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TO: Board of Education

FROM: Terry Jordan, Child Nutrition Director

DATE: May 5, 2014

SUBJ: ACTION ITEM / Equity in School Lunch Pricing

I have enclosed a memo from USDA explaining section 205 “Equity in School Lunch Pricing” of the Healthy, Hunger-Free Kids Act of 2010.

Based on the USDA rule, for the 2014-15 SY, I recommend approval of an increase in Elementary grade levels Lunch price of (.15) for paid students and (.05) for Middle & High grade levels.

I will be happy to answer any questions you may have.



United States  
Department of  
Agriculture

Food and  
Nutrition  
Service

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**DATE:** December 18, 2013

**MEMO CODE:** SP 15-2014

**SUBJECT:** Paid Lunch Equity: School Year 2014-2015 Calculations and Tool

**TO:** Regional Directors  
Special Nutrition Programs  
All Regions

State Directors  
Child Nutrition Programs  
All States

School Program regulations at 7 CFR 210.14(e) require school food authorities (SFAs) participating in the National School Lunch Program to ensure sufficient funds are provided to the nonprofit school food service account for meals served to students not eligible for free or reduced price meals. There are two ways to meet this requirement: either through the prices charged for "paid" meals or through other non-Federal sources provided to the nonprofit school food service account.

This memorandum provides guidance on the calculations SFAs must make in order to ensure they are in compliance with these requirements for School Year (SY) 2014-2015. In addition, the SY 2014-2015 Paid Lunch Equity (PLE) tool is attached to this memorandum to assist SFAs as they make these required calculations.

#### **SY 2014-2015 Paid Lunch Equity Calculations**

On November 6, 2013, the Food and Nutrition Service (FNS) issued memo SP 01-2014 to remind SFAs that for SY 2014-2015, SFAs which, on a weighted average, charged less than **\$2.65** for paid lunches in SY 2013-2014 are required to adjust their weighted average lunch price or add non-Federal funds to the non-profit school food service account. The amount of the per meal increase will be calculated using 2 percent plus 2.27 percent, or **4.27 percent total**.

SFAs are reminded that they must use their unrounded adjusted average paid lunch price requirement from SY 2013-2014 when calculating the weighted average paid lunch price increase for SY 2014-2015. For example if the unrounded SY 2013-2014 requirement was \$2.08 but the SFA opted to round down to \$2.05, the calculation of the SY 2014-2015 requirement is based on the \$2.08 unrounded SY 2013-2014 requirement.

If an SFA raised its weighted average paid lunch price above the required amount in SY 2013-2014, that excess paid lunch price increase may be subtracted from the total SY 2014-2015 paid lunch price increase requirement. SFAs must keep sufficient records to document and carry forward the average price calculations.

Additionally, if a SFA did not raise its weighted average adjusted paid lunch price sufficiently to meet the required amount in SY 2013-2014, the shortfall must be added to the total SY 2014-2015 paid lunch price adjustment requirement.

### **Use of Non-Federal Sources Calculation**

SFAs that choose to contribute non-Federal sources to the nonprofit school food service account in lieu of raising paid lunch prices must calculate the appropriate amount to contribute. To determine the amount of required revenue in lieu of a paid lunch price increase, the SFA determines the total number of paid reimbursable lunches claimed for the previous school year and multiplies by the difference between the SY 2014-2015 weighted average paid lunch price requirement and the SY 2013-2014 weighted average paid lunch price.

### **Sources of Non-Federal Funds**

For SY 2013-2014, FNS expanded the definition of a non-Federal source to include per-meal reimbursement for all paid meals to help SFAs meet the PLE requirement and to acknowledge the continuing support by States and locals to improve access to and participation in the School Breakfast Program. FNS has received positive response to this flexibility.

**Therefore, for SY 2014-2015 SFAs may continue to count as a non-Federal source:**

- 1. Per-meal non-Federal reimbursement for any paid meal (breakfast, lunch, etc)**
- 2. Any funds provided by organizations for any paid meal**
- 3. Any proportion attributable to paid meals from direct payments made from school district funds to support lunch service**

### **Credit for Excess Non-Federal Funds**

If a SFA's SY 2013-2014 estimate of the required contribution exceeded the actual level, that excess contribution may be subtracted from the total SY 2014-2015 contribution requirement. Further, if the SY 2013-2014 estimate was less than required, additional funds from non-Federal sources must be added. The PLE tool for determining the amount of non-Federal source contributions will allow for making these calculations using the same rationale as used for paid lunch prices—credit forward any extra funds contributed and account for any shortfalls when determining the amount of the non-Federal funds requirement for the next school year.

### **SY 2014-2015 PLE Tool**

The first tab of the SY 2014-2015 PLE tool includes detailed instructions on how to use the tool and what information is needed to complete the appropriate calculations. It is recommended that each user print and read the instructions before attempting to complete the calculations.

To assist SFAs making these required PLE calculations, the attached SY 2014-2015 PLE tool makes the following calculations:

- Weighted average paid lunch price for SY 2013-2014
- Required paid lunch price increase for SY 2014-2015
- Required non-Federal source contribution required for SY 2014-2015

The PLE tool also takes into account adjustments to paid lunch prices made by the SFA in SY 2013-2014 to calculate any credit or shortfall the SFA may have accrued for SY 2014-2015. For SFAs that opted to contribute non-Federal funds, the PLE tool also calculates credits and shortfalls for the SY 2014-2015 required non-Federal source contribution.

The SY 2014-2015 PLE tool includes a new feature that makes calculations for SFAs that wish to split the SY 2014-2015 requirement by both raised prices and contributing a non-Federal source. This option may be attractive to SFAs that do not want to raise paid lunch prices the entire amount that they are required.

To use the attached SY 2014-2015 PLE tool SFAs need the following information:

#### **ALL SFAs need the following data to calculate the Weighted Average Price for SY 2014-2015:**

- SY 2010-2011 Weighted Average Price
- All paid lunch prices for October 2013
- Number of paid lunches served associated with each paid lunch price in October 2013

#### **SFAs that have opted to contribute non-Federal sources also need:**

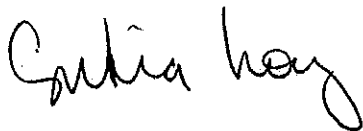
- Total number of paid lunches served in SY 2012-2013
- The total dollar amount of SY 2011-2012, SY 2012-2013 and SY 2013-2014 non-Federal contribution

SFAs that wish to split the SY 2014-2015 requirement by both raising paid lunch prices and contributing non-Federal sources, will need all of the above information.

Regional Directors  
State Directors  
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Additionally, the PLE tool includes a report that SFAs can use to track the information they will need to make their SY 2015-2016 calculations. SFAs can print the report and keep it in their records.

State agencies are reminded to distribute this memo to program operators immediately. SFAs should contact their State agencies for additional information. State agencies may direct any questions concerning this guidance to the appropriate FNS Office.

A handwritten signature in black ink, appearing to read "Cynthia Long". The signature is written in a cursive, flowing style.

Cynthia Long  
Deputy Administrator  
Child Nutrition Programs

Attachment