

EMPLOYEES:

How can you create an environment for employees to be engaged, happy and on board with the “change”?

Making sure your employees are comfortable with the company you select is an essential piece to the success of your program. Therefore, we feel that educating the District and food service staff is critical in the transition process. During the analysis and RFP process, Districts often encounter the perception that there will be an immediate reduction in staffing, a decrease in hours, loss of retirement benefits, etc. However, in almost all cases, this perception is not accurate.

The USDA Contracting with Food Service Management Companies (FSMC) guides both the SFA (School Food Authority) and the FSMC. The guidance states that if the SFA contracts the management of their food service program operations with an FSMC, the SFA shall have full control of the overall operation of the program. This responsibility requires that the SFA retain and maintain direct involvement in the operations and cannot delegate certain responsibilities to the FSMC. The RFP process allows the district to determine the best method on how the employees are to be transitioned through the RFP.

The district must designate if their current employees, including site and area managers, as well as any other staff, will be retained by the SFA or be subject to employment by the selected FSMC. The district must choose one of the options below, and the information must be reported on any RFP attachments such as a Labor Worksheet.

There are three ways a district can handle the employee transition portion of the contract:

- **SFA (School Food Authority):** All foodservice employees are retained by the District and remain on district payroll and benefits plan.
- **FSMC (Food Service Management Company):** All foodservice employees' transition to the FSMC and all employees would be subject to the FSMC payroll and benefits program. FSMCs want to incentivize employees to transition to their payroll and benefits program; therefore, if the budget permits, FSMCs will offer an employee bonus. Once the employee transitions to the FSMC, they would begin contributing to social security and the FSMCs retirement program. The employee would no longer contribute to their school district retirement program; however, the employee can leave their retirement dollars in the system until the time of retirement.

If the employees elect to transition to FSMC payroll, most FSMCs offer wages and benefits that are competitive. Also, the FSMC employment provides an opportunity for internal advancement or career advancement in other areas of the FSMC's organization.

- **Both SFA and FSMC is known as Hybrid-Labor:** The District and FSMC work together to offer a combination of District and FSMC Labor. The Hybrid-Labor option gives the employee the right to choose; they can elect to remain on district payroll or transition to the FSMC. For instance, some newer employees may not be vested in the district retirement program due to their limited years of service. Therefore, it may be beneficial for those employees to transition to the FSMC's payroll so they can contribute to social security. Additionally, the Hybrid-Labor model ensures that employees who are close to district retirement do not lose their retirement during the contracting process.

The current employees can stay on the district payroll or move to the FSMC payroll. It is entirely up to the District. The FSMC can make recommendations for improved efficiencies and program performance, but ultimately, the District has the final say.