FCMAT
FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
CSIS California School Information Services

Lost Hills Union School District

Food Services Review

January 7, 2016

Joel D. Montero
Chief Executive Officer

January 7, 2016

Harrison Favereaux, Chief Administrative Officer
Lost Hills Union School District
20951 Pavilion Way
Lost Hills, CA 93249

Dear Chief Administrative Officer Favereaux:

In September 2015, the Lost Hills Union School District and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for management assistance. Specifically, the agreement states that FCMAT will perform the following:

1. Examine the food service department's procedures and practices for managing all operations with regard to efficiency and reducing the encroachment on the unrestricted general fund. FCMAT will evaluate the current workflow and distribution of management and leadership functions in the department, which shall include but not be limited to food preparation, ordering, inventory, cash and resource management, staffing, policies and procedures, federal and state compliance, menu planning, warehousing and food storage, purchasing and facilities, and will make recommendations for improved efficiency, if any. The review will include any constraints to productive management by evaluating systems, structures and employee responsibilities in relationship to the district's goals.

   FCMAT will review documentation, including board policies and administrative regulations and job descriptions, and will gather data regarding current practices and procedures. Additionally, the study team may interview other department or site staff to determine the efficiency and effectiveness of services delivered.

2. Review training and professional development programs for employees and managers and make recommendations.

This report contains the study team's findings and recommendations.

FCMAT appreciates the opportunity to serve the Lost Hills Union School District and extends thanks to its staff for their cooperation and assistance during this review.

Sincerely,

Joel D. Montero
Chief Executive Officer

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About FCMAT

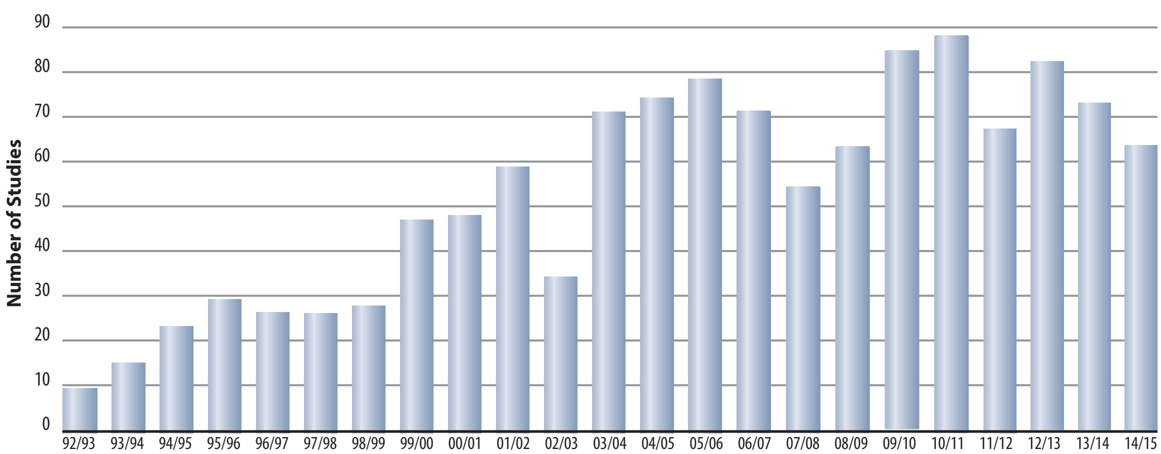
FCMAT's primary mission is to assist California's local K-14 educational agencies to identify, prevent, and resolve financial, human resources and data management challenges. FCMAT provides fiscal and data management assistance, professional development training, product development and other related school business and data services. FCMAT's fiscal and management assistance services are used not just to help avert fiscal crisis, but to promote sound financial practices, support the training and development of chief business officials and help to create efficient organizational operations. FCMAT's data management services are used to help local educational agencies (LEAs) meet state reporting responsibilities, improve data quality, and inform instructional program decisions.

FCMAT may be requested to provide fiscal crisis or management assistance by a school district, charter school, community college, county office of education, the state Superintendent of Public Instruction, or the Legislature.

When a request or assignment is received, FCMAT assembles a study team that works closely with the LEA to define the scope of work, conduct on-site fieldwork and provide a written report with findings and recommendations to help resolve issues, overcome challenges and plan for the future.

FCMAT has continued to make adjustments in the types of support provided based on the changing dynamics of K-14 LEAs and the implementation of major educational reforms.

Studies by Fiscal Year



FCMAT also develops and provides numerous publications, software tools, workshops and professional development opportunities to help LEAs operate more effectively and fulfill their fiscal oversight and data management responsibilities. The California School Information Services (CSIS) division of FCMAT assists the California Department of Education with the implementation of the California Longitudinal Pupil Achievement Data System (CALPADS) and also maintains DataGate, the FCMAT/CSIS software LEAs use for CSIS services. FCMAT was created by Assembly Bill (AB) 1200 in 1992 to assist LEAs to meet and sustain their financial obligations. AB 107 in 1997 charged FCMAT with responsibility for CSIS and its statewide data management work. AB 1115 in 1999 codified CSIS' mission.

AB 1200 is also a statewide plan for county offices of education and school districts to work together locally to improve fiscal procedures and accountability standards. AB 2756 (2004) provides specific responsibilities to FCMAT with regard to districts that have received emergency state loans.

In January 2006, Senate Bill 430 (charter schools) and AB 1366 (community colleges) became law and expanded FCMAT's services to those types of LEAs.

Since 1992, FCMAT has been engaged to perform more than 1,000 reviews for LEAs, including school districts, county offices of education, charter schools and community colleges. The Kern County Superintendent of Schools is the administrative agent for FCMAT. The team is led by Joel D. Montero, Chief Executive Officer, with funding derived through appropriations in the state budget and a modest fee schedule for charges to requesting agencies.

Introduction

Background

Located in Kern County, the Lost Hills Union School District has a five-member governing board, and served approximately 574 K-8 students at one elementary and one middle school in 2014-15. District administration estimates an enrollment of 570 in 2015-16. According to data from the California Department of Education (CDE), student enrollment has remained relatively flat for the past several years after reaching a high of 598 students in 2008-09.

The district participates in the National School Lunch and Breakfast programs at its two schools, which are located next to each other and share the food service facility. The district serves a high-needs population, and CDE records indicate that free and reduced-price meal eligibility districtwide was 93.6% in October 2014. The district's October 2015 reimbursement claim shows an eligibility of 94.7%.

In September 2015, the Lost Hills Union School District and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for management assistance to review the operations of the district's Food Service Department.

Study and Report Guidelines

FCMAT visited the district on October 20-21, 2015 to conduct interviews, collect data, observe the food service operations and facilities, and begin reviewing documents. This report is the result of those activities and is divided into the following sections:

- Executive Summary
- Budget
- Staffing and Meals Per Labor Hour
- Menus and Meal Service
- Provision 2
- Nonprogram Food Revenue
- Paid Lunch Equity and Meal Charges
- Food Handling and Food Safety
- Wellness Policy
- Food Costs and Purchasing
- Facilities and Equipment
- State Administrative Review
- Staff Training
- Appendices

In writing its reports, FCMAT uses the Associated Press Stylebook, a comprehensive guide to usage and accepted style that emphasizes conciseness and clarity. In addition, this guide emphasizes plain language, discourages the use of jargon and capitalizes relatively few terms.

Study Team

The study team was composed of the following members:

Diane Branham
FCMAT Chief Management Analyst
Bakersfield, CA

Judy Stephens
FCMAT Consultant
Nipomo, CA

Leonel Martínez
FCMAT Technical Writer
Bakersfield, CA

Each team member reviewed the draft report to confirm its accuracy and to achieve consensus on the final recommendations.

Executive Summary

The Food Service Department has six employees, including a full-time food service manager. At the time of FCMAT's fieldwork, the manager had been on leave since August 2015, and a food service consultant was working with the district part-time to provide managerial and oversight functions for the program.

According to the California Department of Education (CDE) records, the district's free and reduced-price meal eligibility was 93.6% in October 2014. The October 2015 reimbursement claim shows eligibility of 94.7%. However, the student enrollment on this document does not match that reported by district administration; therefore, it is likely that the eligibility is inaccurate. This indicates that the district's student information system is not routinely reconciled with the food service software system. It is critical that the student information in the food service software system is accurate because federal and state free and reduced-price meal reimbursements are the main sources of revenue for the program. Students who qualify for free and reduced-price meals are also those most likely to participate in the program.

One of the district's primary concerns with the Food Service Department is ongoing deficit spending and the annual contributions from the unrestricted general fund. A review of the district's cafeteria fund budget from 2011-12 through 2015-16 shows that expenses have exceeded revenues in each year, and indirect costs have not been charged to the fund. Beginning in 2013-14, transfers were made from the unrestricted general fund to the cafeteria fund for cash flow purposes. However, these funds were transferred permanently instead of temporarily, resulting in contributions from the unrestricted general fund. Without the contributions, the cafeteria fund balance would have been depleted in 2014-15.

Food and labor costs are the major portion of a food service expense budget. Based on the team's experience, the goal for these expenses should be 40-45% each as a percentage of revenue. The district's food costs have exceeded these percentages each year since 2013-14 and labor costs have exceeded these percentages in each year reviewed since 2011-12.

Meals per labor hour (MPLH) is an industry standard formula used to measure staff efficiency and help determine the appropriate staffing levels in a food service operation. In school food service, best practice standards are 30 MPLH. FCMAT's analysis for the district shows an average of 20 MPLH which indicates overstaffing.

MPLH ratios can be improved by increasing student participation or reducing staff, and it often requires some of each. To increase participation, the district should consider the provisional meal option, which allows all students to eat for no charge. Breakfast participation is low relative to lunch, and the district should consider options such as a grab-and-go breakfast, sack meal, second chance breakfast served later in the morning for middle school students, and breakfast in the classroom to increase participation.

The district should reduce labor hours if student participation is not significantly increased. At the time of FCMAT's fieldwork, the dishwasher/cook position was vacant. The district should leave the position vacant or eliminate it, and review all future vacancies as they occur to determine if they can be eliminated or reduced in hours.

The National School Meal Program has undergone some significant regulation changes in the past several years, mandating much stricter nutrition guidelines. The required menu certification that was supposed to occur in the 2011-12 school year was not completed timely by the district.

As a result, the menus were not in compliance, and the district did not receive the additional reimbursement of six cents per lunch served that was provided to compliant districts. This issue was discovered in spring 2015, and menu compliance was completed by a staff member in the business office before the state review.

The Food Service Department had a state administrative review in March 2015. These are routine reviews that are conducted every three years to ensure compliance to program regulations. The review found many areas out of compliance that required corrective actions by the district and/or technical assistance by the state reviewer.

Staff training is essential to help resolve the district's food service program and budget issues. Additionally, the USDA has established minimum education and training requirements for food service personnel. These requirements became effective on July 1, 2015, and mandate professional standards and annual training requirements. Areas that require immediate training for the food service manager and staff include food safety practices and program requirements such as portion sizes and meal components. The district should also consider sending the food service manager and staff to other school districts to observe food service operations. Staff members should also be cross-trained so they can perform all food service tasks efficiently, including operating the point-of-sale system.

Findings and Recommendations

Budget

A district food service program should ideally be self-sustaining. Revenue should be able to fund department expenses including indirect costs, with appropriate reserves maintained. However, a review of the district's cafeteria fund budget from 2011-12 through 2015-16 shows that expenses have exceeded revenues each year, also known as deficit spending. Additionally, indirect costs have not been charged to the fund in any of the years reviewed.

The 2011-12 beginning fund balance was $248,007, but because of deficit spending, the fund balance has been reduced each year. The 2015-16 projected ending fund balance is $38,865. Cafeteria fund revenues have been fairly stable during this time, with a one-time increase of approximately $30,000 in 2013-14. Expenses have increased 17% from 2011-12 to 2015-16, with a large increase in 2012-13. District administration indicated that one-time expenses were made in 2012-13 to reduce the fund balance based on a finding by the state administrative review, which indicated the fund balance was larger than allowed by federal regulations. This significantly reduced the ending fund balance, and beginning in 2013-14, transfers were made from the unrestricted general fund to the cafeteria fund for cash flow purposes. However, these funds were transferred permanently instead of temporarily, resulting in contributions from the unrestricted general fund. Without the contributions, the cafeteria fund balance would have been depleted in 2014-15.

Cafeteria Budget Comparison

	2011-12 Unaudited Actuals	2012-13 Unaudited Actuals	2013-14 Unaudited Actuals	2014-15 Unaudited Actuals	2015-16* Projected Budget
Beginning Fund Balance	$248,007	$239,367	$115,530	$112,774	$78,819
Total Revenues	451,798	451,350	480,147	449,123	449,123
Salaries	127,037	125,409	135,625	136,766	143,816
Benefits	74,823	69,449	87,851	88,729	93,961
Total Salaries and Benefits	201,860	194,858	223,476	225,495	237,777
Salaries/Benefits % of Revenue	45%	43%	47%	50%	53%
Food and Supplies	217,783	248,488	275,168	252,344	252,375
Food/Supplies % of Revenue	48%	55%	57%	56%	56%
Services and Other Operating	40,795	131,840	24,259	45,240	48,925
Capital Outlay	0	0	0	0	0
Indirect Costs	0	0	0	0	0
Total Expenditures	460,439	575,186	522,903	523,079	539,077
Excess (Deficiency)	(8,641)	(123,836)	(42,756)	(73,956)	(89,954)
Interfund Transfers In	0	0	40,000	40,000	50,000
Ending Fund Balance	$239,367	$115,530	$112,774	$78,819	$38,865

Source: Unaudited actuals reports.

*2015-16 projected budget information taken from 2014-15 unaudited actuals report because it included most current budget projections.

Rounding used in calculations.

Food and labor costs are the major portion of a food service expense budget. Based on the team's experience, to manage the program effectively the goal for these expenses should be 40-45% each as a percentage of revenue. Lost Hills Union's expenses in these areas have been higher throughout the period reviewed. Labor costs were within acceptable levels in 2011-12 and 2012-13, but began to increase in 2013-14 and are projected at 53% of revenue for 2015-16. This can indicate excessive staffing, which correlates to observations made by the study team and is supported by the meals per labor hour calculations discussed later in this report.

Food costs have been higher than desirable for all of the years reviewed. They were 48% of revenue in 2011-12, the year prior to the federally mandated menu changes, and have increased to 56% in the 2015-16 budget projections. However, the district has implemented some positive purchasing changes this year that may reduce food costs.

The district has not charged the cafeteria fund indirect costs. Indirect costs consist of business and administrative expenses such as budget, payroll, accounts payable, human resources, and data processing services provided to all programs. The true program cost is not shown if indirect costs are not budgeted and charged to the cafeteria fund. The California School Accounting Manual provides guidelines for allowable indirect cost amounts and how to calculate them.

A food service program with high free and reduced-price meal eligibility should be able to fund itself. Federal revenue from these meals is the primary source of income to the program. As discussed in further detail in the Staffing and Meals Per Labor Hour section of this report, the district has a high percentage of students who are eligible for free and reduced-priced meals. Student participation at lunch is high and has been fairly steady for the past several years, but breakfast participation has been relatively low. A provisional meal option is available that allows all district students to eat at no charge regardless of eligibility. This could help maximize student participation and revenue and will be discussed further in the Provision 2 section of this report.

The federal menu regulations that became effective in the 2012-13 school year have had a negative effect on many districts' budgets because of the increased cost of some food items and the types of food that must be offered. The increased requirements for fruits and vegetables have often caused more waste. These factors also appear to have played a role in the district's increased food costs.

Some districts have also experienced lower student participation because of the stricter nutritional standards. Interviews with staff indicated that the 2012-13 standards were not completely implemented until this year, and the October 2015 meal reimbursement claim shows a decline of approximately 65 lunches per day since October 2014. Although it is too early to know whether this will have a lasting impact at Lost Hills Union, participation should be monitored closely to determine if this decrease continues.

A lack of timely compliance with the state's menu certification process also cost the district revenue. Once certified, districts are eligible for an additional six cents per meal for all lunches served. The district served an average of 565 lunches per day from 2012-13 through 2014-15. The extra reimbursement for those lunches would have been approximately $6,100 per year. Although this may not be a high amount, every attempt should be made to maximize revenue.

Lack of necessary attention in menu planning and in obtaining best prices for food and supplies can also increase costs. Staff reported that menus were often not followed, and last minute substitutions were made because of lack of necessary products. In addition, some staff members' lack of understanding regarding portion and meal component requirements can increase food costs by causing them to prepare and serve more food than necessary. These issues will be discussed in further detail throughout this report.

Based on interviews and the documentation, the Food Service Department has not implemented some regulations timely and has not closely monitored the food service budget. This should be a high priority for the food service manager and an expectation from district administration.

Recommendations

The district should:

1. Reduce its food and labor costs to align with best practices.
2. Charge the full allowable indirect cost rate to the cafeteria fund.
3. Maximize free and reduced-price meal eligibility and student participation.
4. Ensure that the food service manager closely monitors and makes adjustments as necessary to maximize student participation.
5. Ensure that the Food Service Department implements regulations timely.
6. Ensure that the food service manager takes an active role in budget development and is assigned the responsibility of managing the budget.

Staffing and Meals Per Labor Hour

Because labor is generally one of the highest expenses in a food service operation, it is important to ensure that staffing ratios are adequate to meet the needs of the program without being excessive.

The Food Service Department consists of the following employees:

Food service manager	8 hours
Baker/cook	8 hours
Dishwasher/cook	7 hours
Cafeteria helper	7 hours
Cafeteria helper	4 hours
Cafeteria clerk	7 hours
TOTAL	41 hours

The district's elementary and middle schools are located next to each other and share the food service facility. Students have staggered lunch periods by grade level. A program with one kitchen and one cafeteria should provide for an efficient meal service. All employees are in one place and all food deliveries, storage, preparation, service and cleanup happen centrally. This should require fewer employees and fewer labor hours than a district with many sites to staff and food to transport.

The study team observed breakfast and lunch service during its site visit. The kitchen and cafeteria facilities are spacious and efficiently designed. The serving area is set up efficiently and provides for a fast flow of customers, with serving lines moving quickly.

Meals per labor hour (MPLH) is an industry standard formula used to measure staff efficiency and help determine the appropriate staffing levels in a food service operation. Generally, only labor hours for food preparation, cleanup and meal service are included in this calculation because it is a measure of the amount of labor used to prepare and serve the meals at sites. Management and clerical time are not normally included. However, because many duties are shared, and there is no clear separation of duties in the district's food service program, all food service hours were included in the calculation.

A meals per labor hour analysis was completed for district schools that analyzed the meals served in October 2015. October is the cut-off for prior year free and reduced-price meal eligibility and new application processing, so the month normally provides an accurate snapshot of student participation.

MPLH is calculated in many ways, and it is important to be consistent in the method used. Breakfast is sometimes counted as a fraction of a meal equivalent because it is simpler to prepare and serve. The district's breakfast menus include many ready-to-serve items, but some items are also cooked on site; therefore, breakfasts were each counted as one meal in this analysis. If the district had a la carte food sales, they would be converted into meal equivalents by dividing the total dollar of the sales by an average of breakfast and lunch prices. This would be added to meal counts. However, the district does not have a la carte sales except for a few adult meals, so this was not included. The district serves meals and/or after-school snacks to the Wonderful Preschool and Head Start students, so these were included in the meal analysis. The snacks were counted as one-third of a meal equivalent because they consist of only two items, which are prepackaged and require little labor.

The analysis was completed for the district as a whole rather than by school because all of the food is prepared in the same kitchen and served by the same staff. In school food service, best practice standards is 30 MPLH. The district has an average of 20 MPLH, indicating overstaffing.

Meals Per Labor Hour, October 2015

	Wonderful Preschool	Head Start	Elementary & Middle Schools	Totals
Breakfasts per Month	366	0	5,039	5,405
Breakfasts per Day	17	0	229	246
Lunches per Month	373	402	11,305	12,080
Lunches per Day	17	18	514	549
Total Meals per Month	739	402	16,344	17,485
Total Meals per Day	34	18	743	795
PM Snacks per Month	368	0	0	368
PM Snacks per Day	17	0	0	17
Snack Equivalents	6	0	0	6
Total Meal Equivalents	39	18	743	800
Labor Hours				41
Meals per Labor Hour (MPLH)				20

Sources: October 2015 reimbursement claim, Head Start meal count form and district staff schedule.
Rounding used in calculations.

The average number of meals served per day in October 2015-16 was also compared to participation in school years 2011-12 through 2014-15. This timeframe was chosen because the new nutritional standards became effective in 2012-13 and provides a comparison of meals served before and after the new requirements should have been implemented. There was a reduction in the average number of lunches served in three of the four comparison years; however, the largest reduction occurred from 2014-15 to 2015-16, with a decline of 65 meals (11%). The average number of breakfasts was higher in the first year of the new regulations but has declined since then.

As discussed later in this report, 2015-16 is the first year the district has fully implemented the nutrition standards and menu requirements. Therefore, changes in meal counts and participation should be closely monitored to determine if menu changes have a significant impact.

Meal Comparisons, October of Each School Year

	2011-12	2012-13	2013-14	2014-15	2015-16*
Daily Averages					
Breakfast	252	331	282	245	229
Lunch	587	562	555	579	514

Source: October reimbursement claims (counts do not include Head Start meals).
*2015-16 counts do not include Wonderful Preschool meals.
Rounding used in calculations.

According to CDE records, student enrollment changed little up to 2014-15, but free and reduced-price meal eligibility has fluctuated between 93.6% and 98.6%. Eligibility is an important factor in meal participation. However, the district's free and reduced-price meal eligibility is unknown because the enrollment on the October 2015 reimbursement claim appears to be incorrect. It does not match enrollment numbers from the district's student information system. This indicates that the district student information system and food service software systems are not regularly reconciled. If the food service system has inaccurate enrollment, the percentages of free and reduced-price eligible students will also be incorrect. This needs to be corrected, and the two systems should be reconciled regularly to ensure the data is accurate.

Student Enrollment & Meal Eligibility

	2011-12	2012-13	2013-14	2014-15	2015-16*
Enrollment	581	573	568	574	628
Free and Reduced-Price Meal Eligible Students	573	549	558	537	595
Percentage of Students Eligible	98.6%	95.8%	98.2%	93.6%	94.7%

Sources: http://www.cde.ca.gov/ds/sd/sd/filessp.asp and October 2015 reimbursement claim.

*October 2015 reimbursement claim appears to have errors because administration indicated enrollment is 570. Rounding used in calculations.

MPLH ratios can be improved in two basic ways: increase student participation or reduce staff, and it often requires some of each. The most positive way to improve MPLH is to increase participation. As discussed later in this report, the district should consider pursuing a Provision 2 alternative for its meal program. This allows all students to eat at no charge and simplifies meal counting and claiming procedures. The district is an ideal candidate for this program because of its high free and reduced-price meal eligibility. The fact that all children can eat for free with the Provision 2 alternative will attract paid and reduced-price students who currently may not participate in the program.

The high free and reduced-price meal eligibility and the small campus with an accessible cafeteria should make it relatively easy for the district to have a high participation rate. This is the case at lunch when on average 514 meals are served to elementary and middle school students in a district with an enrollment of 570 students (according to district enrollment figures). This is a 90% participation rate. However, at breakfast only about 40% of the students participate. This rate is better than many districts, but still leaves much room for improvement. Because most of the district's students are bused to school, their breakfast accessibility largely depends on bus schedules. If they arrive too late, there may not be sufficient time to eat breakfast. The district should consider other breakfast alternatives to capture the maximum participation. A simpler breakfast could be served as a grab-and-go meal that includes individually packaged items that don't require assistance from staff, or a sack meal could be served that students could retrieve more quickly than with the current tray service.

A method that would essentially ensure that 100% of students in attendance participate is serving breakfast in the classroom. This would work best with the Provision 2 alternative so all students could eat at no charge. The main complaints about this method of service are messes in the classroom and time taken away from teaching. These concerns have been overcome in districts that have successfully implemented this type of service. Packaged, ready-to-eat entrées such as cereal bars, muffins and breakfast sandwiches could be served along with dried fruit, juice and milk. Students can eat at their desks while teachers make morning announcements and take attendance. Breakfast counts can be completed when taking attendance. Some teachers use this time to give nutrition or health lessons, which can help fulfill the wellness requirements for nutrition education in the classroom.

Another breakfast alternative for middle school students is to offer a second chance breakfast at the morning break. The Food Service Department could consider serving grab-and-go breakfasts in the middle school quad area rather than having the students come to the cafeteria. This is often a better alternative for this age group because they frequently are not hungry first thing in the morning. This may not be a viable option for elementary students because their lunch periods are much earlier, and scheduling a mid-morning breakfast would be difficult.

Making sure students have breakfast provides them with nutritional benefits, helps increase academic achievement, and could increase cafeteria revenue and balance the food service budget. Because of the district's high free and reduced-price meal eligibility, providing breakfast to all or most of the students as described above could generate significantly more revenue. The October 2015 reimbursement claim includes revenue of $10,946, an average of $89,559 per year with a 40% participation rate. If participation were doubled, revenue could be increased by approximately $90,000 per year. Although food costs would increase, labor costs should not because the current number of labor hours could accommodate an increase in student participation.

The Food Service Department has six employees. One cafeteria helper works four hours per day in the food service program and works as a custodian for the remainder of the day. The remaining employees work seven to eight hours a day. This is unusual in a school cafeteria setting. It is common for a manager to work eight hours, and a lead may often work six or more hours per day. However, most other staff members typically work six or less hours with many working three or four hours per day. The current staffing pattern is expensive, particularly because of statutory and health and welfare benefit costs, and it requires scheduling lunch breaks for all employees. Interviews with administration indicated that the district has had difficulty in attracting part-time staff because of its remote location.

The review team's observations indicated that staffing is excessive, with too many employees for the tasks being performed. During the team's on-site visit, staff members worked at an unhurried pace and each had very specific duties rather than sharing tasks. This sometimes left individuals with nothing to do until food needed to be replenished on the serving line.

The cafeteria serving area is designed for very efficient service, with two separate lines entering the serving area on opposite sides of the counter and ending at the same cashier near the entrance to the eating area. Each line has its own key pad for entering student identification numbers. During the meal service, two cafeteria workers were stationed at the serving counter on each line to put entrées on the students' trays and/or replenish food items. This is not the most efficient process.

On the first day the study team observed lunch, the menu included hot dogs on a whole wheat bun, oven-baked fries, tossed salad, canned apples, beans and milk. Everything except the hot dogs was portioned for self-service. The two staff members on each line were portioning the hot dogs in the buns as students came through the line, with one person opening small bags of buns one at a time while the other person placed the hot dog on it and handed it to the students. If the hot dogs and buns were assembled shortly before serving and kept on trays in the warming carts, serving students would take only one person per line. On the second day, the entrée was sliced pizza that was preportioned on trays and kept in warmers. However, two staff members still stood in each line, one serving and the other standing by to retrieve more pizza or side dishes as needed. The backup entrées and side dishes are kept in carts very close to the serving area. One person per line would be sufficient to serve these entrées and retrieve more food from carts as needed.

Between lunch periods, food service staff prepared more food, cleaned the serving lines and washed trays and pans. A cafeteria helper also wiped the tables and swept the floors. The different grade levels have three lunch periods, and each period has about 170 to 180 students. The first two periods are for transitional kindergarten through fifth grade students and are scheduled to start 45 minutes apart. The students get through the serving lines in about 20 minutes per period. The third period is for middle school students, and their lunch period is scheduled to begin 70 minutes after the start of the second line. They also get through the line in about 20 minutes. This increases the workday for food service staff. If the lunch periods were scheduled closer together, the staff schedules could be shortened. After the lunch period, food service staff take a 45-minute break, which includes a one-half hour lunch and the 15-minute afternoon break. The staff then cleans the kitchen and begins preparing food for the next day. If some staff were assigned fewer hours, a lunch break would not be required, and those employees could leave after the serving period.

Breakfast meal set-up is similar, but with one employee on each serving line and the clerk at the point-of-sale computer. Other staff members wash dishes or prep food for lunch. Breakfast meals are fairly simple with mostly self-serve foods. One staff person could serve both lines if the hot entrées were placed in the center of the serving counter instead of on the end. The flow of the breakfast lines depends on the bus arrival schedules, with various groups coming in from 7 a.m. to 8 a.m.

Instead of disposable trays, the department uses reusable plastic trays that require numerous hours per day to wash. The department has a seven-hour dishwasher/cook, but according to staff, most of the position's time is spent washing dishes. This position washes all the trays as well as cooking pans and utensils. At the time of FCMAT's fieldwork, the position was vacant and a substitute performed dishwashing duties. If the district used disposable serving trays, this position could be eliminated. The other department job descriptions list cleanup or other related duties as assigned, and these positions could split the remaining dishwashing tasks.

Many food service employees have worked for the department for several years and are accustomed to performing tasks as they have been performed in the past. Changes such as eliminating positions, reducing hours or changing duties to require more crossover of responsibilities may be difficult for some staff. The best method of dealing with a staffing reduction is often by eliminating vacant positions. Staff should be informed about the department's financial issues, such as deficit spending and the contribution from the unrestricted general fund, and the former lack of compliance issues so that they understand why changes are necessary. A team effort will be necessary to improve the food service program, and staff are more likely to accept changes if they understand the reasons.

Job descriptions for cafeteria staff are vague and outdated, ranging in approval dates from 1978 through 2000. The job descriptions do not include the minimum weightlifting and repetitive duty requirements necessary for compliance with the Americans with Disabilities Act (ADA) and do not list essential job functions. As written, the district could not use some of its job descriptions as evidence of essential duties in accommodation cases, nor should it use them when making employment decisions related to an applicant's ability to perform essential duties. Reviewing and revising job descriptions to ensure that duties are correctly identified as essential will help protect the district from disability discrimination claims by applicants and/or employees who may be eligible for reasonable accommodations under the ADA.

Several descriptions have overlapping duties; however, some staff members indicated they believe they are responsible for specific tasks and should not be required to perform others for the current salary.

The food service manager job description lists mainly administrative duties but also includes food preparation, cleanup and other food service worker duties. Some staff members indicated that they believe the position is supposed to play a major role in daily food preparation as well as perform all management duties. Prior individuals in the position reportedly worked most of the day in the kitchen, but this is not the case with the current food service manager. Some staff members voiced frustration with having to perform duties they believe are the manager's responsibilities.

If the district switches to the Provision 2 status, the clerk's duties will be greatly changed and simplified. This position could be part of a cafeteria worker position and participate more in food preparation and cleanup as well as clerical responsibilities.

The district could have three cafeteria classifications: a food service worker, a food service lead (or food service worker 2) and the food service manager. The food service manager position job description should include all the managerial duties and backup in the kitchen as needed, but the position should not be a primary participant in daily food preparation and cleanup. A baker/cook position is unnecessary because complex cooking and baking duties are no longer performed on-site. This position could be reclassified to food service worker 2 or a food service lead position. The clerk and helper positions could be reclassified to food service worker positions, and the dishwasher/cook position could be eliminated.

Recommendations

The district should:

1. Closely monitor changes in meal counts and student participation.
2. Establish a procedure to regularly reconcile the food service software system and the student information system to ensure that the food service system includes accurate information.
3. Make increased student participation a priority, and consider the following options:
   - Pursue Provision 2 program status.
   - Provide breakfast alternatives such as grab-and-go or sack meals, breakfast in the classroom and/or and a second chance breakfast.
   - Encourage students to participate in the program.
   - Educate staff on the importance of student participation in the food service program.

4. Reduce labor hours if student participation is not significantly increased. Review all vacancies as they occur to determine if they can be eliminated or reduced in hours.

5. Leave the current dishwasher/cook position unfilled or eliminate it.

6. Ensure that staff know why labor hours must be reduced.

7. Simplify cooking and serving methods to improve efficiency, including the following:

   - Switch to disposable serving trays.
   - Predish as many foods as possible to reduce the number of staff needed on serving lines.

8. Work with its classified employee bargaining unit as necessary to update job descriptions and consider including fewer classifications when revising them. Ensure that the descriptions include overlapping duties to improve skills and department efficiency; continue to include other related duties as assigned and comply with the ADA.

9. Consider completing a salary comparison for food service positions in similar districts to determine if they need to be at a higher range on the district's salary schedule.

Menus and Meal Service

Nutritional Requirements

The district participates in the National School Lunch and Breakfast programs, which are regulated by the United States Department of Agriculture (USDA) and the California Department of Education. Regulations were updated in 2010 during the federal reauthorization of the program. These were the most comprehensive changes to the program in 15 years. Initial guidelines became effective in the 2012-13 school year and have continued to become stricter.

Section 9(a)(4) of the Richard B. Russell National School Lunch Act (NSLA) requires that school meals reflect the latest Dietary Guidelines for Americans (Title 42 United States Code Section 1758(a)(4)). In addition, Section 201 of the Healthy, Hunger-Free Kids Act of 2010 amended Section 4(b) of the NSLA to require the USDA to issue regulations to update the meal patterns and nutrition standards for school lunches and breakfasts based on the recommendations issued by the Food and Nutrition Board of the National Research Council of the National Academy of Sciences (Title 42 United States Code Section 1753(b)). The following websites contain additional information regarding these issues:

> http://www.fns.usda.gov/sites/default/files/NSLA.pdf http://www.fns.usda.gov/sites/default/files/HealthyHungerFreeKidsActof2010.pdf.

The new regulations seek to increase the availability of fruits, vegetables, whole grains, and fat-free and low-fat fluid milk on school menus; reduce the levels of sodium, saturated fat and trans fat in school meals; and meet the nutritional needs of school children within specified calorie requirements. The intent is to provide meals that are high in nutrients and low in calories, which better meets students' dietary needs and protects their health.

In addition to higher fruit and vegetable requirements, districts must offer a wider variety of vegetables, including specified weekly amounts of vegetable subgroups. These subgroups include dark green, red/orange, starchy, and legumes. While this is nutritionally beneficial, it has complicated menu planning and to some extent, student acceptance. A full cup of fruit must be offered at breakfast, and one-half cup of fruit and three-quarters cup of vegetables must be offered to K-8 students at lunch. Students must take at least one-half cup of fruit or vegetable with both breakfast and lunch whether or not they plan to eat it. Districts have experienced an increase in waste because of this requirement.

Offer versus serve is a meal planning option that allows students to decline some of the food offered in a reimbursable meal. The goal is to reduce food waste and extra expense and permit students to choose the foods they want to eat. At least five items must be offered at lunch and four at breakfast, and students may take all of the items offered; however, they are required to take only three items at each meal. Other than the requirement that one of the items must be a fruit or vegetable, students may choose or refuse whatever they want. Offer versus serve is required by regulations at the high school level and highly encouraged at other grade levels.

Lost Hills Union uses offer versus serve, but it is not implemented properly. Observations and discussions with staff indicated a lack of understanding regarding portion sizes and components required to constitute a complete reimbursable meal. For example, every student was required to take a fruit. The menu included two fruit choices at breakfast, and two fruit and two or three vegetable choices at lunch. The minimum requirement is for the students to take a one-half cup serving of a fruit or a vegetable. Forcing the students to take a fruit resulted in many servings being discarded. This also adds to food costs and labor costs spent preparing the food. It would be beneficial for students and staff to be informed about what constitutes a complete meal. This could be accomplished in several ways; for example, the food service manager could visit classrooms at the beginning of each school year and give a short lesson on this subject, especially to kindergarten students, or provide information to teachers so they can share it with students.

Federal regulations require signage at the breakfast and lunch serving lines to inform students of what food items they must take. This can be accomplished with words as well as pictures to simplify the signs, particularly in a bilingual setting. Signage needs to be placed in a visible location at or near the beginning of the serving line and must indicate what foods are part of the reimbursable meal so students can easily choose all the required food items in the appropriate quantities. The signage should include the number of choices of fruits or grains the student may select and the minimum requirements for offer versus serve. These can be simple and generic or include the actual foods served on the daily menu. Generally, simple signage is the best option, and signs are available for sale commercially. The required signage was not used during the review team's site visit. Further information regarding the requirements can be found on the following websites:

http://www.cde.ca.gov/ls/nu/ed/documents/mlptrnchg.ppt

http://www.fns.usda.gov/sites/default/files/cn/SP41_2015a.pdf

Some of the fruit and vegetable portion sizes offered by the district are incorrect and further indicate the food service staff members' lack of understanding of the requirements. The production records for lunch show portions of three-quarter cup and two to three choices. Although the regulations state that three-quarters cup must be offered, students need to take only one-half cup. If all servings were one-half cup and at least two one-half cup items were offered, requirements would be met, the portion size would be more appropriate for students, and costs would be reduced. Students with bigger appetites can take more menu items. The production records provided to FCMAT show that a few items are incorrectly planned. For example, green salad is listed as either one-half or three-quarter cup. However, all leafy greens must be in one-cup portions to equal the one-half cup nutritional equivalent. Another exception is dried fruit, which requires a one-quarter cup portion to meet requirements. The regulations regarding portion sizes for fruits and vegetables are confusing and often misinterpreted; however, the state looks for compliance during on-site reviews, and the district was cited for an error in this regulation during its last state review.

Menus

As described in the federal nutritional requirements, the new regulations have made menu planning more complicated. Trying to include the amount and variety of fruits, vegetables and whole grains within calorie maximums creates a difficult task, and students sometimes do not prefer the foods. A review of a sampling of 2014-15 menus and production records indicates that menus did not comply with federal regulations. Additionally, many menu items were unnecessarily time-consuming to prepare. Examples include the following:

Bulk concentrated juices that needed to be mixed in pitchers and poured into individual cups.

Homemade yeast breads prepared by the food service staff.

Raw ground beef purchased in 80 pound cases, which had to be thawed, cooked and crumbled for dishes such as chili and spaghetti.

Peeling and cutting items such as carrots, jicama and apples.

Preparing salad dressing from scratch with staff topping salads on the serving line.

These types of products and processes are rarely used in quantity food production because they are not cost-effective.

The district's food service consultant has rewritten menus and has begun to simplify many food items, including the purchase of individual cartons of juice, premade bread items, precooked crumbled ground beef, precut and individually packaged fruits and vegetables, and individual salad dressing packets. These types of changes save time, reduce potential employee injuries, and decrease waste. Interviews with staff indicated that they are pleased with the changes, and students like the food.

During the study team's visit, the foods appeared fresh and appealing, and students appeared to enjoy the meals. A few individuals indicated they would like more Hispanic foods on the menu because of the district's large Hispanic population and more homemade items; however, the students indicated they were happy with the present choices during the study team's visit. Placing more ethnic and homemade foods on the menus could be difficult because the federal nutritional requirements for whole grains, less fat and salt and limited calories would likely make these foods not taste the same as those the students receive at home. Conducting a survey of students and families to determine the food items they want on the menus that also comply with federal requirements could be helpful in menu planning.

Production Records and Standardized Recipes

Federal regulations require the use of production records and standardized recipes to ensure that the food served to students meets the nutritional guidelines for a complete reimbursable meal.

Menu production records are meant to document the types and amounts of food served to students and adults. This is to ensure compliance with regulations and can help plan the amounts of food needed in future menu cycles. It helps prevent under- or overproduction of meals.

Many different formats are used for production records. Several examples are provided on the CDE website, but use of a particular form is not required. As long as all the required information is recorded, the district may use any form it chooses. A list of required information is included in the appendix section of this report. It basically includes the number of meals planned, the number of meals served, and the nutritional component each item meets, serving sizes, recipe numbers or product codes, and leftovers or substitutions. The forms must be kept for three years and are a part of state food service reviews. Additional information is provided on the CDE website http://www.cde.ca.gov/ls/nu/he/menuprorecords.asp.

The Food Service Department has been trying to use production records, but the forms used do not contain all required fields, and staff do not fully understand how to use them. The food service consultant recently introduced a new form and is working with staff to ensure they are completed correctly. The new form contains most of the required fields, but is missing a column for adult servings and includes an unnecessary column entitled "number times the recipe."

The Food Service Department does not use standardized recipes, which is a requirement of the program. The department does not have a recipe file or book. As a result, many items are made without recipes or with personal recipes.

Standardized recipes follow a particular format. They should include the name of the item, cooking instructions, cooking time, cooking temperature, ingredients, portion size, and yield. Hazard Analysis and Critical Control Point (HACCP) safety precautions also need to be written in the recipe. Using a standardized format has numerous advantages: they are consistent, easy to follow, and control the end product. Sample template forms are available on the CDE website http://www.cde.ca.gov/ls/nu/he/documents/recipe.doc.

Products that are prepackaged and only require heating are also required to have a recipe for each menu item, and those recipes must be kept on site.

Recommendations

The district should:

1. Ensure nutritional requirements are met in menu planning and service and change portions to correct amounts as necessary.
2. Teach staff and students the component and portion size requirements for a complete meal.
3. Purchase or create and install signage to show students what constitutes a complete meal.
4. Ensure menus comply with federal regulations and consider ease in preparation, cost and student preferences.
5. Survey students and families to determine if there are food choices that could increase satisfaction and participation and also meet federal nutritional requirements.
6. Ensure that the menu production record forms include all the required fields, staff complete them properly, and that they are maintained for the required period of time.
7. Use production records to help project amounts of food needed for purchase and production.
8. Develop standardized recipes for all menu items and ensure that staff follows them.

Provision 2

Provisional status is an alternative method to the usual process of collecting and processing applications annually to qualify students for the free and reduced-price meal program. A district with high eligibility is a perfect candidate for provisional status because even though all students eat at no charge, reimbursements are paid based on the percentages of free, reduced and paid students during the base year. During the first year, or base year, the school makes eligibility determinations using the normal application process and takes meal counts by type of eligibility. During the next three years, the school makes no new eligibility determinations and counts only the total number of reimbursable meals served each day. Reimbursement during these years is determined by applying the percentages of free, reduced-price and paid meals served during the corresponding month of the base year to the total meal count for the claiming month. Schools must serve meals to all participating children at no charge for four years, including the base year. At the end of each four-year period, the state may approve four-year extensions if the income level of the school's population remains stable.

Schools electing the Provision 2 alternative must pay the difference between federal reimbursement and the cost of providing all meals at no charge. The money to pay for this difference must be from sources other than federal funds. However, Provision 2 reduces the time necessary to process free and reduced-price meal applications and simplifies meal counting and claiming procedures. It is important during the base year to widely market the program and encourage all families to complete applications because future reimbursements will be determined by the base year eligibilities. If the district chooses to participate in the Provision 2 alternative, it should collect as many applications as possible and ensure that all students are listed on family applications so that they are included in the base year calculation. It is also vital to encourage maximum student participation during the base year. The Provision 2 Guidance Manual is located on the USDA website http://www.fns.usda.gov/sites/default/files/prov2guidance.pdf.

Because future revenue under the provisional program will depend on the eligibility established in the base year, it is imperative for the district to have accurate data. The previously discussed issues regarding inaccurate enrollment data in the food service software system must be corrected so accurate eligibility and participation can be reported during the base year.

The provisional alternative should help increase student participation in the food service program, and after the base year, will simplify the meal counting and claiming process. It does not require students to enter individual identification numbers in the point-of-sale system; simple meal counts can be taken at the end of the serving line. The only data necessary is the total number of breakfasts and lunches served for reimbursement claims. Some districts opt to continue using the point-of-sale system, but it is not required.

Recommendations

The district should:

1. Consider applying for Provision 2 status for the 2016-17 school year. Planning should include providing information to all families, teachers and staff, and the plan should be widely marketed to capture the highest possible eligibility and maximize student participation in the base year.

2. Before it pursues Provision 2 status, develop a system to regularly reconcile the information in the food service software system with the student information system.

Nonprogram Food Revenue

Nonprogram foods are food and beverage items, other than reimbursable meals and meal supplements, which are sold on a school campus. This includes a la carte and other food items that are sold in competition with the reimbursable meal program and are purchased with cafeteria funds.

All foods sold in a school and purchased with funds from the nonprofit school food service account, other than meals and meal supplements reimbursed by the USDA, must generate revenue at least equal to the cost of such foods. The USDA requires that the sales of nonprogram foods generate at least the same percentage of revenue as they contribute to total food costs. The main reason for this requirement is to ensure that the revenue from reimbursable meals does not fund foods sold in competition with the meal program.

Food service programs must calculate their nonprogram food revenues and costs and provide documentation of the calculations to the CDE upon request and during CDE administrative reviews. To help complete the required calculations, the CDE has provided guidance and a link to the USDA Nonprogram Food Tool on its website http://www.cde.ca.gov/ls/nu/sn/mbusdasnp362012.asp.

During the 2015 administrative review, the state found that the district had not prepared the required calculations and issued a corrective action to complete and submit them. The district sells a few adult meals to staff, but does not sell any a la carte items; therefore, this should be a relatively simple calculation for the district to complete.

Recommendation

The district should:

1. Track all nonprogram food costs and revenues, complete the required calculations annually, and provide them to the CDE upon request.

Paid Lunch Equity and Meal Charges

The USDA and state have addressed the issue of prices charged to students that do not qualify for free or reduced-price meals. The Healthy, Hunger-Free Kids Act of 2010, Public Law 111-296, specifies that meals for nonneedy students are not subsidized by federal reimbursements for meals of needy students. This law became effective July 1, 2011.

Basically, it states that a district's average meal prices should at least equal the difference between the federal subsidies for free meals and those for paid meals. The 2015-16 federal reimbursement for free lunch is $3.15 and 37 cents for paid lunch. The difference is $2.78, which is the minimum the district should charge for paid lunches. The district's 2014-15 paid lunch prices were $1. This finding was included in the 2014-15 CDE administrative review, and the district was required to describe in writing how much and how often the price will be increased until it meets the paid lunch equity requirement. The price was increased to $1.80 this year, but it is still too low, and it will need to be increased annually until it meets the criteria.

If the district elects the Provision 2 option as discussed earlier in this report, this would no longer apply because all students would eat at no charge. The provisional status would negate this issue and would likely increase participation among paid students and those eligible for reduced-price meals. Price increases in an economically needy area can be especially difficult because meals may become unaffordable and discourage participation.

The paid lunch equity calculation does not apply to breakfast; however, sound financial management practices would ensure that district prices for paid meals cover the cost of those meals. Federal breakfast reimbursements this year are $1.99 for free and 29 cents for paid meals. The district's paid breakfast price is $1.

More information on meal price equity and a calculation tool can be found at http://www.fns.usda.gov/paid-lunch-equity-school-year-2015-16-calculations-and-tool.

The district does not have consistent procedures on negative student account balances. The 2011-12 meal count procedure includes a $10 limit for charges, and indicates that an alternate meal will be given until the balance is paid. Administrative Regulation 3551, which was approved in March 2014, states that whenever a student's account balance is zero, parents will be notified. If the unpaid balance is $50 or more, parents/guardians will be notified in writing that full payment is due within seven school days from the date of the notice. Neither of these guidelines appears to be followed. Negative account balance reports dated October 21, 2015 show total charges of $583.20 that consists of 40 students with negative balances. Of those students, 19 exceeded $10, 12 of the 19 exceeded $20 and one owed $79.20.

The district also allows adults to charge meals. The October 21, 2015 report for adult meal charges shows 34 adults with negative balances that total $798.60. Thirteen individuals had charges totaling over $25, and the highest charge was $85.20.

Student meal charges should be kept to a minimum, and negative account balances should be communicated to families regularly through letters home and/or phone calls. The district's automated calling system can be configured with the department point-of-sale system to make phone calls to those student families with negative account balances. Student charges would not be an issue if provisional status was implemented.

Adults should be encouraged to prepay for their meals and prohibited from charging unless this occurs only occasionally and is repaid quickly.

Account balances that are unpaid at the end of the fiscal year are considered bad debt and cannot be absorbed by the federally funded cafeteria program or carried over to the next school year. The charges must be paid by the unrestricted general fund while the district continues to pursue payment from the individual students and adults. More information regarding this issue is available at http://www.cde.ca.gov/ls/nu/sn/cafefundfaqgen.asp.

Recommendations

The district should:

1. Perform the annual paid lunch equity calculation.
2. Increase paid lunch prices each year to ensure federal and state requirements have been met. This will not be necessary if the district obtains Provision 2 status.
3. Increase paid breakfast prices to ensure they cover meals costs. This will not be necessary if the district obtains Provision 2 status.
4. Review and revise student meal charge policies and procedures as needed to ensure consistency.
5. Ensure negative student account balances do not exceed its policies and procedures.
6. Prohibit adult meal charges except for occasional emergencies.

Food Handling and Food Safety

Proper food handling is essential for any food service operation to maintain fresh foods and avoid food-borne illness. The food service operation must follow all local and state health regulations, and school districts participating in the federal meal program must follow a specific format in their food safety plan, the Hazard Analysis and Critical Control Point (HACCP). All food safety policies and procedures must be outlined in HACCP-based standard operating procedures. The HACCP has been required since 2005 and is a comprehensive food safety plan that includes a detailed and specific format and complex methods for ensuring food safety.

The district does not have a HACCP plan specific to its operation. The documents provided to FCMAT are a generic version of the plan from the USDA HACCP manual. The district is required to have a written HACCP plan that is outlined in a specific format and implemented in daily food handling procedures, such as taking and recording food and refrigeration temperatures.

Interviews indicated that all the district's food service employees have food safety certifications, but improvement may be needed in some food safety practices. For example, food, refrigerator and freezer temperatures are not properly recorded.

In accordance with USDA guidance issued in June 2005, a school food safety program must include documented standard operating procedures and a written plan at each school food preparation and service site for applying HACCP principles. The written plan must include methods for documenting menu items in the appropriate HACCP process category; documenting critical control points of food production; monitoring; establishing and documenting corrective actions; record keeping; and reviewing and revising the overall food safety program. Additional details can be found at http://www.cde.ca.gov/ls/nu/sn/gis15.asp. A copy of the USDA HACCP guidance manual can be found at http://www.fns.usda.gov/sites/default/files/Food_Safety_HACCPGuidance.pdf.

The National Food Service Management Institute has developed HACCP-based standard operating procedures in conjunction with the USDA and the Food and Drug Administration. Templates are available at http://www.nfsmi.org/ResourceOverview.aspx?ID=75. Use of these templates can help simplify the development of policies and procedures; however, the district will need to individualize them to fit its food service program.

Recommendations

The district should:

1. Ensure that the Food Service Department creates a HACCP plan specific to its operation based on the USDA guidelines. This should be completed before the next CDE administrative review.

2. Ensure that the food service manager monitors food safety practices and trains staff as needed to ensure that proper procedures are followed.

Wellness Policy

Wellness policies have been required for school districts participating in the National School Lunch Program since 2006. This requirement was part of the federal Child Nutrition Reauthorization Act of 2004.

The Healthy, Hunger-Free Kids Act of 2010 specified new requirements for wellness policies, including:

1. Designate one or more school officials to ensure that the school complies with the policy.
2. Include goals for nutrition promotion.
3. Expand the committee members to include physical education teachers and school health professionals.
4. Inform and update the public about the content and implementation of the policy.

The district has a generic wellness policy, Board Policy 5030 Student Wellness, which includes the original requirements. However, it does not have an active wellness committee, and the implementation, monitoring and reporting issues in the 2010 federal requirements have not been addressed. This was also cited in the 2014-15 CDE administrative review. Interviews with staff indicated that the district is in the process of revising its policy and forming a wellness committee.

More information about the requirements of a district wellness policy and suggestions for implementing one are available on the CDE website http://www.cde.ca.gov/ls/nu/he/wellness.asp.

Recommendations

The district should:

1. When revising its wellness policy, ensure that all the federal requirements are met, specifically the implementation, monitoring and reporting requirements.
2. Continue with its plan to form a wellness committee.

Food Costs and Purchasing

As discussed in the Budget section of this report, food costs have been exceedingly high. Based on the team's experience, they should be 40-45% of revenue, but have increased over the past four years and are projected at 56% of revenue for 2015-16. Although the Food Service Department has used state-provided commodities, it has not been part of any formal bidding or informal request for quotes process for food or food service supplies.

The study team reviewed prices from a sample of vendor invoices provided by the district and found that a few prices were reasonable such as milk at 24 cents per eight-ounce carton. However, most prices were high. For example, cereal prices ranged from 18 cents to 43 cents per individual package from one vendor and 41 cents to 48 cents from another. Individual packages of granola were 61 cents. Cereal should be an inexpensive product to purchase, and given the low breakfast reimbursement rates per meal, costs need to be closely monitored. In the study team's experience, 18 cents for individual cereal packages is appropriate.

Another example of high-priced food items was canned applesauce. The 2014-15 invoices included purchases at $43.75 per case, which is approximately 30 cents per serving plus a few cents for a serving cup. On the same invoice, individual four-ounce cups of applesauce were purchased for 47 cents a serving. Commodity applesauce is usually available at $3.15 per case, which is approximately 2 cents per serving plus a few cents for a plastic serving cup. This indicates that the price of food service items receives insufficient attention.

The district has purchased products from some reputable companies that participate with schools through a bid process. However, without the use of a bid process, prices can be extremely high.

Interviews indicated that the food service manager was directed to complete the process necessary to become a member of the Partners in Nutrition Cooperative (PinCo), a food purchasing cooperative, but the process was not finished and membership was temporarily suspended. The district's food service consultant has assisted in getting PinCo membership reinstated. This is one of the largest school purchasing cooperatives in the state and can negotiate competitive prices. PinCo coordinates commodity products as well as non-commodity and paper goods. The food service consultant has negotiated competitive prices with other vendors for produce, milk and bread products, but invoices from these vendors were not available for review at the time of FCMAT's fieldwork.

Interviews with staff indicated that the ordering process is disorganized. Inventories are not kept up to date, and some items were over ordered. Menu items were often overlooked and not ordered when needed, causing chaotic last-minute changes in menus. Inventories need to be completed regularly so stock on hand is known, and menus must be carefully planned to ensure that all necessary items are in stock when needed. The food service manager should specify particular products, and purchasing guides should be created for all vendors.

Recommendations

The district should:

1. Continue its membership in the purchasing cooperative.

2. Seek bids, requests for quotes, or negotiate prices with its other food service vendors to ensure competitive prices.

3. Ensure that the food service inventory is kept current.
4. Create order guides that dictate specific products to use and the vendors to procure them from.

Facilities and Equipment

The district has modern kitchen and cafeteria facilities. The kitchen is large and well designed with plenty of workspace and large storage areas for dry and perishable foods. The cafeteria eating area is large and can accommodate many children.

The serving area is well designed for easy student access and an organized and efficient flow. The serving counter by the student lines has easy access to carts of hot and cold food. The facility also includes an office space for manager and clerical duties.

Replacing a few pieces of outdated equipment could be a significant improvement. The food service consultant is investigating the possibility of applying for USDA equipment grants to purchase some new equipment. These grants fund capital equipment and priority is given to districts with high free and reduced-price meal eligibility. A bulletin describing the grant process can be found at the CDE website http://www.cde.ca.gov/ls/nu/sn/mbsnp292015.asp.

Equipment that has been identified for replacement includes a large steam kettle that is used for items such as spaghetti and chili, an old deck oven (similar to a pizza oven), and an old single stack oven (which is two ovens stacked together). Staff indicated that the steam kettle it is too big and difficult to clean since scrubbing it requires standing on a step stool and leaning in. The district is considering the purchase of a tilt skillet, which is shallower and has a pour spout that can be tilted to transfer food to serving pans. When using the tilt skillet, staff would have to prepare the food in bulk and then transfer it to serving pans. This is an extra step and requires cleaning the tilt skillet as well as the pans. Another alternative would be to purchase a new double-stack oven (which is four ovens) to replace the current ovens and the large steam kettle. All the foods prepared in the kettle can be prepared in steam table pans in the ovens. Most menu items are prepared in the oven on sheet pans and do not require a kettle or tilt skillet, and more oven space would assist staff in all food preparation.

Small equipment purchases can typically be made with the food service budget. Simple additions can make a big difference to efficiency and staff morale. For example, an orange slicer was recently purchased that is more efficient and safer than slicing oranges with a knife, and staff indicated that they are pleased with it.

Recommendations

The district should:

1. Carefully assess the equipment needs of the Food Service Department and pursue the USDA equipment grant to fund capital purchases.

2. Assess current small equipment, obtain staff input regarding their needs and update equipment as necessary.

State Administrative Review

In March 2015 the district had a state administrative review, a routine program review that normally occurs every three years. This resulted in many findings that required corrective action. The state also determined that technical assistance was needed in several areas, and the state reviewer provided the necessary assistance to the district. Following is a summary of the state's findings:

1. Migrant-eligible students were not given full year free meal status as allowed. Corrective action – The district was to give these students free status and create a roster to verify this for CDE.

2. One student was qualified as reduced-price meal eligible rather than denied. Corrective action – The district needed to change eligibility and submit a roster to CDE verifying the change.

3. Benefits were not extended to all students living in a household receiving assistance under the Supplemental Nutrition Assistance Program (SNAP), Food Distribution Program on Indian Reservations (FDPIR) or Temporary Assistance for Needy Families (TANF). Corrective action – The district needed to correct this and submit it in writing to the state, including the staff position responsible for this action.

4. Verification requirements were not met because the sample size was too large; 34 applications were verified rather than one. Corrective action – The district was to complete the Worksheet to Determine Verification Sample Size and submit it to the state.

5. Meal counting and claiming requirements were not met. The district was giving new students free rather than paid eligibility status while waiting for applications to be turned in. Corrective action – The district was to submit written procedure to the state, including the staff member's name and position responsible for this action.

6. Wellness policy implementation and reporting were not completed as required. Corrective action – The district was to provide a written plan to the CDE describing the action taken to assess the policy and submit the staff member's name and position responsible for the action.

7. Nonprogram foods tool was not completed to ensure that nonprogram revenue equaled or exceeded the food costs. Corrective action – The district was required to complete and submit the nonprogram foods tool.

8. Paid lunch equity (PLE) tool was not completed and the student lunch price of $1 was out of compliance. Corrective action – The district was required to describe in writing how much the price will be increased and how often the increase will occur to meet the PLE tool's calculation.

9. Meal components and quantities for breakfast were not met in three areas:

- The recipe for bread rolls did not document they were made with whole-wheat flour. Corrective action – The district needed to provide a recipe that verified whole-wheat flour is used in the rolls.
- The cereal did not meet the whole-wheat requirements, and the first ingredient was not whole wheat. Corrective action – The district had to provide food specifications verifying that whole-wheat breakfast cereal that meets requirements is now served.
- The fresh orange did not meet the required one-half cup portion size. This was corrected before meal service so no meals were disqualified. Corrective action – The district had to put in writing that one-half cup fruit requirement will be served.

10. Meal components and quantities at lunch were not met. The portion of salad was listed on the production record as one cup but a six-ounce portion was served. Corrective action – The district needed to verify in writing that the proper size salad cup would be used and provide the state with a recipe confirming that.

Based on the number and type of findings, the food service manager and/or department employees apparently either did not understand the regulations or were unable or unwilling to fully implement them to ensure compliance.

Interviews indicated that a district business office staff member attended trainings and modified many areas in the Food Service Department before the state administrative review. The findings and resulting financial consequences of the review could have been significantly worse if this had not occurred.

Recommendations

The district should:

1. Ensure strong, effective leadership in the Food Service Department.
2. Ensure that Food Service Department staff members are properly trained and follow federal and state regulations.

Staff Training

Food service staff members need to receive training regularly to be able to understand and perform their jobs. While some training has been provided, more is needed. For example, interviews indicated that food temperatures are checked, but not recorded as required by the HACCP food safety plan.

As discussed previously, the study team observed and interviews indicated that staff members are confused about required food components and portions and do not correctly follow the offer versus serve regulations. Observations and interviews with staff also indicated that some food service staff members are not clear on their job duties and the need for teamwork.

Interviews with administration indicated that the food service manager has attended all mandated trainings. However, as indicated in the State Administrative Review section of this report, several program regulations are not implemented properly. It is essential for a department manager to thoroughly understand and implement program regulations and train staff in necessary requirements.

The food service manager and staff would also benefit from visiting other school districts' food service departments and observing their meal service. Networking is important in helping provide new ideas as well as information about efficiencies and cost-saving measures. When staff members have worked in only one environment, they often cannot visualize other ways to perform their duties. Observing other food service operations can help stimulate new ideas for menu offerings, production and meal service.

Training is essential, and the USDA has established minimum education and training requirements for food service personnel. These requirements became effective on July 1, 2015, and mandate professional standards and annual training requirements for child nutrition directors, managers and staff. The requirements vary with the position. Training needs to be documented and will be evaluated during state administrative reviews. Information about this mandate and training resources can be found in the appendix of this report and at the website http://professionalstandards.nal.usda.gov/.

Recommendations

The district should:

1. Identify areas that require immediate training for the food service manager and staff and ensure that it is provided. This is particularly urgent in food safety practices and program requirements such as portion sizes and meal components.

2. Consider sending the food service manager and staff to other school districts to observe food service operations.

3. Ensure that the USDA's training and education requirements are met.

4. Schedule regular training sessions for food service staff. These can be provided within the department, through online webinars, and at conferences.

5. Provide additional program training for the food service manager and require implementation of all regulations.

6. Ensure that the food service manager provides staff members with information regarding regulations and changes to regulations.
7. Train and cross-train staff so they can perform all food service tasks efficiently, including operating the point-of-sale system.
8. Document all trainings and retain the records of such for each staff member.

Appendices

Appendix A

Menu Planning

Menu Planning for Breakfast

Amount of Food Per Week (Minimum Per Day)

Meal Pattern	Grades K-12	Grades K-5	Grades K-8	Grades 6-8	Grades 6-12	Grades 9-12
Fruits (cups)[b, 2013-14]	2 1/2 (1/2)	2 1/2 (1/2)	2 1/2 (1/2)	2 1/2 (1/2)	2 1/2 (1/2)	2 1/2 (1/2)
Fruits (cups)[b,c 2014-15]	5 (1)	5 (1)	5 (1)	5 (1)	5 (1)	5 (1)
Vegetables (cups)[b, c]	0	0	0	0	0	0
Grain Minimums (oz eq)[d]	9-10 (1)*	7-10 (1)*	8-10 (1)*	8-10 (1)*	9-10 (1)*	9-10 (1)*
Meat/Meat Alternate Minimums (oz eq)[e]	0	0	0	0	0	0
Fluid Milk (Cups)[f]	5 (1)	5 (1)	5 (1)	5 (1)	5 (1)	5 (1)

Other Specifications: Daily Amount Based on the Average for a 5-Day Week

Meal Pattern	Grades K-12	Grades K-5	Grades K-8	Grades 6-8	Grades 6-12	Grades 9-12
Min-max calories (kcal)[g,h]	450–500	350–500	400–500	400–550	450–550	450–600
Saturated fat (% of calories)[h]	<10% of calories	<10% of calories	<10% of calories	<10% of calories	<10% of calories	<10% of calories
Sodium Target 1 (mg)[h,I 2014-15 SY]	≤ 540 mg	≤ 540 mg	≤ 540 mg	≤600 mg	≤ 600 mg	≤ 640 mg
Reference Only Sodium Target 2 (mg)[h,I 2017-18 SY]	≤485 mg	≤ 485 mg	≤ 485 mg	≤ 535 mg	≤ 535 mg	≤ 570 mg

Trans fat[h]-Nutrition label or manufacturer specifications must indicate zero grams of trans fat (< 0.5 grams) per serving
*U.S. Department of Agriculture has lifted the **weekly maximums** for grains. The **daily and weekly minimums** for grains and the **weekly calorie ranges** still apply.The maximums are used as a guide for menu planning purposes only.

[a] Food items included in each group and subgroup and amount equivalents. Minimum creditable serving is ⅛ cup.

[b] One quarter-cup of dried fruit counts as ½ cup of fruit; 1 cup of leafy greens counts as ½ cup of vegetables. All juice must be 100% full-strength. Frozen 100% juice without added sugar can be used.

[c] Vegetables may be substituted for fruits, but the first two cups per week of any such substitution must be from the dark green, red/orange, beans and peas (legumes) or ""Other vegetables"" subgroups, as defined in 210.10(c)(2)(iii).

[d] All grains must be whole grain-rich. Schools may substitute 1 oz. eq. of meat/meat alternate for 1 oz. eq. of grains after the minimum daily grains requirement is met. Meat/meat alternates may be offered as extra food items that do not count toward the grain component or as food items for OVS. These extra food items need to be included in the weekly calories, sodium, and saturated fat.

[e] There is no meat/meat alternate requirement.

[f] All fluid milk must be low-fat (1 percent milk fat or less, unflavored) or fat- free (unflavored or flavored).

[g] The average daily calories for a 5-day school week must be within the range (at least the minimum and no more than the maximum values).

[h] Discretionary sources of calories (solid fats and added sugars) may be added to the meal pattern if within the specifications for calories, saturated fat, trans fat, and sodium. Foods of minimal nutritional value and fluid milk with fat content greater than 1 percent milk fat are not allowed.

[i] Final sodium targets must be met no later than July 1, 2022 (SY 2022–23). The first intermediate target must be met no later than SY 2014–2015 and the second intermediate target must be met no later than SY 2017–18. See required intermediate specifications in § 220.8(f)(3).

Note: For offer versus serve, every student must take either ½ cup fruit (or substituted vegetable) or a combination of both to count as a reimbursable meal

Menu Planning for Lunch

Amount of Food per Week (Minimum per Day)

Meal Pattern	Grades K–5	Grades K–8	Grades 6–8	Grades 9–12
Fruits (cups)[b]	2½ (½)	2½ (½)	2½ (½)	5 (1)
Vegetables (cups)[b]	3¾ (¾)	3¾ (¾)	3¾ (¾)	5 (1)
Dark Green[c]	½	½	½	½
Red/Orange[c]	¾	¾	¾	1¼
Beans and Peas (legumes)[c]	½	½	½	½
Starchy[c]	½	½	½	½
Other [c,d]	½	½	½	¾
Additional Veg to Reach Total[e]	1[e]	1[e]	1[e]	1½[e]
Grain Minimums (oz eq)[f]	8-9 (1)*	8-9 (1)*	8-10 (1)*	10-12 (2)*
Meats/Meat Alternate Minimums (oz eq)	8-10 (1)*	9-10 (1)*	9-10 (1)*	10-12 (2)*
Fluid Milk (Cups)[g]	5 (1)	5 (1)	5 (1)	5 (1)

Other Specifications: Daily Amount Based on the Average for a 5-Day Week

Meal Pattern	Grades K–5	Grades K–8	Grades 6–8	Grades 9–12
Min-max calories (kcal)[h]	550–650	600–650	600–700	750–850
Saturated fat (% of calories)[h]	< 10	< 10	< 10	< 10
Sodium Target 1 (mg)[h,I 2014-15 SY]	≤ 1,230	≤ 1,230	≤ 1,360	≤ 1,420
Reference Only Sodium Target 2 (mg)[h,I 2017-18 SY]	≤935	≤ 935	≤ 1,035	≤ 1,080

Trans Fat[h]: Nutrition label or manufacturer specifications must indicate zero grams of trans fat per serving.
*U.S. Department of Agriculture has lifted the **weekly maximums** for grain and meat/meat alternates. The **daily and weekly minimums** for grains and meat/meat alternates still apply. The maximum are used as a guide for menu planning purposes only.

a. Food items included in each group and subgroup and amount equivalents. Minimum creditable serving is ⅛ cup.

b. One quarter-cup of dried fruit counts as ½ cup of fruit; 1 cup of leafy greens counts as ½ cup of vegetables. No more than half of the fruit or vegetable offerings may be in the form of juice. All juice must be 100% full-strength.

c. Larger amounts of these vegetables may be served.

d. This category consists of “Other vegetables” as defined in §210.10(c)(2)(iii)(E) . For the purposes of the National School Lunch Program, the “Other vegetables” requirement may be met with any additional amounts from the dark green, red/orange, and beans/peas (legumes) vegetable subgroups as defined in §210.10(c)(2)(iii).

e. Any vegetable subgroup may be offered to meet the total weekly vegetable requirement.

f. All grains must be whole grain-rich.

g. All fluid milk must be low-fat (1 percent or less, unflavored) or fat-free (unflavored or flavored).

h. Discretionary sources of calories (solid fats and added sugars) may be added to the meal pattern if within the specifications for calories, saturated fat, trans fat, and sodium. Foods of minimal nutritional value and fluid milk with fat content greater than 1 percent are not allowed.

i. Final sodium targets must be met no later than July 1, 2022 (2022–23 SY). The first intermediate target must be met no later than SY 2014–15 and the second intermediate target must be met no later than 2017–18 SY. See required intermediate specifications in § 210.10(f)(3).

Note: For offer versus serve, every student must take 1/2 cup fruit and/or vegetable or combination of both to count as a reimbursable meal.

Information Required on a Meal Production Record (MPR)

Production Record	Description
Date and Site(s)	The date the menu was served and the site or sites where it was served
Menu or food items	All planned items, including all choices, types of milk, dessert, and substitutions; listed menu shows that all food components are present
Offer versus Serve: Yes or No	Indicate whether offer versus serve is in effect for this MPR
Recipes and/or products	Specific recipes and food products; name of the food and form; recipe number if USDA; if processed, brand name and code number
Age group or grade of students served	The age group or grade being served. Adjusted portion sizes for age group or grade specified must be shown for menu items, recipes, and products
Portions or serving sizes, both planned and served	Portion size served must be the same as planned. If portion size is adjusted for age, a separate line must be used
Contribution to the meal pattern	The contribution to the meal pattern for each food
Total projected servings	Forecasted or predicted approximate number of servings needed for each menu item
Amount of food used	Verifies that the planned menu was actually prepared and served and must be recorded in common units of measure, e.g., number, size, weight or volume and be traceable to itemized receipts with the purchase unit such as #10 can or pound
Actual servings	A separate record of the number of servings of each item served to students, adults, and as a la carte sales
Leftovers	A record of leftovers and how the leftovers will be used or discarded
Condiments or Extras	All condiments served as part of the reimbursable meal, including gravy, butter, margarine, mayonnaise, relish, ketchup, mustard, and salad dressing

Menu Production Records (MPRs)

USDA requires sponsors to maintain MPRs documenting that the meals as planned, prepared, and served meet the meal pattern requirements. Must be kept for 3 years.
http://www.cde.ca.gov/ls/nu/he/menuprorecords.asp

Appendix B

Professional Standards

USDA United States Department of Agriculture

Professional Standards for All School Nutrition Program Employees

Summary of the Final Rule Effective July 1, 2015

USDA has established minimum professional standards requirements for school nutrition professionals who manage and operate the National School Lunch and School Breakfast Programs.

The standards, another key provision of the Healthy, Hunger-Free Kids Act of 2010 (HHFKA), aim to institute minimum education standards for new State and local school nutrition directors as well as annual training standards for all school nutrition professionals. These new standards will ensure school nutrition personnel have the knowledge, training, and tools they need to plan, prepare, and purchase healthy products to create nutritious, safe, and enjoyable school meals. This final rule will:

- Create minimum hiring standards for new school food authority (SFA) directors based on a school district's size;
- Establish minimum hiring standards for new State directors of school nutrition programs and State directors of distributing agencies; and
- Require minimum annual training for all new and current school nutrition professionals.

A comprehensive Professional Standards Web site provides a database of training options. School nutrition staff can search for training that meets their learning needs in one easy-to-use location: http://professionalstandards.nal.usda.gov/

Training Standards for All School Nutrition Program Employees (All Local Educational Agency Sizes)

All Directors	**For School Year 2015-2016 ONLY: at least 8 hours of annual continuing education/training.** Beginning school year 2016-2017: at least **12** hours of annual continuing education/training. This required continuing education/training is in addition to the food safety training required in the first year of employment.
All Managers	**For School Year 2015-2016 ONLY: at least 6 hours of annual continuing education/training.** Beginning school year 2016-2017: at least **10** hours of annual continuing education/training.
All Other Staff Other than the Director or Manager who works an average of at least 20 hours per week	**For School Year 2015-2016 ONLY: at least 4 hours of annual continuing education/training.** Beginning school year 2016-2017: at least **6** hours of annual continuing education/training.
Part-Time Staff Work <20 hours per week	Each year, at least **4** hours of annual continuing education/training, regardless of the number of part-time hours worked.

Note: If hired January 1 or later, an employee must only complete half of the above required training hours.

Training Requirements for All State Agency Directors

State Director of School Nutrition Programs	State Director of Distributing Agencies
Each year, at least **15** hours of annual continuing education/training. Must PROVIDE, or ensure that State agency staff receives, annual continuing education/training. Must also PROVIDE a minimum of **18** hours of training to SFAs each year.*	Each year, at least **15** hours of annual continuing education/training. Must PROVIDE, or ensure that State food distribution staff receives, annual continuing education/training.*

**Training is an approved use of State Administrative Expenses (SAE) funds and a variety of training formats are allowed. States may use contractors or partner with other organizations (School Nutrition Association and National Food Service Management Institute, etc.) to provide training.*

Hiring Standards for New School Nutrition Program Directors

New directors — those hired on or after July 1, 2015 — are subject to the new education requirements below. Existing directors will be grandfathered in their current positions as well as in the Student Enrollment category where they currently are working. (School Nutrition Program Directors are the individuals responsible for the operation of school nutriton programs for all schools under the local educational agency (LEA).)

Minimum Requirements for Directors	Student Enrollment 2,499 or less	Student Enrollment 2,500-9,999	Student Enrollment 10,000 or more
Minimum Education Standards See the final rule for additional **preferred** educational standards for new directors	Bachelor's degree, or equivalent educational experience, with academic major in specific areas;* **OR** Bachelor's degree in any academic major, **and** State-recognized certificate for school nutrition directors; **OR** Bachelor's degree in any academic major, **and** at least **1** year year of relevant school nutrition programs experience; **OR** Associate's degree or equivalent educational experience, with academic major in specific areas,* **and** at least **1** year of relevant school nutrition programs experience; **OR** High school diploma (or GED) **and** at least **3** years of relevant experience in school nutrition programs. (For an LEA with less than 500 students, the State agency may approve a candidate who meets the educational standards but has less than the required 3 years experience.)	Bachelor's degree, or equivalent educational experience, with academic major in specific areas;* **OR** Bachelor's degree in any academic major, **and** State-recognized certificate for school nutrition directors; **OR** Bachelor's degree in any academic major **and** at least **2** years of relevant school nutrition programs experience; **OR** Associate's degree or equivalent educational experience, with academic major in specific areas,* **and** at least **2** years of relevant school nutrition programs experience.	Bachelor's degree, or equivalent educational experience, with academic major in specific areas;* **OR** Bachelor's degree in any academic major, **and** State-recognized certificate for school nutrition directors; **OR** Bachelor's degree in any academic major **and** at least **5** years experience in management of school nutrition programs. * Specific majors/areas of concentration: food and nutrition, food service management, dietetics, family and consumer sciences, nutrition education, culinary arts, business, or a related field.
Minimum Prior Training Standards	At least **8** hours of food safety training is required either not more than **5** years prior to their starting date or completed within **30** days of the employee's start date.		

Hiring Standards for New State Directors

	State Director of School Nutrition Programs	State Director of Distributing Agencies
Education	Bachelor's degree with an academic major in areas including food and nutrition, food service management, dietetics, family and consumer sciences, nutrition education, culinary arts, business, or a related field.	Bachelor's degree with any major.
Knowledge & Experience	Extensive relevant knowledge and experience in areas such as institutional food service operations, management, business, and/or nutrition education.	
Skills & Abilities	Additional abilities and skills needed to lead, manage, and supervise people to support the mission of school nutrition programs.	

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Appendix C

Study Agreement

FCMAT
FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
CSIS California School Information Services

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
STUDY AGREEMENT
September 8, 2015

The Fiscal Crisis and Management Assistance Team (FCMAT), hereinafter referred to as the team, and the Lost Hills Union School District, hereinafter referred to as the district, mutually agree as follows:

1. BASIS OF AGREEMENT

The team provides a variety of services to school districts and county offices of education upon request. The district has requested that the team assign professionals to study specific aspects of the district's operations. These professionals may include staff of the team, county offices of education, the California State Department of Education, school districts, or private contractors. All work shall be performed in accordance with the terms and conditions of this agreement.

In keeping with the provisions of Assembly Bill 1200, the county superintendent will be notified of this agreement between the district and FCMAT and will receive a copy of the final report. The final report will also be published on the FCMAT website.

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

The Lost Hills Unified School District is requesting FCMAT to conduct an efficiency review of the district's food service department that will consist of the following:

1. Examine the food service department's procedures and practices for managing all operations with regard to efficiency and reducing the encroachment on the unrestricted general fund. FCMAT will evaluate the current workflow and distribution of management and leadership functions in the department, which shall include but not be limited to food preparation, ordering, inventory, cash and resource management, staffing, policies and procedures, federal and state compliance, menu planning,

warehousing and food storage, purchasing and facilities, and will make recommendations for improved efficiency, if any. The review will include any constraints to productive management by evaluating systems, structures and employee responsibilities in relationship to the district's goals.

FCMAT will review documentation, including board policies and administrative regulations and job descriptions, and will gather data regarding current practices and procedures. Additionally, the study team may interview other department or site staff to determine the efficiency and effectiveness of services delivered.

2. Review training and professional development programs for employees and managers and make recommendations.

B. Services and Products to be Provided

1. Orientation Meeting - The team will conduct an orientation session at the district to brief district management and supervisory personnel on the team's procedures and the purpose and schedule of the study.
2. On-site Review - The team will conduct an on-site review at the district office and at school sites if necessary.
3. Exit Report - The team will hold an exit meeting at the conclusion of the on-site review to inform the district of significant findings and recommendations to that point.
4. Exit Letter – Approximately 10 days after the exit meeting, the team will issue an exit letter briefly summarizing significant findings and recommendations to date and memorializing the topics discussed in the exit meeting.
5. Draft Reports - Electronic copies of a preliminary draft report will be delivered to the district's administration for review and comment.
6. Final Report - Electronic copies of the final report will be delivered to the district's administration and to the county superintendent following completion of the review. Printed copies are available from FCMAT upon request.
7. Follow-Up Support – If requested, FCMAT will return to the district at no cost six months after completion of the study to assess the district's progress in implementing the recommendations included in the report. Progress in implementing the recommendations will be documented to the district in a FCMAT management letter.

3. **PROJECT PERSONNEL**

The study team will be supervised by Anthony L. Bridges, CFE, CICA, Deputy Executive Officer, Fiscal Crisis and Management Assistance Team, Kern County Superintendent of Schools Office. The study team may also include:

A. Diane Branham	*FCMAT Chief Management Analyst*
B. To be determined	*FCMAT Consultant*
C. To be determined	*FCMAT Consultant*

Other equally qualified staff or consultants will be substituted in the event one of the above individuals is unable to participate in the study.

4. **PROJECT COSTS**

The cost for studies requested pursuant to E.C. 42127.8(d)(1) shall be as follows:

A. $500 per day for each staff member while on site, conducting fieldwork at other locations, preparing and presenting reports, or participating in meetings. The cost of independent FCMAT consultants will be billed at their actual daily rate.

B. All out-of-pocket expenses, including travel, meals and lodging.

C. The district will be invoiced at actual costs, with 50% of the estimated cost due following the completion of the on-site review and the remaining amount due upon the district's acceptance of the final report.

Based on the elements noted in section 2 A, the total estimated cost of the study will be $10,000.

D. Any change to the scope will affect the estimate of total cost.

Payments for FCMAT's services are payable to Kern County Superintendent of Schools - Administrative Agent.

5. **RESPONSIBILITIES OF THE DISTRICT**

A. The district will provide office and conference room space during on-site reviews.

B. The district will provide the following if requested:

1. Policies, regulations and prior reports that address the study scope.
2. Current or proposed organizational charts.
3. Current and two prior years' audit reports.
4. Any documents requested on a supplemental list. Documents requested on the supplemental list should be provided to FCMAT only in electronic format; if only hard copies are available, they should be scanned by the district and sent to FCMAT in electronic format.
5. Documents should be provided in advance of field work; any delay in the receipt of the requested documents may affect the start date of the project. Upon approval of the signed study agreement, access will be provided to FCMAT's online SharePoint document repository, where the district will upload all requested documents.

C. The district's administration will review a preliminary draft copy of the report resulting from the study. Any comments regarding the accuracy of the data presented in the report or the practicability of the recommendations will be reviewed with the team prior to completion of the final report.

Pursuant to EC 45125.1(c), representatives of FCMAT will have limited contact with pupils. The district shall take appropriate steps to comply with EC 45125.1(c).

6. <u>PROJECT SCHEDULE</u>

The following schedule outlines the planned completion dates for different phases of the study:

Orientation:	to be determined
Staff Interviews:	to be determined
Exit Meeting:	to be determined
Preliminary Report Submitted:	to be determined
Final Report Submitted:	to be determined
Board Presentation:	to be determined, if requested
Follow-Up Support:	if requested

7. **COMMENCEMENT, TERMINATION AND COMPLETION OF WORK**:

FCMAT will begin work as soon as it has assembled an available and appropriate study team consisting of FCMAT staff and independent consultants, taking into consideration other jobs FCMAT has previously undertaken and assignments from the state. The team will work expeditiously to complete its work and deliver its report, subject to the cooperation of the district and any other parties from whom, in the team's judgment, it must obtain information. Once the team has completed its fieldwork, it will proceed to prepare a preliminary draft report and a final report. Prior to completion of fieldwork, the district may terminate its request for service and will be responsible for all costs incurred by FCMAT to the date of termination under Section 4 (Project Costs). If the district does not provide written notice of termination prior to completion of fieldwork, the team will complete its work and deliver its report and the district will be responsible for the full costs. The district understands and agrees that FCMAT is a state agency and all FCMAT reports are published on the FCMAT website and made available to interested parties in state government. In the absence of extraordinary circumstances, FCMAT will not withhold preparation, publication and distribution of a report once fieldwork has been completed, and the district shall not request that it do so.

8. **INDEPENDENT CONTRACTOR:**

FCMAT is an independent contractor and is not an employee or engaged in any manner with the district. The manner in which FCMAT's services are rendered shall be within its sole control and discretion. FCMAT representatives are not authorized to speak for, represent, or obligate the district in any manner without prior express written authorization from an officer of the district.

9. **INSURANCE:**

During the term of this agreement, FCMAT shall maintain liability insurance in an amount not less than $1 million unless otherwise agreed upon in writing by the district, automobile liability insurance in the amount required under California state law, and workers compensation as required under California state law. FCMAT shall provide certificates of insurance, with additional insured endorsements, indicating applicable insurance coverages prior to the commencement of work.

10. **HOLD HARMLESS:**

FCMAT shall hold the district, its board, officers, agents and employees harmless from all suits, claims and liabilities resulting from negligent acts or omissions of its board, officers, agents and employees undertaken under this agreement. Conversely, the district shall hold FCMAT, its board, officers, agents and employees harmless from all suits, claims and liabilities resulting from negligent acts or omissions of its board, officers, agents and employees undertaken under this agreement.

11. CONTACT PERSON

Name: Harrison Favereaux, Chief Administrative Officer
Telephone: (661) 797-3008
Fax: (661) 797-2581
E-mail: hafaver@losthills.k12.ca.us

Harrison Favereaux 9-8-15

Harrison Favereaux, Chief Administrative Officer — Date
Lost Hills Union School District

September 8, 2015

Anthony L. Bridges, CFE, CICA — Date
Deputy Executive Officer
Fiscal Crisis and Management Assistance Team