

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1753 (PCB EDK 04-06) School Food Service Program
SPONSOR(S): Education K-20
TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Education K 20	16 Y, 11 N	Porter	Bohannon
2)			
3)			
4)			
5)			

SUMMARY ANALYSIS

This bill requires school districts to analyze the performance of their food service programs and consider outsourcing when the programs are not operating efficiently.

Provides for an effective date.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|------------------------------|-----------------------------|---|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. Lower taxes? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a “no” above, please explain:

B. EFFECT OF PROPOSED CHANGES:

The bill creates the “The Food Service Accountability Act of 2004”.

The bill amends Subsection (1) of s. 1006.06, F.S. to delete the work “private” from the description of the food service program districts must maintain under the section.

Beginning in the 2004-05 school year, the bill requires school districts to:

- Analyze the operational efficiency of their school food service programs.
- Present the financial condition of their food service programs in a financial statement format.
- Review the programs profit and lost experience for the current and prior three fiscal years.
- Calculate the food service program profit and loss including all revenue and costs associated with the program, including indirect cost as defined in the bill.
- Report the results of the analyses to the Department of Education and the school board within 60 days of the end of the district’s fiscal year.
- Issue a request for information to determine the availability and cost of private-sector school food services in the district’s food service program has operated at a loss during any of the past three fiscal years.
- Issue a report to the Department of Education and the school board within 60 days of the due date of the request for information summarizing the results of responses to the request. The report must include the total cost of providing food services for the district and the cost estimates of each private-sector respondent.

The bill states that food service programs:

- Should strive to operate in an efficient manner and require no supplement of operating funds from the district.

- Are encouraged to pursue outsourcing, partnering with other school districts, or a combination of outsourcing and partnering efforts of their food service programs when it is advantageous to the district to achieve economies of scale.

The bill requires school districts choosing to outsource their food service programs to:

- Require the private-sector vendor to provide first consideration of employment to existing food service employees.
- Require the private-sector vendor to offer existing employees the choice of remaining school district employees or becoming employees of the private-sector vendor.
- Use attrition or placement into other available district school positions for staff reductions relating to outsource of food service programs prior to direct layoffs of school district employees.

The bill states that school districts that have supplemented their food service programs in the current or prior three fiscal years and are choosing not to outsource their programs must:

- Justify their decision not to outsource their food service programs when the program has required operating revenue from the district to cover operational losses in the current or past three fiscal years to the department and the school board within 60 days of the decision not to pursue outsourcing.
- Submit an operational plan to reduce their program expenditures to match revenue sources to the Department of Education within 60 days of the decision not to pursue outsourcing.

The bill requires the Department of Education to annually provide a report to the Legislature and the State Board of Education detailing the food service expenditures of each school district which will include a description of the extent to which district school food service programs are self-sufficient.

The bill provides a definition for indirect costs to be used by school districts when calculating the indirect costs of school support services. Indirect costs shall include, but are not limited to: Building maintenance and depreciation.

- Utilities.
 - Waste removal.
 - Pest control.
 - Insurance.
 - Storage and distribution.
 - Printing.
 - Administration of payroll.
 - Employee benefits and retirement.
 - Purchasing.
 - Human resources.
 - Accounts payable and receivable processing.
- All other administrative services performed by district staff to which a benefit to the program is derived.

C. SECTION DIRECTORY:

Section 1 – provides a short title.

Section 2 – amends s. 1006.06, School Food Service Programs, to include additional accountability measures for operational efficiency.

Section 3 – amends s. 1010.20, Cost Accounting and Reporting for School Districts, to require the Department of Education to annually report to the Legislature the food service expenditures of each school districts food service program and a description of the extent to which they are self-sufficient.

Section 4 – amends s. 1020.21, Indirect Costs, to include a definition of indirect costs to be used when analyzing the program efficiency of school support services.

Section 5 – provides an effective date.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None

2. Expenditures:

None

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None

D. FISCAL COMMENTS:

The school districts required to consider outsourcing under the bill would be able to determine if outsourcing their food service programs will assist them achieve economic sufficiency for their food service programs. If a district would not save money or achieve an economic break-even point with their programs by outsourcing they can chose not to outsource their food service program.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not require a city or county to spend funds or to take any action requiring the expenditure of funds.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

The PCB was amended in the Education K-20 committee to incorporate a change requested by Representative Fiorentino. Amendment 1 to PCB 04-06 amended subsection (1) of s. 1006.06, F.S. to delete the word "private" from the description of the food service program districts must maintain under the provisions of the section.