

**Michigan Department of Education
Grants Coordination and School Support
Food Service Year End Report (SM-4012-A)
School Year 2008-09 Compilation Overview**

- The sources of information in this document are from the Food Service Year End Report (SM-4012-A) submitted by each school district.
- Some districts may not include all cost, some allocate the cost differently, and all have unique operations.
- You should only make generalized assumptions about the food service operations. District figures can be used as indications of areas for concern or areas well-managed.

The following is a description of each column:

School District Name	The name of the Local School Food Authority.
School District Agreement Number	The unique number assigned to each school district.
A la Carte Revenue	The revenue generated from food service operations in the dining area which is not reimbursable.
Federal Aid Revenue	The revenue received from all federally reimbursed nutrition programs.
Total Revenue	The total of all income to the program, including catering income.
Total Lunches	The total number of lunches claimed for reimbursement.
Cost per Lunch	The total cost allocated to reimbursable lunch ÷ total lunches claimed for reimbursement.
Total Breakfasts	The total number of breakfasts claimed for reimbursement.
Cost per Breakfast	The total cost allocated to reimbursable breakfast ÷ total breakfasts claimed for reimbursement.
Labor %	The percentage of labor cost to total revenue. (Labor Cost ÷ Total Revenue)
Contracted Services %	The percentage of contracted services cost to total revenue. (Contracted Cost ÷ Total Revenue)

**Michigan Department of Education
Grants Coordination and School Support**

Condition	Possible Scenarios
<p>Number of Reimbursable Lunches served represents less than 50% of the possible meals in the district</p>	<ul style="list-style-type: none"> • The district support for the school food service program is below par. • The marketing of the reimbursable lunch program could improve. • The district support for the school food service program is below par. • The marketing of the reimbursable lunch program could improve. • The overt identification of needy students is causing all students to avoid being associated with the “poor kids” lunch. • The scheduling of meal periods causes extremely long serving lines, which results in lower counts. • Slow serving causes a slowdown in the line, which causes low participation. • There is the neighborhood school concept wherein many students still go home for lunch. • There are many “brown baggers” due to parent preference or perceived value. • The lunch program at high school level is insignificant. • The menus lack imagination. • The teachers and staff may not be supporting the food service program.
<p>Cost Per Lunch is above average</p>	<ul style="list-style-type: none"> • The allocation of cost in Column D of the Year End Report is incorrect. • The number of lunches reported on the Year End Report is incorrect. • There is a high program cost due to: <ul style="list-style-type: none"> Overly high total cost Significant numbers of exceptional students requiring high labor • The total cost is high from including too much administrative Labor to Column B of the Year End Report. • Costs, which are included in the Indirect Cost, were listed also in other areas, so they were counted twice (this is not allowed).

**Michigan Department of Education
Grants Coordination and School Support**

Condition	Possible Scenarios
Cost Per Breakfast is above average	<ul style="list-style-type: none"> • The allocation of cost in Column F of the Year End Report is incorrect. • The number of breakfasts reported in the Year End Report is incorrect. • Proper allocation of cost, but high program cost due to: Overly high total cost Significant numbers of exceptional students requiring high labor • The total cost is high from including too much allocation of administrative labor to Column B of the Year End Report. • Costs, which are included in the Indirect Cost, were listed also in other areas, so they were counted twice (this is not allowed).
If the cost percentages are high or low in the following section	<p>All of the cost percentages are based upon the total revenue number (Line 9 of the form) as reported on the Year End Report. If this number was reported or entered too high, all of the cost percentages will be too low. Conversely, if total revenue was reported or entered too low, the cost percentages will be too high.</p>
Labor Cost % is above average	<ul style="list-style-type: none"> • Salaries and/or benefits are reported or entered incorrectly. • Revenue is too low relative to staff size, emphasis on marketing needed. • This may be a very small operation, which benefits from no economies of scale. • The physical nature of the building or the location of the buildings may inhibit productivity. • Improper and/or inefficient equipment requires inordinately high labor. • The system of preparation, distribution and service may be incorrect for the district (study centralized preparation and control). • The rate of the compensation and/or benefits may be above average. • The productivity (meals per hour) may be low. <i>(See Solving the Money Mystery)</i>
Labor Cost % is significantly below average	<ul style="list-style-type: none"> • Salaries and/or benefits were reported or entered incorrectly. • This is a district with above average productivity. • The production and service system match the student needs and physical nature of the district. • This district relies heavily on a la carte sales, which reduce labor %, but often by increasing food cost. • This district relies heavily on convenience food, especially frozen entrée items. <i>(See Solving the Money Mystery)</i>

**Michigan Department of Education
Grants Coordination and School Support**

Condition	Possible Scenarios
<p>Contracted Cost % is above average</p>	<ul style="list-style-type: none"> ● Contracted services were reported or entered incorrectly. ● Services are being contracted for, which are not contracted for in other districts. ● Districts with food service management companies include the management fee here. To compare a contracted and non-contracted district, combine labor % and contracted cost %. ● The contracted service is being charged to food service at any abnormally high rate. ● The nature of the district required abnormally high contracted services. ● The district is contracting more functions out than average. ● Lack of recycling is causing high trash hauling costs. ● The contracted services are being charged to food service and are included in the indirect cost (this is not allowed). <i>(See Solving the Money Mystery)</i>
<p>Transportation Cost % is above average</p>	<ul style="list-style-type: none"> ● The transportation costs were reported or entered incorrectly. ● Older vehicles require more maintenance cost. ● Many districts do not charge the food service for vehicle expenses. ● The depreciation on vehicles or the purchase price of vehicles was incorrectly reported here. ● The district is very large geographically relative to the number of meals transported. ● The method of allocating cost is incorrect. ● The transportation method is inefficient. <i>(See Solving the Money Mystery)</i>
<p>Supplies Cost % is above average</p>	<ul style="list-style-type: none"> ● Cost of supplies was reported or entered incorrectly. ● Paper and cleaning supplies were not included on collective purchasing bids. ● Lack of collective purchasing. ● There may be much waste in use of paper, polystyrene, and Cleaning supplies. ● Inventory control may be incomplete. ● Theft and misappropriation should be studied. ● Supplies are being used by other areas, such as custodial, instructional, etc., without the normal transfer of cost plus 15% carrying charge. <i>(See Solving the Money Mystery)</i>

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Condition	Possible Scenarios
<p>Food Cost % is above average</p>	<ul style="list-style-type: none"> • The food costs were reported or entered incorrectly. • There is a lack of collective purchasing. • Items were charged here that were subsequently sold to other department or staff at cost. This causes revenue to match cost, resulting in a 100% food cost for the transfers. Sales to other departments should be deducted from cost categories or marked up before inclusion in revenue. • There may be much food waste in over-production, serving waste, or inefficient product. • There is excessive use of convenience items and brand name products. • The menu contains many items, which are not required, like cookies, and soup. • Pre-costing of menus is not being done to develop an affordable menu. • Elementary and middle schools may not have instituted <i>Offer vs. Serve</i>. • Inventory control and security may be incomplete. <p align="center"><i>(See Solving the Money Mystery)</i></p>
<p>Combined Food and Labor Cost exceed 85%</p>	<ul style="list-style-type: none"> • Revenue is low. • Reliance on frozen prepared foods (convenience foods) has not resulted in a corresponding reduction in labor. • One or both of the cost categories are not controlled properly. • Districts with food service management companies should have included a portion of the Contract Services expense in the Food and Labor Costs. <p align="center"><i>(See High Labor % or High Food Cost %)</i></p>