

LEGISLATIVE REPORT

- SUBJECT:** Relating to the State Budget.
- REFERENCE:** Act 213, SLH 2007 (HB 500, HD1, SD1, CD1, Section 77), "Provided further that the department shall prepare a report that shall include but not be limited to cost saving measures for school food services; and provided further that the department shall submit the report to the legislature no later than twenty days prior to the convening of the 2008 and 2009 regular sessions."
- ACTION REQUESTED:** Report on school food services revenues and expenditures including cost saving measures.
- DOE REPORT:** See attached worksheet of the Department's food service projections of revenues and expenses as of September 2007.

As part of the School Food Services Branch's continuing efforts to control costs, the branch plans to implement the following short-term and long-term cost saving measures.

Short-Term

1. Procure statewide bids for chemicals and cleaning supplies. Current practice is schools order individually.
2. Investigate feasibility of procuring statewide bid for propane supply.
3. Investigate feasibility of shutting off equipment not in use during the summer months.
4. When replacement is necessary, replace water heaters with a demand-type tankless unit. The water heater operates only when hot water is needed, saves energy, reducing monthly gas bills.
5. Investing in low-flow pre-rinse spray valves. Reduces water consumption and heating energy.
6. Contract additional temporary help in application processing to reduce overtime hours.

Long-Term

1. New kitchens standards to include two-tier lighting. Primary lighting for high traffic areas, secondary lighting for low traffic areas such as storerooms.

2. Develop 5-year replacement plan for School Food Service equipment and procure contract maintenance plan.
3. Implement master supply (prime vendor) purchasing contract using one supply source. The benefit is to maximize purchasing power to negotiate quality products at lowest prices.

The branch will measure the results of these actions.

Food Service Projections of
Revenues and Expenses
as of September 2007

Actual
cost for
7/1/07 to
7/31/07

Actual
cost for
8/1/07 to
8/31/07

Actual
cost for
9/1/07 to
9/30/07

Actual
cost for
7/1/07 to
9/30/07

Projection for
10/1/07
thru 6/30/08
as of
9/30/07

FY2007-08
Fiscal Biennium
Version 9
7/1/07 to
6/30/08

FY2007
Actual
cost for
7/1/06 to
6/30/07

EXPENDITURES:

A. PERSONAL SERVICES

Cafeteria Manager	\$ 717,980	\$ 777,520	\$ 767,878	\$ 2,263,378	\$ 6,946,152	\$ 9,209,530	\$ 8,286,670
Foodservice	2,096,348	1,875,500	1,345,596	5,317,444	22,108,395	27,425,839	24,098,933
School Food Authority	68,917	70,214	100,949	240,080	648,518	888,598	893,240
Substitute-Classified	1,184	28,944	323,189	353,317	2,457,329	2,810,646	3,190,614
Meal Count Assistant	-	26,597	129,100	155,697	2,008,879	2,164,576	1,036,756
Fringe Benefits	116,122	55,619	177,990	349,731	8,574,668	8,924,399	7,003,492
Sub-total	<u>\$ 3,000,551</u>	<u>\$ 2,834,394</u>	<u>\$ 2,844,702</u>	<u>\$ 8,679,647</u>	<u>\$ 42,743,941</u>	<u>\$ 51,423,588</u>	<u>\$ 44,509,705</u>

B. CURRENT SERVICES

School Food Authority	\$ 29,063	\$ 20,447	\$ 10,976	\$ 60,486	\$ 141,620	\$ 202,106	\$ 169,588
Food and milk	108,897	2,549,078	2,325,105	4,983,080	21,505,299	26,488,379	26,925,254
Armored car	-	-	-	-	349,668	349,668	235,420
Storage & Delivery	113,941	86,464	174,033	374,438	1,195,562	1,570,000	1,226,537
Utilities	257,255	78,114	89,131	424,500	1,142,500	1,567,000	1,284,052
Repairs & maintenance	59,790	272,676	112,403	444,869	875,331	1,320,200	1,482,334
cafeteria supplies	82,605	589,959	372,442	1,045,006	4,299,578	5,344,584	4,516,244
Sub-total	<u>\$ 651,551</u>	<u>\$ 3,596,738</u>	<u>\$ 3,084,090</u>	<u>\$ 7,332,379</u>	<u>\$ 29,509,558</u>	<u>\$ 36,841,937</u>	<u>\$ 35,839,429</u>

C. CAFETERIA EQUIPMENT

	<u>\$ 40,387</u>	<u>\$ 75,736</u>	<u>\$ 60,185</u>	<u>\$ 176,308</u>	<u>\$ 1,581,492</u>	<u>\$ 1,757,800</u>	<u>\$ 608,635</u>
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M. MOTOR VEHICLES

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TOTAL EXPENDITURES

	<u>\$ 3,692,489</u>	<u>\$ 6,506,868</u>	<u>\$ 5,988,977</u>	<u>\$ 16,188,334</u>	<u>\$ 73,834,991</u>	<u>\$ 90,023,325</u>	<u>\$ 80,957,769</u>
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REVENUES:

Federal Funds	\$ 667,764	\$ 497,568	\$ 1,490,234	\$ 2,655,566	\$ 32,334,091	\$ 34,989,657	\$ 45,522,548
Special Funds	453,729	3,366,914	2,335,850	6,156,493	14,756,326	20,912,819	19,142,427
General Funds	2,570,996	2,642,386	2,162,893	7,376,275	26,744,574	34,120,849	16,292,794
TOTAL REVENUES	<u>\$ 3,692,489</u>	<u>\$ 6,506,868</u>	<u>\$ 5,988,977</u>	<u>\$ 16,188,334</u>	<u>\$ 73,834,991</u>	<u>\$ 90,023,325</u>	<u>\$ 80,957,769</u>

LUNCH COUNT PROJECTIONS:

Free Needy Students	25,379	758,956	682,638	1,466,973	4,465,097	5,932,070	6,253,190
Reduced Price Students	11,629	275,303	255,644	542,576	1,709,698	2,252,274	2,392,699
Paid Students	72,464	1,234,376	1,043,194	2,350,034	6,830,354	9,180,388	9,865,026
TOTAL STUDENT LUNCHES	<u>109,472</u>	<u>2,268,635</u>	<u>1,981,476</u>	<u>4,359,583</u>	<u>13,005,149</u>	<u>17,364,732</u>	<u>18,510,915</u>