



The School Nutrition Trends Report 2015

SUMMARY

2015 TRENDS REPORT

Summary of Research Findings

The School Nutrition Association (SNA) is continually monitoring the school foodservice arena to remain abreast of the trends, issues, and factors impacting its members. As part of this effort, the Association periodically surveys its members to determine how trends and “hot” issues are affecting school nutrition operations. The *2015 School Nutrition Trends Survey* is one such effort. This survey was conducted in June/July 2015, and netted 1,100 responses from district-level employees (usually the District Director) who are based in 1,100 unique school districts nationwide. Major findings are summarized below. Please refer to the referenced exhibits for more in-depth data.

Promoting Healthier School Food Choices

Programs or initiatives to promote healthier choices are nearly ubiquitous — 98.8% of the districts have at least one such program that is already implemented, or is being planned/considered for implementation in the coming school year. The most prevalent program in place is student taste tests/sampling, cited by nearly three-quarters of the districts overall. A majority (or near majority) have implemented nutrition education, Smarter Lunchroom techniques, and farm to school initiatives.

Implementation levels increase with district size, with a majority (or near majority) of the largest districts reporting having all of the seven specific programs/initiatives explored in the survey in place. Regardless of district size, the most commonly implemented programs remain student taste tests, nutrition education, Smarter Lunchroom techniques, and farm to school initiatives. [See Exhibits 1 and 2]

A total of 352 districts responded when asked to describe additional programs, initiatives or activities their school nutrition program has implemented to promote healthier school food choices. Their responses span a wide range, encompassing initiatives such as:

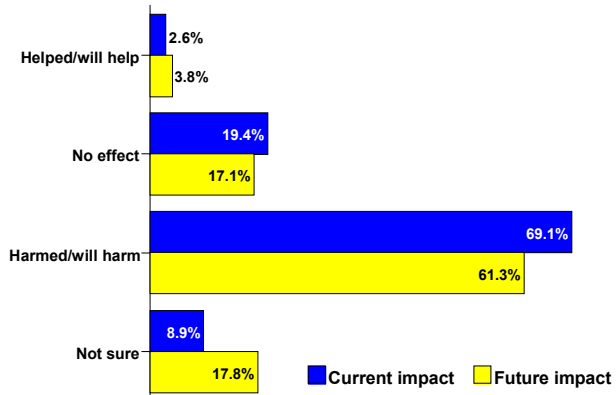
- unique breakfast options to reach students who normally would not have breakfast;
- specialty or theme days, such as “Meatless Monday,” to introduce students to healthier food choices;
- educational and promotional outreach among students, teachers and parents;
- revised/revamped recipes to improve their nutritional profile;
- participation in established programs, such as the Fresh Fruit and Vegetable program;
- expanded service options, such as summer feeding, salad bars, fresh fruit bars, etc.
- partnerships with government and non-government entities to enhance outreach to students;
- collecting student input on desired changes through meetings, surveys, and other data gathering techniques.

Full-text responses, segmented by district size, are provided in Exhibit A-1 in Appendix A.

Impact of the Federal Nutrition Standards on Financial Health

Despite efforts to promote healthier choices, there is clear consensus with regard to the impact of federal nutrition standards for meals and snacks: nearly seven of every ten respondents say that the standards have been harmful to their program’s financial health since inception of the standards in 2012. Fewer than 3% report a benefit to their program’s financial health from the standards, with the balance reporting either no impact or are unsure. This overarching pattern remains true when the data are segmented, with the percentage citing harmful effects remaining at the majority level across all segments, and reaching as high as 78.7% (with the latter cited by respondents from districts with the lowest percentage of free/reduced-price eligible students).

Impact of Federal Nutrition Standards on Financial Health



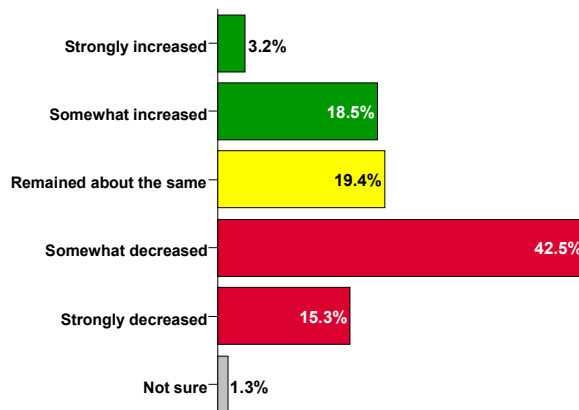
Looking forward two years shows a nearly identical pattern: a majority (61.3%) expect the federal standards will continue to harm their program’s overall financial health; fewer than 4% feel there will be a benefit to their program’s financial health. This response pattern remains consistent across most segments. [See Exhibits 3 to 5]

Lunch ADP and A la Carte Trends

The survey explored a number of factors related to financial challenges with implementation of the new standards. A decrease in the lunch average daily participation (ADP) since the 2012-2013 school year is the norm, a situation cited by 57.7% of the respondents. Most of these respondents characterize the decrease as “somewhat” but a notable number (15.3%) characterize the decrease as “significant.” The percentage citing a lunch ADP decrease remains at the majority-level across nearly all segments, and is especially pronounced among districts with a low percentage of students who qualify for free/reduced-price meals — 72.2% of these districts report a decline in lunch ADP. A decrease in lunch ADP is least common among the largest districts and among districts that are currently using the Community Eligibility Provision (CEP), which allows schools with a high percentage of low income students to serve all students free meals. [See Exhibits 6 and 7]

Lunch ADP Change

How has your district-wide average daily participation (ADP) for lunch changed since the start of the 2012-2013 school year?

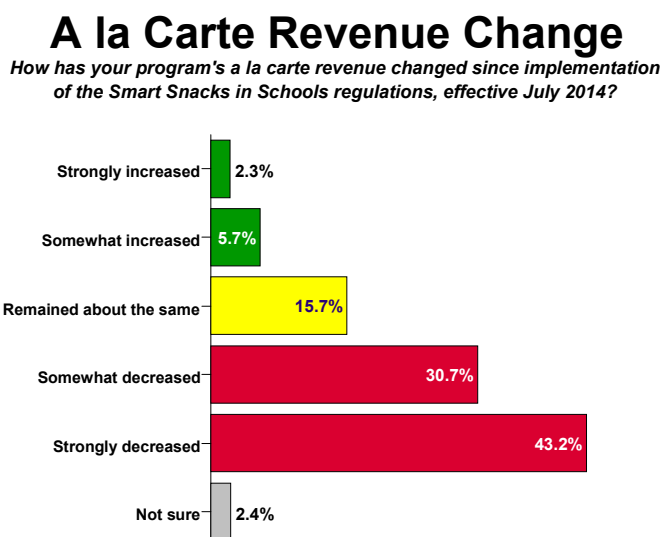


There is strong consensus as to the leading reason for the decline in lunch ADP: decreased student acceptance of meals. This reason is cited by nearly 93% of the districts that experienced an ADP decrease, and leads all other factors by a wide margin. It also remains the top-ranked reason by a wide margin across all segments. Other leading reasons are paid lunch equity and decreased student enrollment, cited by 35.7% and 26.9% respectively as contributing factors. [See Exhibits 8 and 10]

While a decrease in lunch ADP is the most common situation, about one in five districts overall report an increase in their lunch ADP. No single factor dominates when the respondents indicate the reasons behind this increase. While expanded menu/service options is top-ranked overall (cited by 48.5% of those with a lunch ADP increase), it is closely followed by increased student acceptance of meals, marketing efforts to support student participation, and CEP/free lunch for all students, with each cited by at least 38% of the respondents. [See Exhibits 9 and 11]

Most districts (87.5%) have a la carte service. As seen previously with lunch ADP, a decrease in a la carte revenue is the norm — nearly 74% of the districts with a la carte service report that their a la carte revenue has declined since implementation of the Smart Snacks in Schools regulation (which was effective July 2014). Only 8% overall report an increase in a la carte revenue.

Districts with a declining lunch ADP are the ones most affected by declining a la carte revenues. Nearly 81% of the districts that report a decrease in lunch ADP also report a decrease in their a la carte revenue. The percentage reporting a decrease in a la carte revenue remains at the majority-level across all segments. [See Exhibits 12 to 15]



Overall Financial Health

To gain insight into the operational conditions of school nutrition programs, the respondents were asked to characterize the present general financial health of their program. While this is a qualitative measurement (versus a quantitative measurement that is based on specific financial metrics) it has the advantage of demonstrating how district-level school nutrition personnel perceive their program's financial situation. The rating scale ranged from "outstanding" to "critical."

The results show that a plurality (31.7%) rate their program's financial health as "good," followed closely by 28.2% who rate it as "fair." Very few rate their program's financial health at the outermost ranges of the scale — only 5.3% feel their program's financial health is "outstanding;" only 2.1% feel it is "critical." Overall, the average rating is 3.58 on a scale where zero is "critical" and 6.0 is "outstanding."

These ratings remain in a fairly tight range centering around the 3.50 point (which is midway between “good” and “fair”) across most segments. The most robust score is 4.02, which is offered by schools with the highest percentage of free/reduced-price meal eligible students. Elevated scores of 3.96 or higher are also seen among the largest districts and those that participate in the Community Eligibility Provision (CEP). The weakest scores are seen among the smallest districts (average score of 3.28) and the districts with the fewest number of free/reduced-price meal eligible students (average score of 3.21). [See Exhibits 16 and 17]

Once this baseline measurement was taken, the respondents were asked to identify the four most significant positive and negative factors that have impacted their program’s financial health over the past two years.

Identifying positive factors proved to be a challenge for a significant number of districts: nearly one-quarter of the respondents (23.5%) were unable to identify any factors that have benefitted their program’s financial health. This percentage peaks at 45% among the schools with a perceived financial health of “poor,” “very poor” or “critical,” and remains at elevated levels across most segments.

Of those who could identify beneficial factors, the most prevalent are as follows (the percentages refer to the number identifying the factor as one of the four factors that have had a positive impact on their program’s financial health over the past two years):

- Increased breakfast participation — 34.5%
- Increased efficiencies/productivity — 30.8%
- Increased summer, supper or after school snack participation — 22.1%
- Increased lunch participation — 17.9%
- Community Eligibility Provision/Free meals for all students — 16.6%

The above five factors remain highly ranked across all segments, although the relative prevalence of each varies from segment-to-segment. For example, among districts that participate in CEP, 76.8% identify “CEP/Free meals for all students” as one of their four beneficial factors, making it their top-ranked factor (versus 16.6% of the districts overall). [See Exhibits 18 to 22]

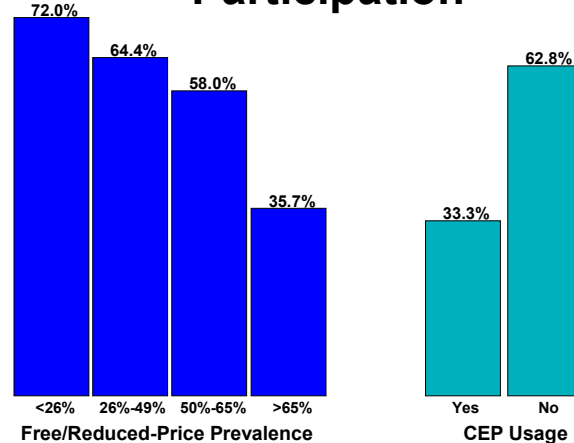
The respondents had far less difficulty identifying factors that have been detrimental to their program’s financial health, with only 2% unable to do so. Even among the districts with a perceived financial health of “outstanding” or “very good,” only 6.9% were unable to identify at least one detrimental factor.

Increased per meal food costs leads the list of detrimental factors by a wide margin, cited by 70.1% overall. The most prevalent are (the percentages refer to the number identifying the factor as one of the four factors that have had a negative impact on their program’s financial health over the past two years):

- Increased per meal food costs — 70.1%
- Decreased lunch participation — 56.8%
- Decreased a la carte revenue — 53.0%
- Increased labor/benefits costs — 48.5%
- Declining student enrollment — 20.6%

As with the positive factors, there is significant commonality across segments with regard to the negative factors. There are, however, some notable exceptions, with some of the strongest variations seen for the “decreased lunch participation” factor. This is cited as a negative factor by 72% of the districts with a low percentage of free/reduced-price meal eligible students but by only 35.7% of those with a high percentage of free/reduced-price meal eligible students. The same variation is seen based on CEP usage: 62.8% of the districts that are not participating in CEP cite decreased lunch participation versus only 33.3% of the districts with CEP schools.

Incidence of Decreased Lunch Participation

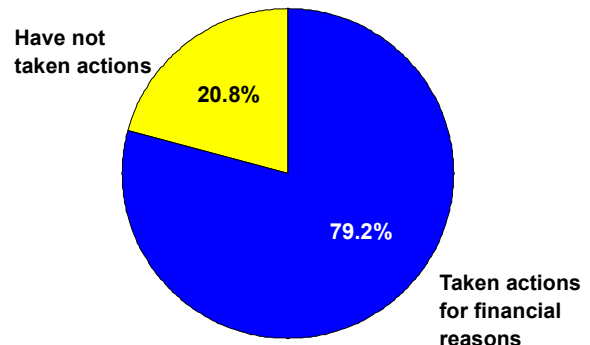


As expected, the prevalence of all negative factors increases among the districts with the weakest perceived financial health but, even among schools with “outstanding” or “very good” perceived financial health, 60.8% are dealing with increased per meal food costs, 44.5% report decreased a la carte revenue, and 41.6% have increased labor/benefits costs. [See Exhibits 23 to 27]

Actions Taken for Financial Reasons

Given the wide-scale impact of detrimental factors and the prevalence of programs with relatively weak financial health, it is not surprising to see that about eight of every ten districts have had to take steps to offset financial losses. The most prevalent actions are:

- Reduced staffing (reduction in hours/layoffs/deferred hiring) — 48.6%
- Diminished reserve fund — 41.3%
- Limited menu choices and variety — 35.6%
- Deferred or canceled equipment investments — 32.3%



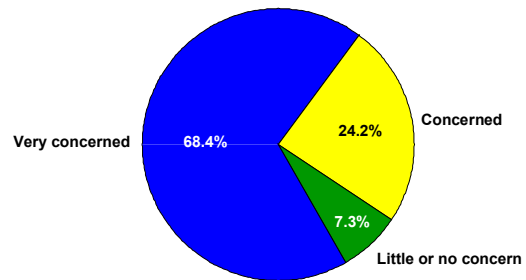
As expected, the prevalence of all actions increases among districts with a perceived financial health of “fair” or less. There is a particularly strong jump in the percentage citing reduced staffing and a diminished reserve fund among the districts with the weakest financial health. [See Exhibits 28 to 32]

Sodium and Whole Grain Rich Mandates

There is significant concern among the respondents with regard to the availability of foods that meet future sodium reduction targets that are well accepted by students. Nearly 70% of the respondents state that they are “very concerned” about this issue; 24.2% are “concerned.” Only 7.3% have little or no concern. A rating of “very concerned” remains the majority-level viewpoint across all sample segments, with the data distribution across segments remaining highly similar to the overarching pattern. [See Exhibits 33 and 34]

Concerns with Sodium Reduction Targets

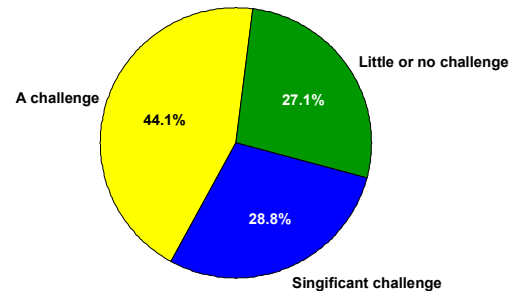
How concerned are you regarding the availability of foods that meet future sodium reduction targets and are well accepted by students?



The mandate that all grains offered with schools meals be whole grain rich is also considered by many to be a challenge, albeit to a lesser degree than the sodium reduction targets. Nearly 29% rate this issue as presenting a “significant challenge;” a plurality (44.1%) rate it as a “challenge.” The mid-size districts are the most concerned with the whole grain rich mandate, with 36.5% rating it as a “significant challenge.”

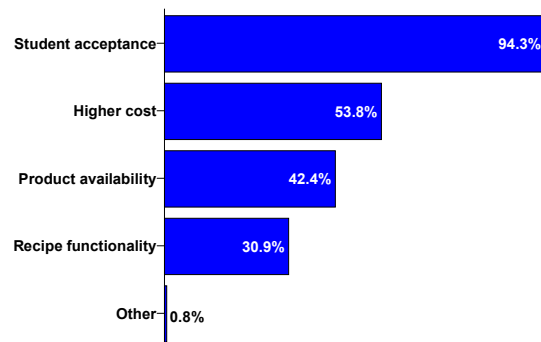
Whole Grain Rich Challenge

Is the mandate that all grains offered with school meals be whole grain rich a challenge for your program?



Student acceptance is the issue of greatest concern with regard to the whole grain rich mandate. Among those who perceive the mandate as a challenge, 94.3% cite student acceptance as the point of greatest concern. Higher costs and product availability are strong secondary factors, followed by recipe functionality. Student acceptance remains top-ranked by a wide margin across all district segments, with the percentage citing this issue never dropping below 90%. It also shows very little variation even when the data are segmented by the perceived challenge level of the mandate. [See Exhibits 35 to 39]

Main Challenges of the Whole Grain Rich Mandate



The respondents were asked to specify which whole grain rich products are particularly challenging for their school nutrition program. Categorizing the responses from the 613 districts that provided feedback shows the category of pasta/noodles leads all others by a substantial margin, cited by 65.4%. Popular product categories are:

- Pasta/noodles — 65.4%
- Bread/rolls/buns — 32.0%
- Biscuits — 26.4%
- Pizza crust — 19.2%
- Other (typically bakery items such as cookies) — 18.3%
- Tortillas/wraps — 17.8%

The category of pasta/noodles remains top-ranked across all segments, often by a notable margin. However, there are strong regional variations. For example: biscuits are cited far more often as a challenge by respondents in the SNA Southeast region; tortillas/wraps are of significant concern among respondents in the SNA West region; bagels and breads/rolls/buns are of particular concern to those in the SNA Northeast region. [See Exhibits 40 to 43. A map displaying the SNA regions is provided in Exhibit 51.]

District Director Feedback

The survey invited respondents to provide additional thoughts regarding the topics covered in the survey. A total of 450 individuals provided feedback, with many sharing detailed and extensive first-person insight into how their school nutrition programs have been impacted by factors such as federal nutritional standards and declining participation. A small selection of comments is provided below. The full list of comments, segmented by district size, is provided in Exhibit A-2 in Appendix A.

We have noticed that not only is participation decreasing, but those students that do take the meals do not EAT the meals. Our waste has increased dramatically. It is shameful the food we throw away. We have the healthiest garbage!

I just completed our end of year financial summary and found that a la carte sales decreased by over \$55,000, from a 10 year regular average of \$131,000 to \$78,000. And food costs went up from a 10 year average of \$230,000 to \$278,000. I do not expect a decrease in food costs so labor is going to have to take the hit. This is not a fun job to do any more.

While I applaud the efforts of the USDA to make school meal healthier, it is important that they understand all they are asking is not benefitting but hurting districts. There needs to be some flexibility and more education for students to make better choices.

It seems as though the guidelines are written with health in mind, which I applaud. But they don't seem to take into account food quality, flavor, or regional cuisines. We can't teach kids to eat well if the food isn't delicious.

Enough already. A lot of damage has been done. Now, every group in our high school has taken on the sale of all kinds of things. Classroom pizza parties are everywhere and often. The intention may have been honorable; the results are not.

The costs associated with these changes have taken a huge toll on our ability to purchase equipment or expand our offerings. We have been limited to hire positions needed for our program due to lack of funding. Students are very intolerant of mediocre tasting products due to decrease of sodium and requirement to use whole grains.

My program is going bankrupt and will not financially support itself within 1-2 years.

Even though free and reduced is increasing, participation is falling at a significant rate since all the changes have been implemented. We need flexibility!!

We are forcing kids to bring their lunch from home that consists of very unhealthy choices. We are doing more harm by forcing the kids to take a fruit just to toss it in the garbage.

School Nutrition Directors are not magicians. We strive to meet the nutritional needs of students, while balancing a budget and [are] required to meet regulations that are not student preferences. It is not nutrition unless the students consume it. We are wasting too much food, because it must be served and it is not consumed.

The sodium is of greatest concern to me. We used to make homemade soups (vegetable, chicken noodle, chicken vegetable rotini and many more) and chef's salads daily (deli ham or turkey, cheese and lowfat dressing and crackers throw it way over the limits) and neither can be made acceptable within the current sodium guidelines, much less any further restrictions.

We had a fund balance of \$500,000. It is now gone. Student acceptance is a serious issue.

Community Eligibility Provision Usage and Positive Impact

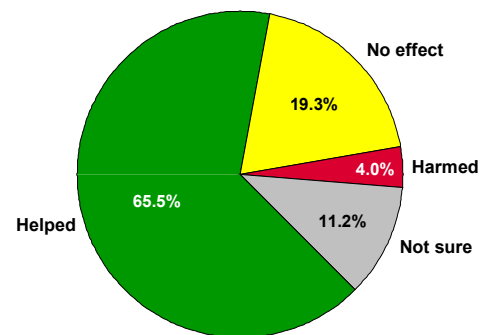
About one in five districts report having at least one school that used the Community Eligibility Provision (CEP) in the 2014-2015 school year. Nearly 5% plan to do so in the coming school year. CEP usage increases substantially with district size, with 39% of the largest districts presently using CEP. Peak usage is seen in the districts with the highest percentage of students who qualify for free/reduced-price meals — 48.8% of the districts with greater than 65% of students qualifying for free/reduced-price meals are presently using CEP.

The most common situation (cited by 41.7%) among CEP-participating districts is to have all of the schools in their district participate. This situation is especially common among the smallest districts. [See Exhibits 44 to 47]

CEP participation usually benefits the district's school nutrition program — about two-thirds of the respondents from CEP-participating districts say CEP participation has helped their school meal program's overall financial health. Only 4% say it has been harmful, with the balance reporting either no effect (19.3%) or are not sure (11.2%). A perception that CEP participation has been helpful for program financial health remains the majority viewpoint across nearly all segments, and is especially pronounced among districts that have a majority of their schools using CEP. [See Exhibits 48 and 49]

CEP Impact on Financial Health

So far, how has your district's CEP participation affected your school meal program's overall financial health?



Respondent and District Profile

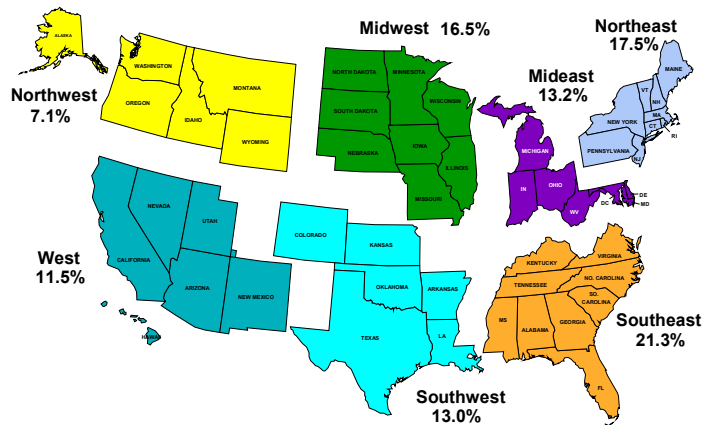
The sample consists of 1,100 unique districts located in 49 states, the District of Columbia and Guam. California, Pennsylvania and Texas are the best-represented states, collectively accounting for 18% of the total sample. Segmenting the data by SNA region shows good representation from all regions, with the highest concentration of respondents found in the Southeast and Northeast regions. [See Exhibits 50 and 51]

Districts of all sizes are represented in the sample, with a plurality (23.6%) reporting a student enrollment of 2,500 to 4,999. The typical district has 8 schools. The median number of schools varies in proportion with enrollment levels, rising from 4 schools among districts with less than 2,500 students, to 55.5 schools among districts with greater than 25,000 students. [See Exhibits 52 to 54]

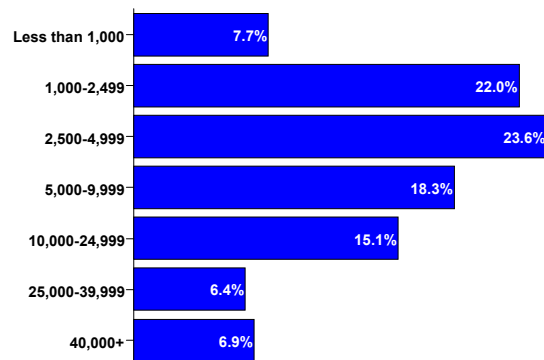
The respondents represent a diverse mix of districts with regard to the percentage of students who qualify for free or reduced-price meals. The most common situation is to have between 26% and 49% of students qualify, a situation cited by 31.5% of the respondents. [See Exhibits 55 to 56]

Most of the respondents (85.5%) are District Directors. All remaining respondents have district-level positions. The typical respondent has 16 years of experience in the school foodservice profession (range of 0.5 years to 45 years). Experience levels remain fairly stable across district segments, with median years of experience ranging from 15 to 20 years.

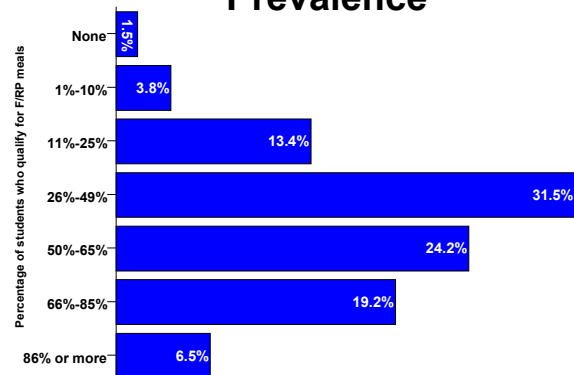
Regional Distribution



School District Enrollment



Free/Reduced-Price Meal Prevalence



School Nutrition Association

The School Nutrition Association (SNA) is a national, nonprofit professional organization representing more than 55,000 members who provide high-quality, low-cost meals to students across the country. Recognized as the authority on school nutrition, SNA has been advancing the availability, quality and acceptance of school nutrition programs as an integral part of education since 1946.

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School Nutrition Association
120 Waterfront St., Suite 300
National Harbor, MD 20745