

MEMO

To: Board of Education

Fr: Dr. Clint Schutte, Asst. Supt. of Business & Finance

Da: March 27, 2017

Re: Increase in Lunch Prices due to Equity in School Lunch Pricing

In the agenda, along with the memo, you will find information on Equity in School Lunch Pricing. In summary, it states that for the school year 2017-2018, if SFAs average price of paid lunches is \$2.86 or more, it is in compliance. If the price of paid lunches is less than that, then the SFA must increase the price by a maximum of 10 cents or by adding non-Federal funds to the food service account. A la carte revenue may not be used to offset low meal prices.

Currently, our paid lunch prices are \$2.25 for elementary, \$2.45 for middle school, and \$2.60 for high school. That makes our average \$2.39, which makes us non-compliant. In order to meet the mandate, I am recommending that our paid lunch prices be increased by \$.10 at each level to make it \$2.35 for elementary, \$2.55 for middle school, and \$2.70 for high school. That meets the mandate of the Equity in School Lunch Pricing. It also means that increases will have to be made annually until the district meets compliance.

Let it be stressed that we are requesting these increases to meet the mandates of the Equity in School Lunch Pricing.

If you have any questions, we will be glad to answer them. Again, the documentation for these requests is attached to this memo.

cls

attch



Food and
Nutrition
Service

Park Office
Center

3101 Park
Center Drive
Alexandria
VA 22302

DATE: December 15, 2016

MEMO CODE: SP 11-2017

SUBJECT: Paid Lunch Equity: School Year 2017-2018 Calculations and Tool

TO: Regional Directors
Special Nutrition Programs
All Regions

State Directors
Child Nutrition Programs
All States

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) 2017-18. In addition, attached is the SY 2017-18 Paid Lunch Equity (PLE) Tool to assist SFAs as they make these required calculations.

SY 2017-18 Paid Lunch Equity Calculations

For SY 2017-18, SFAs which, on a weighted average, charged less than **\$2.86** for paid lunches in SY 2016-17 are required to adjust their weighted average lunch price or add non-Federal funds to the non-profit school food service account. The amount per meal increase will be calculated using 2 percent rate increase plus the Consumer Price Index (2.64 percent), totaling **4.64** percent.

SFAs are reminded that they must use their unrounded adjusted average paid lunch price requirement from SY 2016-17 when calculating the weighted average lunch price increase for SY 2017-18. For example, if the unrounded SY 2016-17 requirement was \$2.28 but the SFA opted to round down to \$2.25, the calculation of the SY 2017-18 requirement is based on the \$2.28 unrounded SY 2016-17 requirement.

If an SFA raised its weighted average paid lunch price above the required amount in SY 2016-17, that excess paid lunch price increase may be subtracted from the total SY 2017-18 paid lunch price increase requirement. SFAs must keep sufficient records to document and carry forward the weighted average price calculations. Additionally, if an SFA did not raise its weighted average adjusted paid lunch price sufficiently to meet the required amount in SY 2016-17, the shortfall must be added to the total SY 2017-18 average weighted 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 2016-17 weighted average paid lunch price requirement and the SY 2016-17 weighted average paid lunch price.

Sources of Non-Federal Funds

For SY 2013-14, SY 2014-15, SY 2015-16, and SY 2016-17, FNS expanded the definition of a non-Federal source to include 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 breakfast program. FNS has received positive response to this flexibility.

Therefore, for SY 2017-18, 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 an SFA's SY 2016-17 estimate of the required contribution exceeded the actual level, that excess contribution may be subtracted from the total SY 2017-18 contribution requirement. Further, if the SY 2016-17 estimate was less than required, additional funds from non-Federal sources must be added. The non-Federal Calculator tab in the PLE Tool for determining the estimated amount of non-Federal source contributions will allow for

making these calculations using the same rationale as used for paid lunch prices (i.e. credit any extra funds contributed and account for any shortfalls when determining the amount of non-Federal funds requirement for the next school year).

SY 2017-18 PLE Tool

The first tab of the SY 2017-18 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 2017-18 PLE Tool makes the following calculations:

- Weighted average paid lunch price for SY 2016-17
- Required average weighted paid lunch price increase for SY 2017-18
- Required non-Federal source contribution required for SY 2017-18

The PLE Tool takes into account adjustments to paid lunch prices made by the SFA in SY 2016-17 to calculate any credit or shortfall the SFA may have accrued for SY 2017-18. For SFAs that opted to contribute non-Federal funds, the PLE Tool also calculates credits and shortfalls for the SY 2017-18 required non-Federal contribution.

Additionally, the SY 2017-18 PLE Tool includes a feature that makes calculations for SFAs that wish to split the SY 2017-18 requirement by both raising prices and contributing non-Federal funds. This option may be attractive to SFAs that do not want to raise the weighted average paid lunch price the entire amount that is required.

To use the attached SY 2017-18 PLE Tool, SFAs need the following information:

ALL SFAs need the following data to calculate the Weighted Average Price for SY 2017-18:

- SY 2016-17 Unrounded Price Requirement OR SY 2010-11 Weighted Average Price
- All paid lunch prices for October 2016
- Number of paid lunches served associated with each paid lunch price in October 2016

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

- Total number of paid lunches served in SY 2015-2016
- The total dollar amount of SY 2011-12, SY 2012-13, SY 2013-14, SY 2014-15, SY 2015-16, and SY 2016-17 non-Federal contribution

SFAs that wish to split the SY 2017-18 requirement by both raising paid lunch prices and contributing non-Federal sources will need all of the above information. Additionally, the PLE Tool includes a report that SFAs can use to track the information they will need to make their SY 2018-19 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 Regional Office.

A handwritten signature in blue ink, appearing to read "Sarah E. Smith-Holmes".

Sarah E. Smith-Holmes
Director
Program Monitoring and Operational Support Division
Child Nutrition Programs

Attachment

SFA NAME:	Haysville USD 261
-----------	-------------------

SY 2017-18 Price Adjustment Calculator

Go to Instructions	SY 2017-18 Weighted Average Price Requirement	
	Requirement price to the nearest cent	Optional price requirement ROUNDED DOWN to nearest 5 cent
	\$ 2.57	\$ 2.55
	Note: Above prices are based on adjusting SY 2016-2017 price requirement by the 2% rate increase plus the Consumer Price Index (2.64%)	

SY 2016-17 Weighted Average Price Calculator			
Enter the paid prices and number of paid lunches sold at each price for October 2016.			
Monthly # of Paid Lunches	Paid Lunch Price	Monthly Revenue	SY 2016-17 Weighted Average Price
1. 5,539	\$ 2.60	\$ 14,401.40	
2. 7,263	\$ 2.45	\$ 17,794.35	
3. 9,922	\$ 2.25	\$ 22,324.50	
4.		\$ -	
5.		\$ -	
6.		\$ -	
7.		\$ -	
8.		\$ -	
9.		\$ -	
10.		\$ -	
TOTAL 22,724		\$ 54,520.25	\$ 2.40
Note: SY 2016-17 Weighted Average Price equal to or above \$2.86 are compliant for SY 2017-18. \$2.86 is the difference between the Free and Paid reimbursement rates for SY 2016-17.			

Total Price Increase for SY 2017-18
\$ 0.15

Required price increase for SY 2017-18 (with 10 cent cap)
\$ 2.50

Remaining increase carried forward to SY 2018-19
\$ 0.05

Remaining credit carried forward to SY 2018-19
\$ -

[Go to SY2017-2018 Report](#)

Step 3 (Optional)

Pricing Estimation Calculator			
Below is a tool allowing users to manipulate prices to achieve the required new weighted average price.			
Monthly # of Paid Lunches	Paid Lunch Price	Monthly Revenue	Weighted Average Price
1. 5,621	\$ 2.70	\$ 15,176.70	
2. 7,246	\$ 2.55	\$ 18,477.30	
3. 11,882	\$ 2.35	\$ 27,922.70	
4.		\$ -	
5.		\$ -	
6.		\$ -	
7.		\$ -	
8.		\$ -	
9.		\$ -	
10.		\$ -	
TOTAL 24,749		\$ 61,576.70	\$ 2.49

Note: This tool is created to allow the user to only enter the number of paid lunches and the related prices. If any other parts of the tool are modified, the user runs the risk of calculating an incorrect new average price. Users should not modify the tool's current functionality. December 2016