

SCHOOL FOOD SERVICE REPORT

April 6, 2009

Committee members

School Committee member Janice Ruggieri
Superintendent Rick Scherza,
Local 155 president Paula Pucino
School Food Service Director Michael Marrocco,
Dutemple parent Tammy Eaton
Executive Director of Finance Joseph Balducci.
School Committee member Steve Stycos, chair

The committee to evaluate privatizing or otherwise improving the financial health of the Cranston school food service program was formed to address large financial losses in the school food service program. In 2007, the system lost \$104,000. In 2008 it lost \$236,000 and in 2009 it is on track to lose about \$250,000.

Despite the losses, the committee believes Cranston has a well run school food service program whose greatest strength is its staff. Many food service workers are dedicated employees who have been with the district for many years, although the top wage is \$14.84 an hour.

Cranston has also been a state leader in the Wellness movement. It was the first community to have a Wellness Committee, the first to purchase fruits or vegetables directly from local farmers and the first to establish a smoothie bar to encourage calcium consumption. School Food Service Director Mike Marrocco, a Johnson & Wales educated chef, is a recognized leader in the state wellness movement. Several food service workers have been among the most active participants in the Cranston Wellness Committee.

Losses in Rhode Island school lunch programs are common. In 2007, the most recent year for which the state has information, nineteen of 34 districts lost money. Three of the nineteen were self operated systems like Cranston. The remaining sixteen were run by one of three management companies. In 2007, all ring communities (Warwick, Cranston, Johnston, North Providence and East Providence) lost money. Carolyn Dias, RIDE's chief financial officer, noted there is no guarantee that a district will break even with a management company, and no company representative promised to wipe out the deficit.

Like other ring communities, Cranston suffers from a fairly low percentage (28 percent) of free and reduced students. It is also financially hampered by old equipment, rising food costs, relatively high labor costs and a large number of small schools. In the last decade, district policies have also quietly, and without school committee approval, shifted tens of thousands of dollars of expenses onto the food program. The program was forced to hire three hour cashiers at all elementary schools and was billed for trucking and health inspection costs. In addition, wellness policies improved nutritional offerings, but hurt revenues. Typically, elementary school sales double when pizza or chicken nuggets are on the menu.

Another problem is outside sales. Various high and middle school programs often sell competing food just outside the cafeteria door during meal times, siphoning away sales from the school food program.

Management contracts bar the practice. The state contract with Aramark, for example, states, "There shall be no competitive food and beverage sales that are not part of the non-profit food service program during the meal service times." It also states, "4.3 FOOD SERVICE EXCLUSIVE: LEA [Local Education Agency] grants the FSMC [Food Service Management Company] the exclusive right to operate the nonprofit food service on or from the Premises. For school functions that are not part of the nonprofit food service, the FSMC shall have first option to provide food service."

With or without a management company, next year is expected to be difficult for Rhode Island school lunch programs as new state nutritional standards are implemented. The changes require all grains (rice, bread, pasta, cereal) be at least fifty percent whole grains and half of the grains be 100 percent whole grains. They also require three daily servings of fruit or vegetables and one weekly serving of legumes (lentils, beans). Sales are expected to drop as lunch programs wait for eating habits to change.

The committee met six times to gather information and draft its recommendations.

RECOMMENDATIONS:

The committee recommends that the Cranston Public Schools continue to operate its own school food service program, but make operational changes to reduce costs and increase revenues.

The committee believes the current staff can do everything offered by management companies, if supported by the district. It also worries about management company fees and treatment of existing employees. In addition, while a management company may promise new equipment, the committee stresses that the district will ultimately pay for it.

The current program, however, must change. It is disconnected from the rest of the school operations. Its accomplishments are little appreciated and it has few opportunities to take advantage of the strengths of the rest of the Cranston Public Schools operation. To overcome its financial problems, the school food service program must become an integral part of the Cranston schools.

GENERAL OPERATIONS

Symbolically, the school food service program's administrative office is located on an otherwise empty floor of Norwood Avenue School. The office houses a secretary, a bookkeeper, a courier and the food service director. The program receives almost no oversight from the full school committee.

- Executive Director of Finance, Joe Balducci should revise the food service budget to be simpler and more understandable. The budget should also include past years financial data for comparison purposes.
- Starting with the 2009-2010 budget year, the school committee should review and approve the annual school food service budget.

- For 2009-2010, the school committee should receive quarterly financial statements to monitor the school food service program's progress.
- The school food service director should review monthly financial statements of the program's financial condition with his supervisor, the executive director of finance.
- The school food service bookkeeper should be transferred to the business office and her salary and benefits should be removed from the school food service budget. No other school program, or the charter school, is billed for financial management services. The transfer will also allow the business office to assign other work to the bookkeeper as needed.
- The school food service program should not pay the cost of drivers health insurance. The program could transport food by hiring three 3 hour drivers and not pay benefits. Instead it uses custodians and pays a portion of their salaries and benefits. The committee does not propose a change in this system, but rather that the full cost of the custodians' health insurance be carried by the district.
- A subcommittee consisting of Mike Marrocco, Joe Balducci, Donna Marie Frappier and Cranston citizens Paul Thomas and Marc Roy should examine a point of sale cash register system and make recommendations to the school committee. The subcommittee, however, must be mindful of the district's extreme shortage of funds.

CAPITAL NEEDS

The national stimulus package dedicates funds to purchase cafeteria equipment at schools whose student population is at least 50 percent free and reduced eligible. Mike Marrocco estimates that five schools could benefit from this grant program and three more would receive better equipment when the replaced equipment is moved to their schools. New equipment can improve food offerings, cut energy use and reduce costs by enabling more cooking from scratch.

- In addition to the stimulus funds, the school committee should approve a five year capital plan to purchase new equipment.
- This summer, volunteers should be recruited in the elementary schools to clean, paint and improve cafeterias under the joint direction of Mike Marrocco and Joel Zisseron. We also anticipate the cooperation of the custodians union. Mike Marrocco proposes to reward volunteers with a spaghetti supper.

OUTSIDE SALES

Fundraising sales of food by school groups continues to be a problem. Well meaning PTOs, teachers and school clubs sell food and divert money from the school lunch program. They also encourage children to eat food with high sugar and fat content, rather than the school breakfast and lunch that are designed to provide good nutrition.

Current school committee policy allows elementary and middle schools to sell food outside the cafeteria during lunch once a week if the food meets the same nutritional standards as the school lunch program. No limits are currently placed on high school sales. We received verified reports, however, that high fat/high sugar food is being sold

daily by the Western Hills student council, that Park View teachers are selling unhealthy food to benefit school activities, that the Orchard Farms Elementary School PTO sells ice cream more than once a week during lunch and that outside sales at East and West, reduce food service sales by \$200/day.

- To encourage children to eat balanced meals, the current policy on outside sales be more actively enforced by the administration. Principals and other staff should be encouraged to avoid food sales to fundraise.
- Prior to the start of the new school year, the Wellness Committee should propose tighter rules on outside sales to the school committee.

MARKETING

Generally, programs with a high percentages of free and reduced students are financially successful. The committee recommends an aggressive marketing campaign to boost number of free and reduced students and paid food service sales.

- The importance of free and reduced applications should be stressed again with principals.
- With the support of the superintendent, Mike Marrocco should attend an elementary school principals meeting to plan an incentive program to encourage return of free and reduced applications in September.
- Information about free and reduced applications should be included in summer mailings and promoted at school open houses. The administration should check each school's letter and confirm with each principal prior to open house that the information is included.
- In the elementary and middle schools, parent and/or grandparent days should be held to showcase the school lunch program. At a principals meeting, the Superintendent should direct principals to coordinate a day this fall with Mike Marrocco. A special meal (a harvest lunch was suggested) should be offered. Parents should be informed that the event is to share a school lunch, not bring Burger King or other junk food to share with their children.
- A web page with menus and other nutrition information should be built by Donnamarie Frappier and Mike Marrocco. The free and reduced lunch application should be available in many languages on the district's web site and each school's web page.
- At its August meeting, the school committee should receive a school by school update on the progress of the incentives, summer mailings, open houses, parent days and the web site.

LABOR COSTS

School committee members Steve Stycos and Janice Ruggieri will make recommendations to the school committee in executive session to reduce labor costs of the unionized and three hour workers. The school committee will propose changes for the

sixteen unionized workers as part of the collective bargaining process. A new contract and changes for the 75 three hour employees will be voted upon in public session.

SUMMARY OF COMMITTEE TESTIMONY

At its first meeting, the committee invited Carolyn Dias, the chief financial officer of RIDE, to make a presentation on the state bid process. Dias is the leading advocate for the state bid, which was won by Aramark, and is pushing to mandate all districts with a management company use the state bid. Legislation to implement this rule is pending in the General Assembly, but does not apply to self-operating districts like Cranston. Ms. Dias stressed the fees and other questionable business practices that were eliminated by the state bid. She also said Cranston would benefit from state backing in negotiations or complaints with Aramark. In addition, she said the state bid would allow Cranston to avoid the headache of preparing its own bid and enable the city to take advantage of better buying power of a state contract.

Finally, she stressed the importance of a point of sales system, a sophisticated card swipe cash register system that allows the district and the state to track buying patterns of students. Some districts have this system, but it is expensive with a single machine costing about \$5,000. Ms. Dias also said that there is no guarantee that the district would not lose money if it privatized.

Aramark declined Rick Scherza's invitation to make a presentation to the committee, but the next meeting was held with Chartwells, one of the other two private companies running school lunch programs in Rhode Island. They examined Cranston's finances and said the percentage of our total costs attributed to labor and food were about 4 percent higher than they recommend. They also recommend the point of sales system, saying it boosts sales in the elementary schools. Their food service directors control costs by receiving monthly profit and loss statements, something Cranston does not currently do. They also stressed the need to increase free and reduced meals and said if they won the contract they would eliminate competing food sales like the girls track team's bagel sales at Cranston West. They said they would hire our current staff, but that their employees cannot be part of the state pension system. They also promised to invest in new cooking equipment, food displays and renovated cafeterias to improve sales. The contract would determine how that is handled financially, they said.

The next presentation was from Whitson's, a food service company that handles 50 districts in the northeast, but none in Rhode Island. Like Chartwells, their representative stressed the assistance Whitson would give Cranston in marketing, publicity and nutrition. He also stressed the point of sales system and the cartoon characters used to promote meals. He said the company would hire existing employees and try to keep current wages and benefits.

The final company presentation was made by Sodexho. Like Chartwells and Whitson, they stressed they were a local company because they have regional managers nearby. They also said they would hire existing employees, but cut wages to compensate for summer unemployment benefits, which our employees do not currently receive. They said workers could remain employees of the Cranston public schools if we wanted. Hiring Sodexho, they stressed, would allow Cranston to focus on education and enable the district the use Sodexho's dietary and marketing experts. New equipment, if needed,

would either be paid up front by the district or over several years. They offered to look at the district's finances and noted they have a charitably supported program that provides students with a backpack of food to take home for the weekend.

At a later meeting, Marc Roy, Sodexho's Woonsocket food service manager and a Cranston parent, urged the committee to seek bids to get more specifics on what management companies can offer. He also stressed the importance of the point of sales system. In a letter, Sodexho also offered to work for the district as a paid consultant with the district retaining control of the program.

Mike Marrocco made the final presentation saying that the current program's greatest strength was its employees. He noted that all food service workers are serve safe certified and all union employees are state health department certified and that no child had become sick on cafeteria food in his 23 years in Cranston. He also noted Cranston is recognized as a state leader, having been recognized by Kids First as one of the Rhode Island's best systems. He also noted that Cranston was implementing the new state nutritional standard earlier than required.

He attributed the program's losses to higher labor costs, twelve to fifteen percent increases in food costs over the last two years, lack of equipment which causes purchase of more expensive processed food and the wellness program which has reduced sales. He also criticized the federal government's failure to increase meal reimbursements.

He made a number of specific suggestions which were later adopted by the committee.

Instrumental Music Committee Report

April 3rd, 2009

Committee Members

School Committee Member Janice Ruggieri - chair
School Committee member Stephanie Culhane
Dr. Judy Lundsten, Exec. Dir. of Education
Christine Harrington, Strings Teacher
Mark Colozzi, Band/Music Teacher
Don Cowart, Principal
Terry Sullivan, Parent
Laura Gabiger Parent

This committee was set up to investigate the possibility of keeping the program intact at the elementary and secondary levels. Members were charged with finding alternative funding sources and/or options for reducing these programs in an equitable manner to maintain parts of these programs in the schools. According to recent budget figures the cost to run a complete instrumental program with 3.6 FTE Instrumental teachers is \$319,343.79. The program currently includes 561 students - a number that will increase dramatically; close to 1000 students, in the next school year because it will be the first year of beginner classes since the 6th grade moved back to the elementary level. This program is offered at every school to every student who wishes to participate.

The strings program is currently in its' 9th year and is recognized statewide as a stellar program. The number of students who qualify for the All-State Band increase every year. This program is successful, fully staffed, and progressive throughout a child's school career. This is the only program that can state this fact.

When this committee first met we quickly realized that we had a unique situation. Of the programs scheduled for cuts this was the only one that was actually considered part of curriculum. The NCLB Act recognizes Instrumental Music as a CORE subject. In addition: the BEP and our own school policy denotes instrumental music a part of curriculum. This program according to the BEP recognizes the role that the study of instrumental music plays in the education of students with special needs including those who are handicapped, gifted and talented, bilingual and/or disadvantaged. Truly this is a program that covers the needs of all students.

We also learned that this subject falls under the heading of the Fine Arts group. This group of subjects is an area that every graduating student needs to choose from in order to satisfy a graduation requirement. Of the most recent graduates 16-20% of students chose instrumental music as their area of proficiency for the Fine Arts area. This is the only program that falls under this requirement.

The committee was also fortunate enough to have been given data, studies and information that clearly states the affect that playing and learning musical instruments has on the developing brains of children. Statistics and data provided proved that NECAP, Math skills and other

assessment scores improved and were higher for those children taking instrumental music.

As Dr. Martin Gardiner ; the guest speaker, stated at the School Committee meeting we should be not only keeping our current program but expanding it further.

This committee recommends the school committee reevaluate it's decisions to cut this program or even partially fund it. It is our finding that this program above the other programs that had been scheduled to be cut be put back into the budget at its fully funded status of \$319343.79.

It would be a loss for all Cranston students to not be given the full opportunity to succeed in this program.

Other Issues

It was also brought to our attention that the decision had been made to not replace a teacher who had retired as well as a teacher who was out on long term medical leave for the remainder of this year. The teacher who was on medical leave has since returned to her position for the remainder of this year. The children who were being serviced by the teacher who had retired are not receiving instrumental music while the other children are. We believe this is not an acceptable situation and a replacement teacher needs to be put on to fulfill the instrumental program for the remainder of this year.