tater-tots served as only vegetable

Regulations require at least 3/4 cup of vegetables per lunch meal. For salads to count as a 1/2 cup, one cup of leafy greens must be served. There are some concerns that the sodium may also be too high when food such as chips and cheese are paired together.

RECOMMENDATION

Prepare menus that align with current regulations specified by the USDA’s lunch program to provide improved nutrition for students.

The menus featured foods that students like and recommended to the manager when asked for feedback. Review team suggestions for improving the menus include offering more variety of vegetables within the vegetable subgroups, trying more ethnic foods, and providing variety by serving different preparations of potatoes. To increase vegetable options, include a larger variety of red/orange vegetables such as sweet potatoes or winter squash and dark green vegetables such as kale, turnip greens, spinach, Brussel sprouts, and dark green leafy lettuces such as romaine or arugula. Incorporate more “other vegetables” for greater variety, such as cauliflower, cabbage, summer squash, bell peppers, cucumbers, mushrooms, and okra. Reduce the amount of beans on the menus from two times a week to one time a week (only required once a week in a 1/2 cup serving) and use more potatoes, which are a student favorite, in different forms such as roasted Italian potatoes, potato salad, spicy cube potatoes, and waffle fries.

Other suggestions to improve the menu would be to try more ethnic type foods. Possibilities include Asian, Mexican, Native American, and Italian, using different types of pasta such as penne or bow tie for variety and interest. Add variety in the sauces by serving a Bolognese sauce or an Alfredo sauce. These can be paired with chicken or beef.

Decrease the use of packaged foods and dessert type foods such as chips, cobblers, puddings, cakes, cookies (one district served four desserts in the second week of March). Make hot rolls from scratch to better utilize the labor hours and decrease costs.

Breakfast menus appeared to align well with regulations. However, consider offering some new items such as yogurt parfaits with granola and smoothies using yogurt and fruit.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

D. PARTICIPATION/NUTRITION/PROGRAM PROMOTION

FINDING 5A-16

It was noted during onsite visits to several districts, that breakfast participation at middle and high schools is lower than industry best practices, as shown in **Exhibit 5A-12**. Lunch participation at the primary and middle school is lower than industry best practices as shown in **Exhibit 5A-15**.

**Exhibit 5A-15
Best Practice Breakfast Participation Rates Compared to Sample District**

School	Best Practice	Sample District Rate (2014-15)
Primary	35%	43%
Intermediate	35%	38%
Middle	35%	33%
High School	25%	20%

Source: Healthier US School Challenge Criteria, 2014, OEQA Archived Data

**Exhibit 5A-13
Best Practice Lunch Participation Rates Compared to Sample District**

School	Best Practice	Sample District Rate (2014-15)
Primary	75%	70%
Intermediate	75%	88%
Middle	75%	54%
High School	65%	65%

Source: Healthier US School Challenge Criteria, 2014, OEQA Archived Data

The consulting team found several practices in varying district reviews that likely contributed to meal participation rates being lower than industry best practices:

- The vending machines are on and available to high school students during meal times.
- There are no entrée choices at the primary school.
- Only pizza is served every Friday at the primary school.
- The primary school on the day of review had similar menu items – pancake sausage on a stick at breakfast, and corn dogs at lunch.
- The middle school ran out of sandwiches before the end of first period – staff puts out only so many per lunch period, so all students do not have the same choices.
- There was no fresh fruit on the salad bar at the middle school
- The high school breakfast menus lacked variety – breakfast pizza every Monday, croissant sandwiches every Tuesday, and biscuits every Wednesday.
- There is no yogurt on the high school breakfast menu, which is often a popular item.
- The middle school breakfast menu lacked variety.
- Student input using advisory groups to gauge satisfaction with the program is not solicited on a regular basis.

A 2004 study conducted by the National Food Service Management Institute (NFSMI) Division of Applied Research found that schools who allowed students to have recess before, rather than after lunch showed students did the following:

- ate 24 percent more food by weight;
- wasted 30 percent less food by weight;
- ate eight percent more calories;
- consumed 35 percent more calcium; and
- consumed 13 percent more Vitamin A.

Results from high school student surveys indicated an extremely low number (24 percent) like the food in their cafeteria. Only 32 percent think the cafeteria serves a good variety of food.

Exhibit 5A-16 shows the responses about the lunchroom from the 199 high school students who responded. These survey data substantiate the need for improvements to the meals programs, which should result in improved participation levels.

Exhibit 5A-16
Student Survey Responses Regarding Child Nutrition

Survey Questions	Agree	No Opinion	Disagree
Discipline and order are maintained in the school cafeteria.	69%	19%	12%
I have enough time to eat my lunch each day.	47%	5%	48%
I like the food served in the cafeteria.	37%	13%	50%
The cafeteria serves a good variety of food.	35%	14%	51%

Source: OEQA Sampling of Archived Surveys

There are a variety of resources and training materials available to assist child nutrition programs with increasing participation:

- The Smarter Lunchrooms Movement at the Cornell Center for Behavioral Economics in Child Nutrition Programs has an assortment of training materials, best practices, research articles, and self-assessment forms.
- The School Nutrition Association has a self-assessment section on menu planning and marketing in their *Keys to Excellence*.
- NFSMI has a publication *Best Practices for Marketing the School Nutrition Program* as well as training courses for staff such as *Focus on the Customer*.
- USDA’s Team Nutrition has a toolkit *Fruits and Vegetables Galore* which contains a workbook titled *Meal Appeal Attracting Customers*.

RECOMMENDATION

Develop strategies for increasing meal participation.

Offering an additional choice of entree at lunch, especially for the older students, may increase participation. When only one choice is offered and it is not a food students like, they may not eat. A second entrée could be something popular like chicken nuggets, hamburger, or a simple and quick sack lunch with a cold sandwich or sub. Students like to have choices. Below are some best practices for increasing participation:

- Improve and add a variety of flavors in preparation and during service, such as sauces, spices, herbs, garlic, fresh pico, and utilize different methods of cooking to enhance flavors such as roasting, stir-frying, and braising. Offer flavor stations for students to individualize their foods.

-
- Involve students in more tastings and allow them to provide feedback on what foods to serve. Ask vendors to put on a small food show at the school, with opportunities for students to taste possible new menu items and then provide feedback.
 - Provide an additional entrée choice such as combo meals for grab and go, or student favorites
 - Use some Smarter Lunchroom techniques to encourage students to choose healthier choices. Includes fun signage, posters, student designed art and posters for marketing, more student involvement in decorating the cafeteria, offering promotions such as lucky tray day or Dr. Seuss Day.
 - Grow some vegetables in a school garden or a hydroponic tower and serve produce on the salad bar.
 - Sign up and participate in the Cooking for Kids training and chef training. They provide many ideas of how to improve the perception of school meals, as well as help with special functions for students and parents.
 - Encourage parent participation in tastings and selection of foods for menus during bid time. Provide recipes from school to home, photos of students tasting new foods in school newsletters, website, provide cooking classes for families. Attend PTA meetings and share what is being done and provide samples to taste.
 - Implement recess before lunch. Having activity before eating encourages students to eat better and to focus on the meal rather than going outside to play with friends.

CN directors/managers should evaluate menus to determine how to include more variety during the cycle menu, provide more of a difference in daily choices, and provide entrée choices at the primary school. The director should work with principals at the secondary level to organize advisory panels who meet on a regular basis to provide feedback and suggestions. Kitchen staff and students should be asked to provide feedback on menus. A policy should be instituted that all item lines will be kept replenished so that all students have the same choices.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING 5A-17

The school has chosen to use direct certification and the Community Eligibility Provision (CEP) to determine how many free and reduced-price meal qualifying students are enrolled. As mentioned in the Performance Reporting section, changing to the CEP caused the school to lose about 23 students (a 15% loss) compared to last school year. The qualifying percentage established for a school is valid for a period of four school years. If the rate increases during the four-year cycle, a new cycle can be started using the new percentage at any time.

RECOMMENDATION

Efforts should be undertaken to increase the number of students on Direct Certification.

Districts value free meals for all students, it is suggested that efforts be undertaken to increase the number of students identified by Direct Certification. The Direct Certification number is obtained in April from the WAVE. For example, one district is currently at 42.8 percent Direct Certification. Students categorized as Direct Certification include students in SNAP, TANF, or FDPIR, and also students categorically eligible for free meals through participation in Head Start, or through their status as a homeless, migrant, runaway, or foster child. Methods to improve the direct certification process include:

- Keeping school enrollment data as up-to-date as possible and checking the status of new students as they enroll.
- Coding students that show up on the SNAP direct certification list as SNAP students, even if they have already been certified in another way, as long as the coding is done before the last operating day in October.
- Using extended eligibility to certify other children in the household.
- The webinar, *Community Eligibility Provision and Direct Certification: Best Practice for Success*, in the CEP Resource Center (<http://www.fns.usda.gov/community-eligibility-basics-improving-direct-certification-systems>) provides best practices to help schools optimize the number of students who qualify and increase their Federal reimbursement rate.

If a district decides not to continue CEP and go back to applications, better communication with families must occur to inform them of the change, and to encourage them to complete an application for the next school year. It could also be helpful to explain to the community that program participation brings in other benefits, besides meals, such as additional State aid funding, e-rate funding, and benefits for families such as free phones and tests for students.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING 5A-18

There is minimal nutrition education provided by child nutrition departments to students in several districts. The promotion of proper nutrition is one of the requirements of the *Healthy, Hunger-Free Kids Act of 2010* in addition to the wellness policy requirement for nutrition education outlined in the *2004 Child Nutrition Reauthorization Act*. Yet some districts' child nutrition programs are not making good use of various venues, such as the cafeteria, where nutrition education information may be provided to students.

During several onsite reviews, the consulting team observed that minimal nutrition education material had been posted in cafeterias. Improvements in cafeteria décor have not included nutrition education. Using posters on the walls can serve to rectify this and thereby meet the federal requirement for nutrition promotion. Menus were written on the serving line on a daily

basis, but did not contain any nutrition information. The food service section of a district's website and the monthly breakfast and lunch menus are additional areas where the child nutrition program could provide nutrition education information.

Since the passage of the *National School Lunch Act*, there has been an expectation that nutrition education should be a strong component of the program. It has been anticipated that child nutrition programs would become the schools' learning laboratory for effective nutrition education in their communities.

Exhibit 5A-17 provides a comparison of the 2004 and 2010 Local Wellness Policy (LWP) requirements. Among other things, the current USDA guidelines add a requirement for nutrition promotion.

Exhibit 5A-17
Comparison of Local School Wellness Policy Requirements

Area	2004 Requirements	2010 Requirements
Overview	Direct local education agencies (LEAs) to have a local wellness policy (LWP) in place for each school under its jurisdiction.	Strengthens LWPs and adds requirements for public participation, transparency, and implementation.
Elements of the Local School Wellness Policy	LWP to include, at a minimum, goals for nutrition education, physical activity, and other school-based activities to promote student wellness, as well as nutrition guidelines for all foods available on school campus.	In addition to the 2004 requirements, the LWP is also to include goals for nutrition promotion.
Stakeholder Involvement	LEAs are required to involve parents, students, and representatives of the school food authority, the school board, school administrators, and the public in the development of a LWP.	In addition to the 2004 requirements, LEAs are now required to permit teachers of physical education and school health professionals to participate in the development of a LWP.
Stakeholder Participation	The stakeholders named above are required to participate in the development of the LWP.	In addition to the 2004 requirements, LEAs are now required to permit all stakeholders named above and in 2004 to participate in the implementation and periodic review and update of LWP.
Local Discretion	LEAs can determine the specific policies appropriate for the schools under their jurisdiction, provided that those policies include all required elements specified in the Act.	Same as 2004 requirement.
Public Notification	None.	LEAs are required to inform and update the public (including parents, students, and others in the community) about the content and implementation of the LWP.
Measuring Implementation	LEAs are required to establish a plan for measuring implementation of the LWP.	LEAs are required to periodically measure and make available to the public an assessment on the implementation of LWP, including the extent to which schools are in compliance with LWP, the extent to which the LWP compares to model LWP, and a description of the progress made in attaining the goals of the LWP.
Local Designation	LEAs are required to establish a plan for measuring LWP implementation to include delegating one or more persons with the responsibility for ensuring LWP compliance.	LEAs are required to designate one or more LEA officials or school officials to ensure that each school complies with the LWP.

Source: USDA Food and Nutrition Service: <http://www.fns.usda.gov/tn/local-school-wellness-policy>

Most child nutrition programs use the many free posters available from manufacturers and organizations to decorate their cafeterias while also providing messages about good nutrition. Many districts use menus and the district website to provide nutrition information to both parents

and students. There are a number of resources available to assist child nutrition programs in providing nutrition education information. Most are provided at no cost, such as:

- *USDA My Plate*, which has graphics, materials for educators such as lesson plans, and other printable materials that can be downloaded at no cost;¹⁰
- USDA Team Nutrition, which has nutrition education materials for the preschool, elementary, middle, and high school levels;¹¹
- *Fuel Up to Play 60*, which is a school nutrition and physical activity program sponsored by the National Dairy Council and the National Football League that has nutrition education materials;¹²
- NFSMI (National Food Service Management Institute) which provides professionals working in child nutrition with training materials on the topic of nutrition education;¹³ and
- SNA (School Nutrition Association),¹⁴ the Oklahoma SNA,¹⁵ and the Oklahoma SDE Child Nutrition Unit,¹⁶ which provide nutrition education training materials for staff working in child nutrition.

RECOMMENDATION

Provide nutrition education to students using a variety of venues.

The child nutrition director should evaluate the nutrition education materials available and determine which will be most appropriate for the district's students at all grade levels. Posters should be displayed in the cafeteria and changed often to maintain interest and continue to provide new information. Nutrition resources and information for parents and students should be added to the food service page of the district website and kept updated. Menus should contain different nutritional messages every month.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING 5A-19

The child nutrition department is not maximizing the use of technology. There are products available from their current software providers that are not being utilized, including modules for online meal program applications, card-free pin pads, ordering and inventory, and menu planning and production. Likewise, CN programs are not using district websites to its maximum potential.

¹⁰ <http://www.choosemyplate.gov>

¹¹ <http://www.fns.usda.gov/tn/team-nutrition>

¹² <http://www.fueluptoplay60.com>

¹³ <http://www.nfsmi.org>

¹⁴ <https://schoolnutrition.org>

¹⁵ <http://www.snaofok.org>

¹⁶ <http://ok.gov/sde/child-nutrition-programs>

Meal program applications are distributed in schools and parents return them to the school or by USPS mail. They are processed in the child nutrition office using the Wengage application processing software. Applications are not available for parents to download online and they have no opportunity to apply online. Wengage does, however, have an online application available.

Students use cards at the POS in all cafeterias except at the primary school where a finger scanner is used. At the intermediate school, cards are organized by teacher's name and handed out to students at lunchtime. At breakfast the cashier types in the student name to access their account. These processes are all time consuming.

Secondary students use cards that they keep and present to the cashier. The department uses Wengage POS products and PayPal for online meal payments. The software provider does have a pin pad application available.

Menus are created using the NutriKids software program and the department also uses their nutritional analysis product. However, the order and inventory processes are not automated. When deliveries are made by vendors, the assistant director records all items by hand into an inventory book labeled "in and out sheets". The director stated the assistant director spends a minimum of two hours every day on this manual inventory process. As items are pulled for delivery to the schools, they are manually subtracted from the total, item by item. A similar manual recording process is maintained in the school kitchens. NutriKids has an ordering and inventory product available.

The only child nutrition information on most district websites are the menus. There is no separate food service page that could be used for additional information about the menus, nutrient content and allergy information, special programs such as summer meals, and nutrition education.

Child nutrition programs must meet strict standards of accountability. Federal and state requirements dictate a great number of reports be prepared to demonstrate accountability and fiscal responsibility. Some of the benefits of automation in a food service program are increased efficiency and speed of data handling, more timely report processing, more reliable information, better services for parents, efficient and updated nutrient analysis, menu costing tied to orders and inventory, and greater ability for data analysis.

Parents and students have a keen understanding of technology, use it in their daily lives, and come to expect it when they participate in the school meals program. Surveys indicated 67 percent of students have regular internet access at home. Providing automated processes for parents such as online meal program applications is an effective way to ensure that all eligible students are enrolled in the free or reduced price meal program. In their Operations Report of 2014, the SNA found that nearly 81 percent of schools use a card-free system at the POS and states "a card-free system remains top-ranked by a wide margin across all district sizes and locations". A robust website is an effective communication and marketing tool for school food service operations to reach their customers and stakeholders.

RECOMMENDATION

Implement available components of the current software providers to automate the processes of online meal program applications, pin pads, inventory, and ordering.

The child nutrition director should work with the automated POS provider to enable parents to fill out their applications for meal program benefits online and set up a pin pad system for use at the POS. The ordering and inventory products from NutriKids should be purchased. Data input and training should be completed for use in the upcoming school year. The department should explore the possibility of creating a separate food services page on the district website and update it on a regular basis.

FISCAL IMPACT

The consulting team estimates an additional cost of \$500 per year for using the additional products from the two software providers.

Recommendation	2019-20	2020-21	2021-22	2022-23	2023-24
Use additional products from software providers.	(\$500)	(\$500)	(\$500)	(\$500)	(\$500)

FINDING 5A-20

There is no formal purchasing plan for many districts' Child Nutrition programs and current purchasing practices do not meet USDA requirements for fair, competitive, and transparent procurement. Competitive bidding has not occurred in the purchase of all products. The manager started using quotes on some items they purchased this year. Several districts purchase from Sysco, Tankersley, Ecolab, and Hiland, while also utilizing local stores such as Wal-Mart. Food distributor representatives will regularly visit with managers and discuss grocery orders, new or different products that might interest the manager, and sometimes leave samples to try. Food deliveries are available a couple of times a week from the distributors.

As mentioned previously, foods cost more from distributors and vendors because there is not as much competition for a small school's business. The school is charged an additional fuel surcharge, and the prices of foods are higher due to lack of competition (for example, milk costs \$.334 per carton at Tannehill and \$.23 at Union PS).

RECOMMENDATION

Develop a purchasing plan that includes all the methods of procurement that the district will employ throughout the year and ensure all purchases align with the plan.

School districts need to develop a purchasing plan that includes all the methods of procurement they will utilize such as small purchase procedures, quotes, prime vendor, and micro-purchasing. The purchasing plan should at least consider the following components:

- a code of vendor conduct,
- dispute resolution,
- required contract provisions and forms,
- list of unallowable procurement practices,
- defined purchase conditions such as contract period,
- renewal availability,
- price adjustment clauses,
- the schedule of procurement, and
- the Buy American first provision.

After awarding the contracts, the requirements of the contract need to be managed throughout the year to assure compliance with the purchasing plan and contracts.

There is a group of schools that have formed a purchasing co-op called Smart Campus, that includes smaller school districts as well as much larger school districts. The bid is written and sent out by one of the larger school districts. There are different tiers of pricing based upon the school's size and utilizes a fixed fee per case for shipping and handling.

Another option is to bid a “market basket or prime vendor” type contract, which awards all food contracts to one vendor based upon the lowest price submitted for all products bid in quantities forecast to be utilized during the school year. This would meet USDA regulations if specifications for all items expected to be purchased are included, if the forecasted amounts of each item for the school year are included, and if at least three vendors are invited to bid. This would decrease the number of invoices and might entice vendors to lower prices a little if they know they can provide all of the products.

Since the school does not spend more than \$150,000 on foods and supplies, they could also get quotes on all items and award to the lowest bidder on each item. This method would be more difficult to manage because the manager would need to know which food to order from which vendor, and it might not lower prices because the amount awarded to a vendor might not be enough to make it worth their effort.

The school could also utilize the micro-purchasing method for purchases under \$3,500 per vendor per school year. Quotes and formal bids are not required for these types of purchases; however, these purchases must be spread out to different vendors, not just one.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

E. STANDARDS & EQUIPMENT

FINDING 5A-22

It was consistently observed that districts did not have a child nutrition equipment purchase and replacement plan. The child nutrition budget does not include a line item for capital replacement.

When asked about a kitchen equipment replacement plan, it was a common response from child nutrition directors that they replace items as needed. Examples of this are as follows: When notified by the financial secretary of the need to increase expenditures due to a potential excessive overage in one district, the director purchased several items – three replacement pieces and one new item for the high school. Staff stated in a focus group from one district that an ice machine at the intermediate school has not worked since the prior school year. Ice is brought from another school daily. There was no planning for capital purchases in these districts. Some superintendents stated they currently do not have a good process for purchasing kitchen equipment. They also would like to see an amount included for this in the child nutrition budget.

Some districts maintain a list of equipment by school that includes the age of some items. In a sample list the oldest items listed were from 1988 (a dishwasher and tilt skillet. However, this list did not include information about repairs made to each piece of equipment. One district recently started maintaining a list of repairs made to kitchen equipment; however, that list did not identify the location of the equipment (**Exhibit 5A-18**).

**Exhibit 5A-18
Sample of Kitchen Repair Log**

WALK-IN FREEZER	FOUND FAULTY DEPROST CLOCK SWITCH	REPLACED CLOCK & GOT SYSTEM ON LINE THEN FOUND FAULTY EXPANSION VALVE. WE HELPED UNLOAD FREEZER AND ORDERED VALVE. RETURNED & REPLACED VALVE WE HELPED UNLOAD FREEZER AND ORDERED VALVE RETURNED & REPLACED VALVE AND FOUND INDOOR EVAPORATOR FLUAN WOULD NOT COME IN THROUGH TERMINATION SWITCH. REPLACED	MARTIN'S SERVICE	10/26/2016	8.25	\$80.00						PO# 10 CHILD NUTRI
CAFETERIA FREEZER	FOUND FAULTY TRANSFORMER AND CONTACTOR	REPLACED PARTS AND CHECKED OPERATION	MARTIN'S SERVICE		1	\$80.00	40VA TRANSFORMER - 26.00, 3 POLE CONTACTOR 49.00			75		PO# 10 CHILD NUTRI
WALK-IN FREEZER	FOUND SYSTEM FREEZING UP AT EVAPORATOR COIL	DEFROST CLOCK SOMETIMES WAS STUCK AND STOPPED. REPLACED CLOCK AND ADDED FREON. BLEW OUT CONDENSER COILS	MARTIN'S SERVICE		4	\$80.00	8142-20 PARAGON DEFROST CLOCK	8142-20		196		PO# 10 CHILD NUTRI
CAFETERIA REACH IN	FOUND BAD CONNECTION IN PLUG HARNESS	REPAIRED WIRE HARNESS AND CHECKED OPERATION	MARTIN'S SERVICE		1	\$80.00	LABOR					PO# 10 CHILD NUTRI
Reach-in refrig	Service Call-checked and serviced reach-in refrigerator, leaking evaporating coil, repaired leak and charged unit with R-22. (High School)	Repaired leak and charged unit/vacuum pump and torches	Air-On	2/3/2015	3 hrs						4 lbs R-22/vacuum pump and torches	\$545.00

Source: OEQA Archived Exhibit

*Cost Control for School Foodservice Directors and Administrators*¹⁷ suggests budgeting 2.6 percent of revenue toward large equipment. NFSMI recommends setting aside at least one

¹⁷ VanEgmond-Pannell, D. (1992). *Cost control manual for school food service directors*. Frankfort, KY: Kentucky Department of Education, Division of School and Community Nutrition



percent of the child nutrition budget each year for equipment replacement. *School Food & Nutrition Service Management*, Sixth Edition¹⁸ recommends 3.8 percent. In an article in *Dietary Manager*, author/expert Schweitzer discusses the various considerations related to decisions about equipment purchases in institutional kitchens. The list includes repair history, energy efficiency, and frequent repairs that exceed the cost of replacing the piece of equipment. She goes on to say, “The foodservice director or manager must consider many facts that surround decisions related to new equipment purchases or replacing equipment that may have exceeded its useful life.”

RECOMMENDATION

Improve equipment management by setting aside one percent of child nutrition revenues each year for kitchen equipment purchases and replacement.

The department should add repair history to its list of equipment by school. This inventory should then be used to develop and implement a plan for equipment replacement. A priority list should be developed based upon those items that are oldest and requiring repairs on a frequent basis. Equipment should then be purchased, as allowed by the budget, and installed, with the old equipment being removed and disposed of in a timely manner. Safe, efficient, commercial-grade equipment helps the child nutrition personnel to better control food quality, labor costs, and employee safety.

FISCAL IMPACT

The district should budget 2.6 percent of projected revenue for large equipment in the 2017-18 child nutrition fund budget. Based upon revenue projections of \$1,055,516 in the 2016-17 budget, this amount would be \$27,443.

Recommendation	2017-18	2018-19	2019-20	2020-21	2021-22
Budget for equipment replacement.	(\$27,443)	(\$27,443)	(\$27,443)	(\$27,443)	(27,443)

¹⁸ Pannell-Martin, D., & Boettger, J. (2014). *School food and nutrition management for the 21st century* (6th ed.). Aiken, SC: SFS21, LLC.

