



Highlights of [GAO-03-569](#), a report to Congressional Requesters

Why GAO Did This Study

The National School Lunch and Breakfast Programs provide millions of children with low-cost or free nutritious meals each school day. In school year 1996-97, the Department of Agriculture instituted more stringent requirements for the nutritional content of school meals. GAO was asked to study the school food service revenues and expenses and how they have changed since the requirements went into effect. This report includes information on the sources of revenues available for providing meals, the expenses of producing meals, the revenues compared to expenses, and the approaches that local school food authorities have adopted to manage their school food service finances. It uses data from six selected states. This report does not provide specific information on the expense of producing a reimbursable school lunch or breakfast.

www.gao.gov/cgi-bin/getrpt?GAO-03-569.

To view the full report, including the scope and methodology, click on the link above. For more information, contact David D. Bellis at (415) 904-2272.

SCHOOL MEAL PROGRAMS

Revenue and Expense Information from Selected States

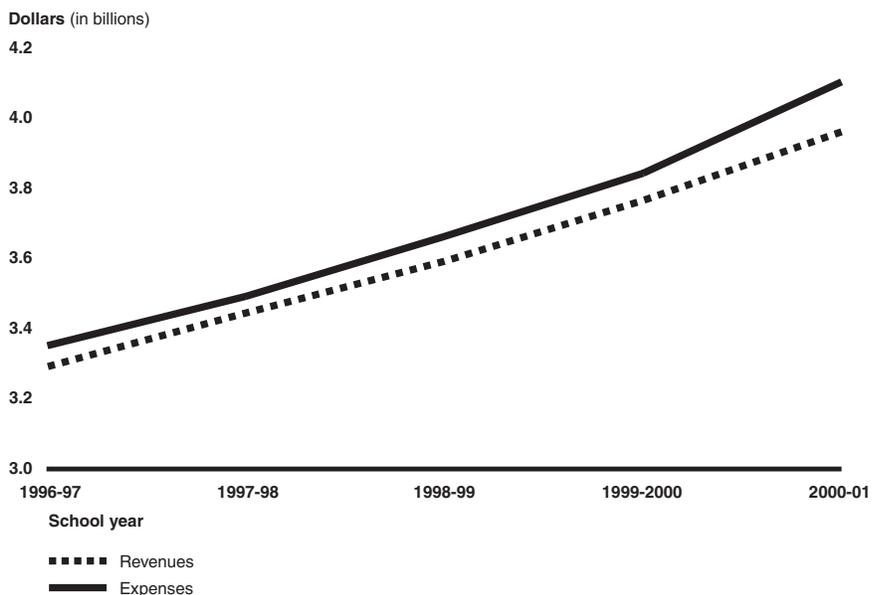
What GAO Found

Revenue from federal reimbursements and the sale of food were the principal sources of revenue for school food services in the six states GAO reviewed for school years 1996-97 through 2000-01. Federal reimbursements decreased slightly in proportion to the total, while revenues from food sales increased slightly. Funds from state governments and other sources represented a relatively small portion of total revenues and remained relatively stable as a share of total revenues.

Labor and food purchases were the principal expenses for the six states, sharing nearly equal proportions and changing only slightly. Labor expenses, which included salaries and benefits for food service employees, grew slightly while food expenses decreased slightly. Other expenses, such as contract services, made up a smaller portion of expenses, and this portion remained constant.

The six states had a small though increasing shortfall in total revenue compared to expenses over the 5-year period, as shown below. Their total expenses increased by about 22 percent, while their total revenues increased by about 20 percent. The portion of total school food service expenses covered by federal reimbursements declined from 54 to 51 percent, and the portion of expenses paid by state funds was small and declined slightly.

Changes in Total School Food Service Revenues and Expenses in Six States



Source: Florida, Missouri, New York, Ohio, Texas, and Virginia Departments of Education.

To limit their expenses and maximize their revenues, local school food authority officials reported buying food in bulk, hiring more part-time staff, expanding a la carte food sales and catering programs, and other strategies.