

School District of the City of Royal Oak
MEMORANDUM

TO: Thomas L. Moline

FROM: John R. Schwartz

DATE: March 11, 2009

SUBJECT: 2009-10 Budget Update
Food Service Fund

Meetings have been held with Michael Jacobs, Food Service Director, to develop the 2009-10 Food Service budget. The following is a summary of the most recent developments:

- No increase in lunch prices will be recommended for 2009-10. This will represent the seventh consecutive year without an increase in lunch prices. The elementary lunch price is \$2.25; Middle School lunch price is \$2.50; and High School lunch price is \$2.50. It should also be noted that there is some tiered pricing for meals at the Middle School (\$2.75 and \$3.00) and High School (\$2.75, \$3.00 and \$3.75). The tiered lunch prices will also remain the same.
- The effort to increase parental awareness of free and reduced lunch eligibility will continue. The tremendous success of the last direct mailing indicates that families may not be aware that they qualify for free and reduced meals. This effort has not only provided students with a healthy lunch but has also increased the number of reimbursable meals.
- No changes in staffing levels are recommended for next year.
- Projected revenues are expected to exceed projected expenditures in 2009-10. Put another way, food service operations will make a profit. It should be noted that all direct costs associated with the food service operations are charged to the Food Service Fund. This includes employee benefits, FICA, retirement, equipment repairs and capital purchases. In addition, a 3% indirect cost rate charged on all non-food expenditures. The profit generated by Food Service is truly a “real” profit.

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