

Business Operations
Ofelia San Pedro, Deputy Superintendent

**SUBJECT: RESOLUTION NO. 1, 2005-06 SPECIAL REVENUE - FOOD SERVICE
FUND MID-YEAR BUDGET REVIEW**

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

The Office of Budget Management, the Office of the Controller and the Department of Food and Nutrition have completed a review of food service operations through December 31, 2005. This resolution decreases budgeted revenues and other sources by \$10,863,258, decreases appropriations by \$3,614,296 and decreases fund balances by \$7,248,962 to reflect projected results for the year. Decreased revenues are primarily due to emergency school closures related to hurricanes Katrina, Rita and Wilma resulting in loss of revenue of over \$525,000 daily for 12 days, a total loss of \$6,300,000. Additionally, decreased enrollment and a reduction in the total number of students participating in the free and reduced price lunch program have resulted in a decrease of federal meal reimbursements of \$1,800,000. Also, there is a reduction in the value of federal commodities received by \$2,400,000 due partly to discontinuation of bonus items and reduced allocation due to decreased meal participation.

While decreases in appropriations are also projected, the declines do not match the decline in revenues to date, due in part to labor agreements and reductions in staffing levels have not been aggressively pursued. In addition, inventory levels of food and supplies were established assuming no missed school days. The Department of Food and Nutrition with the agreement of School Operations has recently implemented a hiring freeze similar to the one put in place at the beginning of this fiscal year for General Fund employees and an immediate review of staffing levels, specifically focusing on senior high schools, to address unfavorable staff variances. In addition, the Department is instituting a reduction in inventory and supplies in an attempt to bring appropriations in line with revenues.

REVENUES	Increase (Decrease)
1. Decrease Federal Reimbursement due to the reduced sales caused by hurricane related closures, decreased enrollment and a reduction in the number of economically certified students participating in the free and reduced price lunch program.	\$(10,667,120)
2. Local revenues declined by \$196,138, also as a result of hurricane related closures.	(196,138)
Net Decrease in Revenues	<u>\$(10,863,258)</u>

E-16

APPROPRIATIONS	<u>Increase (Decrease)</u>
1. Increase salaries and fringes \$2,509,000 due to unfavorable staffing variances and renegotiated medical benefit coverage for part-time food service staff.	\$ 2,509,000
2. Decrease purchased services to reflect decreased expenditures due to reduced sales.	(604,000)
3. Decrease purchased food costs through inventory reduction, revised menus and decreased sales.	(5,128,980)
4. Decrease capital outlay to reduce expenditures.	(500,000)
5. Increase in Indirect Cost	109,684
Net Decrease in Appropriations	<u>\$ 3,614,296</u>
ENDING FUND BALANCE	<u>\$ (1,404,814)</u>

Action steps initiated by the Department of Food and Nutrition to recoup the deficits include:

1. Immediate review of staffing levels at food service operations, specifically focusing on senior high schools to address unfavorable variances of staffing levels. An Internal Audit conducted on Food Service Operations determined senior high staffing levels to be 39% below the productivity standard established by the Department and 46% below the School District of Palm Beach County Food Services and 44% below Hillsborough County Publics School Food Services. A hiring freeze has been instituted in conjunction with School Operations to address overstaffing and align labor allocations with Departmental standards.
2. To supplement the monthly Work Hours Used report, an on-line Labor Hour Reporting System daily report has been added to each food service point of sale system requiring daily labor hours used to be reported in conjunction with daily meal sales at each location. The point of sale labor reporting function was added to the current cash accountability system at no additional cost to the Department or district. Daily Staffing levels in relation to sales data will be reported to each food service manager prior to the closure to provide real-time feedback on productivity.

3. Aggressive efforts to increase participation of students certified for free and reduced price meal benefits in the school lunch program. The Department of Food and Nutrition will be utilizing Connect Ed services to notify households recently approved for meal benefits due to additional State of Florida matches with food stamp recipient households and identification of siblings of previously approved students.
4. School lunch and breakfast menus are under revision to reduce high cost, low return items and to decrease labor intensive choices. District-wide efforts at reducing food and inventory supplies at all food service operations are underway at both the school and district level. Food service manager have been instructed to lower inventory of in-stock items and a reduction in food and supply orders have been made at the district approval level.
5. A comprehensive Mainline Food Bid, designed to consolidate food purchases, has been delayed since October 2005 due to a vendor protest. The Department of Food and Nutrition and Procurement Management Services have continuously addresses the food specification protest to move to an award of this multi-million dollar contract aimed at reducing costs to the district.
6. Increased efforts to refurbish and reissue large and small food service equipment have been made and have resulted in notable savings of replacement costs for high cost items such as milk boxes, slicers and ice machines.

In the event that the above efforts do not result in meeting the budget shortfall, the Department will request an increase in meal prices.

RECOMMENDED: That The School Board of Miami-Dade County, Florida:

- a. approve Resolution No.1, 2005-06 Special Revenue – Food Service Fund Mid-Year Budget Review
- b. adopt the amended Budget
- c. approve the Department of Food and Nutrition's Action Plans to decrease the budget shortfall.

**MIAMI-DADE COUNTY PUBLIC SCHOOLS
2005-06 FOOD SERVICE BUDGET
SUMMARY OF REVENUES & APPROPRIATIONS
RESOLUTION NO.1**

	TENTATIVE ADOPTED BUDGET 09/07/05	RESOLUTION 1	AMENDED BUDGET 02/16/06
REVENUES & BEGINNING BALANCES			
REVENUES			
Federal Through State			
National School Lunch Act	\$ 93,958,083	\$ (8,335,203)	\$ 85,622,880
U.S.D.A. Commodities	8,100,000	(2,332,000)	5,768,000
Other	650,000	0	650,000
Subtotal Federal Through State	\$ 102,708,083	\$ (10,667,203)	\$ 92,040,880
State			
Food Service Supplement	\$ 2,780,000	\$ -	\$ 2,780,000
Other	54,000	-	54,000
Subtotal State	\$ 2,834,000	\$ -	\$ 2,834,000
Local			
Interest and Other	\$ 100,000	\$ 17,000	\$ 117,000
Food Sales	38,111,624	(526,512)	37,585,112
Subtotal Local	\$ 38,211,624	\$ (509,512)	\$ 37,702,112
TOTAL REVENUES	\$ 143,753,707	\$ (11,176,715)	\$ 132,576,992
BEGINNING FUND BALANCE	\$ 6,432,230	\$ -	\$ 6,432,230
TOTAL REVENUES & BEGINNING BALANCES	\$ 150,185,937	\$ (11,176,715)	\$ 139,009,222
APPROPRIATIONS & RESERVES			
APPROPRIATIONS			
Salaries	\$ 44,104,074	\$ 1,692,926	\$ 45,797,000
Employee Benefits	20,812,950	816,050	21,629,000
Purchased Services	6,604,457	(604,457)	6,000,000
Energy Services	4,865,401	0	4,865,401
Food & Supplies	62,892,500	(5,128,480)	57,764,020
Capital Outlay	1,500,000	(500,000)	1,000,000
Indirect Cost & Other	3,249,112	109,572	3,358,684
TOTAL APPROPRIATIONS	\$ 144,028,494	\$ (3,614,389)	\$ 140,414,105
RESERVES			
Ending Fund Balance:			
Reserved for Commodity Inventory	\$ 3,955,000	\$ -	\$ 3,955,000
Unreserved	2,202,443	(7,562,326)	(5,359,883)
TOTAL RESERVES	\$ 6,157,443	\$ (7,562,326)	\$ (1,404,883)
TOTAL APPROPRIATIONS & RESERVES	\$ 150,185,937	\$ (11,176,715)	\$ 139,009,222