

Financial Impact of À La Carte Offerings in Kansas Public Schools

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Schools lose money on each reimbursable lunch they serve and often cover their costs by selling à la carte foods and beverages to students. These choices are not always healthy options.

THE PROBLEM

Food service programs in the majority of US school districts are expected to cover their costs from the revenues they generate. Some states and some school districts pay part of the program's costs, however many food service programs are expected to be financially self-sufficient and must cover meal, labor, facilities and equipment costs from the revenue generated by food sales. Financial support is provided through the National School Lunch Program (NSLP) and the School Breakfast Program (SBP), but the combination of these subsidies along with student payment for meals does not cover all of the costs.

To balance their budgets, food service programs generate additional revenue from the sale of à la carte items that can include anything from an apple to a bag of chips to a fast food entrée like a slice of pizza. À la carte items are priced and ordered separately by students and are not sold as part of the NLSP or SBP reimbursable meal program. The reimbursable meal supported through the NSLP and the SBP must meet federally mandated nutrition guidelines and is monitored. By comparison, the nutrition guidelines for à la carte items are weak or not enforced, resulting in many items being popular with students but low in nutrients and high in fat, calories and sugar. In addition, à la carte items are widely available which raises concerns about how much they contribute to childhood obesity.

THE ROLE OF À LA CARTE IN KANSAS SCHOOLS



This study examines factors in Kansas that affect a school district's dependence on revenues from à la carte foods. Reducing access to unhealthy à la carte items may be one factor in helping to address childhood obesity, but it could also affect school food service revenues. Some efforts have been made to improve the

nutritional quality of foods in schools through state and local school districts imposing restrictions and establishing guidelines, as well as through local wellness policies mandated as a part of the 2004 Child Nutrition and Women, Infant and Children Reauthorization Act. Recent action (May, 2010) by the Kansas State Board of Education now mandates statewide compliance with the advanced (by 2011) and exemplary (by 2012) levels of the statewide wellness policy guidelines for products

sold through vending machines. Advanced level compliance means that 50% or more of vending machine items meet specified criteria for fat, calories, and sugar. It also limits access to vending machine items. In elementary and middle schools, there is no access to vending machines until the end of the school day. In high schools it is limited to one hour after the end of the last lunch period. Exemplary level compliance means that all items meet specified criteria for fat, calories, and sugar with no access to vending machine items in elementary and middle school at any time. In high schools, access is limited to one hour after the end of the last lunch period. This policy change will certainly contribute to healthier school environments, but compliance with wellness guidelines for à la carte foods remain at the discretion of each school district. A primary reason à la carte items continue to be largely unregulated is because of the financial role these items play in maintaining adequate finances to run the school breakfast and lunch programs.

KEY FINDINGS

After examining financial data from 282 (93.4%) public school districts across the state, this study made three key observations.

- 1 Lunch price increases have kept pace with yearly inflation, but both federal and state reimbursement for school meals has lagged far behind changes in costs.** Schools lose money on each reimbursable lunch as their labor, overhead, equipment and other costs have continued to escalate but the federal and the state contribution of funds to support the school lunch program has not been adequately adjusted for inflation.
- 2 Insufficient federal and state reimbursements occurred at a time when district support for the food service program also declined.** School funding has been cut as state budgets have struggled to provide services while not increasing taxes. These cuts have been passed on to the school lunch programs, forcing many to continue to sell or to expand their a la carte offerings to help make up the deficit created by declining financial support from the district.
- 3 Some districts don't depend on à la carte income and they differ from those who do in key ways.** Districts with little or no dependence on à la carte finances were primarily rural and had higher lunch prices. They also had greater student participation in the lunch program, lower per meal costs and fewer students eligible for the free and reduced-price lunch program. Of these factors, lunch price and lunch participation by students eligible for free and reduced-price lunch were most important in maintaining low dependence on à la carte revenue.

RECOMMENDATIONS FROM STAKEHOLDERS

The results of this study were presented to a diverse group of stakeholders – staffs from the Kansas State Department of Education, Kansas Department of Health and Environment, Coordinated School Health, child health advocacy organizations, health philanthropies, school food service and community organizations. Through a facilitated discussion, these stakeholders suggested policy and programmatic changes as next step opportunities to improve the health and financial stability of public school food environments at the local, district, state, and federal level.

Local Level

▶ **Conduct a market analysis** to more clearly understand foods sold to students near schools, especially foods sold through fast food outlets, convenience stores and others that may compete with food service programs in the school for student revenue. Follow market analysis with policies to restrict access or limit proximity of fast food restaurants, convenience stores and other competitive food outlets.

▶ **Set common priorities** between administration and school food service personnel to support their mutual obligations of providing a healthy environment for students. Financial viability of the food service program should be a school-wide priority and not left to be run as a stand-alone business entity within schools.

▶ **Make the healthy choice the default option.** Influence student purchasing of à la carte items by setting prices for healthy items that are lower than prices for unhealthy items and by instituting point-of-purchase strategies that make healthy options more accessible (e.g., placed at the register) and appealing (e.g., fresh fruit/veggies that are cut-up and ready to eat).

District Level

▶ **Provide financial management training** and/or technical assistance for food service personnel. Expertise in financial planning, budget management and profitability are essential to successful food service programs, yet some staff has little training in this arena.

▶ **Review and reconsider open campus policies** that permit students to leave campus during meal times as these policies compete with food service for student participation and contribute to losses in revenue from school meals.

▶ **Maintain accountability** at the school-level, rather than only at the district-level, regarding compliance with district wellness policies that address the nutritional quality and availability of à la carte and vended items.

State Level

▶ **Pass a “soda tax”** on sugar-sweetened beverages, and use the revenues to improve and maintain healthy school environments.

▶ **Encourage the use of locally grown foods** through practice and policy.

▶ **Increase the state general fund contribution to the school lunch program** which has remained at a constant \$0.045 per lunch for over 30 years.

▶ **Provide financial incentives to districts** to eliminate nutritionally poor foods from the school environment (including food as rewards, foods served in the classroom, à la carte and vending foods and beverages). Financial incentives might include providing a higher state reimbursement rate per lunch for districts electing to offer only healthy items through à la carte and vending.

Federal Level

▶ **Increase the federal funding contribution** to the school lunch program and strengthen national standards for both school meals and competitive foods.

▶ **Require districts to gradually increase the amount they charge full-paying student** (i.e., students who don't qualify for free or reduced price lunch) for a “paid” meal to better align “paid” meal revenue with federal reimbursement levels for the “free” meal category.

KEY TERMS

À la carte: Food and beverage items sold by the school food service programs in addition to the school breakfast and lunch meals

Free meals: Meals that meet the nutrition requirements of the National School Lunch or School Breakfast Program and are served at no charge to children with household income at or below the 130 percent of the poverty line

Reduced price meals: Meals that meet the nutrition requirements of the National School Lunch or School Breakfast Program and are served to children with household income above 130 percent of the poverty line and at or below 185 percent of the poverty line for no more than 40 cents for a lunch or 30 cents for a breakfast

Paid meals: Meals that meet the nutrition requirements of the National School Lunch or School Breakfast Program and are served to children with household income above 185 percent of the poverty line at a price set by the school district or school food program

LIMITATIONS

Findings from this study highlight the importance of several factors, including student participation in school meals, for increasing the financial stability of food service programs. Vending machines, school stores and open campus policies that allow students to leave for meals are important pieces of the financial picture that were not captured in this study. More work is needed to determine how the presence of vending machines, school stores and open campus policies impacts student meal participation. To the extent that students purchase items from these sources to the exclusion of school meals, eliminating them could improve the finance of food service programs. Given preliminary evidence suggesting that as the nutritional quality of competing food sources improves, so does student participation in school meals, setting stronger standards for the quality of à la carte, vending machine and school store items could have a stabilizing effect on the financial structure of food service programs.

CONCLUSIONS

Financial constraints impact school food service programs in ways that may be contributing to childhood overeating, malnutrition, overweight and obesity. Dependence on revenues generated through the sale of à la carte foods and beverages as well as from other products available on school campuses (e.g., vending machines) perpetuates behaviors that may negatively impact youth nutrition because of their availability and relative low cost. Such financial dependence may prevent food service programs from eliminating à la carte or providing only healthy à la carte options because of the impact these changes could have on food service revenues.

In the May 2010 White House Task Force on Childhood Obesity Report to the President, one of the four priority areas is “providing healthy food in schools.” The report stresses that, in addition to change at the federal level, “private sector, state and local leaders, and parents themselves can help improve the health of our children.” The First Lady’s *Let’s Move* initiative also makes similar recommendations. Kansas stakeholders agree that instituting strategies at all levels – local, district, state and federal – will improve the consumption of healthier foods by students. Change at any of these levels will promote synergies that serve to improve student health. Investments to hasten healthy changes in schools are needed immediately if Kansas seeks to “bend the curve” and slow the rate of childhood overweight and obesity.

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