Montgomery County Schools

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TO: Board of Education

FROM: Terry Jordan, Child Nutrition Director

DATE: June 3, 2013

SUBJ: ACTION ITEM

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 2013-14 SY, I recommend approval of an increase in Elementary grade levels Lunch price of (.05) for paid students and (.10) for Middle & High grade levels.

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

USDA

United States Department of Agriculture

Food and Nutrition Service

3101 Park Center Drive
Alexandria, VA
22302-1500

DATE: January 2, 2013

MEMO CODE: SP 19 - 2013

SUBJECT: Paid Lunch Equity: School Year (SY) 2013-2014 Calculations

TO: Regional Directors
Special Nutrition Programs
All Regions

State Directors
Child Nutrition Programs
All States

The interim rule entitled, "National School Lunch Program: School Food Service Account Revenue Amendments Related to the Healthy, Hunger-Free Kids Act of 2010" requires 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.

Annual Review of Paid Lunch Revenue

SFAs must annually review their paid lunch revenue to assure compliance with the paid lunch equity requirement. When the average paid lunch price is less than the difference between the free and paid Federal reimbursement rates, the SFA must determine how they will meet the requirement—by increasing their average paid lunch price or providing funds from non-Federal sources.

Those SFAs that choose to increase the average paid lunch price must increase the average paid lunch price by a factor of two percent plus the annual inflation rate. The inflation factor is based on the percentage change in the Consumer Price Index for All Urban Consumers (CPI). The reimbursement rates are adjusted using the CPI for the 12-month period of May of the previous year to May of the current year. Due to the timing of calculating and issuing the reimbursement rates, the paid lunch equity calculations are based on the inflation factor used for the previous SY's reimbursement rates. Therefore, the inflation factors used by SFAs to calculate their paid lunch equity requirements will change from year to year.

For SY 2013-2014

For SY 2013-2014, SFAs must use SY 2012-2013 Federal reimbursement rates and the related inflation factor when calculating paid lunch requirements. The Federal reimbursement rates and inflation factor were issued in a July 24, 2012, Federal Register Notice (77 FR 142). The Notice announced an increase in the reimbursement rate for SY 2012-13 and provided the inflation rate of 2.93 percent for the increase in rates between SY 2011-2012 and SY 2012-2013.

Therefore, for SY 2013-2014, SFAs which, on average, charged less than **$2.59** for paid lunches in SY 2012-2013 are required to adjust their average price or provide additional 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 2.93 percent (SY 2012-13 inflation rate), or **4.93** percent.

The Food and Nutrition Service (FNS) will issue an updated version of the PLE tool soon which will include the new reimbursement and inflation rates and account for, as applicable, crediting any amount SFAs increased paid lunch prices above the required level. The PLE tool will also address any shortfall in meeting the PLE requirement and make the appropriate adjustments based on the information that SFAs input from their records. SFAs should also refer to memo SP 39-2011(Revised) for more guidance on making PLE calculations.

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 Food and Nutrition Service Regional Office.

Original Signed

Cynthia Long
Director
Child Nutrition Division

Equity in School Lunch Pricing Section 205

Montgomery County Schools
Child Nutrition
June 3, 2013

Equity in School Lunch Pricing

- Section 205 of the 2010 Child Nutrition Reauthorization Act: "Equity in School Lunch Pricing"
- Intent: To ensure that sufficient funds are provided to the food service account for paid lunches
- This provision only applies to paid lunches

Paid Meal Equity Timeline

- Effective July 1, 2013
- All school food authorities must base paid lunch prices for School Year 2013-2014 on these requirements

Paid Meal Equity Overview

- Schools will compare the average price for paid lunches to the difference between the per meal Federal reimbursement for free and paid lunches
  - The current free meal reimbursement rate is $2.88
  - The current paid meal reimbursement rate is $0.29
  - $2.88 – $0.29 = $2.59 difference

Calculating Average Paid Lunch Price

- If a school food authority's average paid lunch price is $2.59 or more, the school is in compliance and no further action is needed.
- Montgomery County Schools 2012-2013 Weighted Average Lunch Price is $1.99

Increasing revenue for paid lunches

- If a school's average paid lunch price is less than $2.59, it must increase the average paid lunch price by the inflation factor percentage (4.93%)

Recommendation:

- Increase Elementary School Lunch Price to of $1.90 (+ .05 cents)
- Increase Middle & HS Lunch Price to $2.20 (+ .10 cents)

  *$1.90 at the Elementary Schools
  * $2.20 at the Middle & High Schools
  * $1.90 + $2.20= $4.10
  * $4.10 divided by 2 = ***$2.05 average paid***

Oct. 12, 2012-ADM 4,350

- 1,118 Paid Students (25.70%)
- 319 Middle & HS Paid Students eat daily.

Impact on families

- The maximum required annual increase per child would be:
  - ✓ Example: A child attends a school of which the paid lunch price increased by Elementary-5 cents or Middle & High -10 cents. The child eats every day. The child would pay about $9 for Elementary Students and $18 for Middle and High Schools Students extra for the year.

    ✓ 180 * 5 cents = $9
    ✓ 180 * 10 cents = $18

Questions?