MEMO

To: Board of Education

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

Da: May 9, 2016

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 2016-2017, if SFAs average price of paid lunches is $2.78 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 $2.15 for elementary, $2.35 for middle school, and $2.50 for high school. That makes our average $2.20, 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 $2.25 for elementary, $2.45 for middle school, and $2.60 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.

Attachments

cls

Go to instructions

SFA NAME:	

SY2016-2017 Weighted Average Pricing Report

This report assists in tracking the pricing requirements and amounts carried forward for SY 2016-2017. Information on this report is used to determine the SY 2016-2017 weighted average price requirements.
Please print and keep in records.
NOTE: If information is changed in the tool, the report contents will change.

Section 1: SY2016-2017 Weighted Average Paid Price Requirements

A. SY 2016-17 Weighted Average Price Requirement*: **This price will be entered into the SY 2017-2018 tool to determine the SY2017-2018 weighted average price requirements*	**$2.46**
B. *Optional* Price ROUNDED DOWN to nearest 5 cents:	**$2.45**

Section 2: Amounts Carried Forward to SY 2017-2018

Select the SY 2016-2017 method used to ensure sufficient funds are provided for PAID Lunches

Increase SY2016-2017 average weighted price

Average Weighted Price Adjustments

A. Remaining increase carried forward to SY 2017-18:	**$0.06**
B. Remaining credit carried forward to SY 2017-18:	**$0.00**
Enter in the new average weighted price for SY 2016-17:	

Non-Federal Source Contributions

C. Remaining Annual Non-Federal Source Contribution carried forward to SY 2017-18:	**N/A**
D. Remaining Credit carried forward to SY 2017-18:	**N/A**
Enter the amount of Non-Federal Source contributions for SY 2016-17:	

Enter Sources of Non-Federal Funds Contributed:

Split Calculations

E. Remaining Annual Non-Federal Source Contribution carried forward to SY 2017-18:	**N/A**
F. Remaining Credit carried forward to SY 2017-18:	**N/A**
Enter the amount of Non-Federal Source contributions for SY 2016-17:	
Enter the new average weighted price for SY 2016-17:	

SFA NAME:	

SY 2016-17 Price Adjustment Calculator

Go to Instructions

SY 2016-17 Weighted Average Price Requirement	
Requirement price to the nearest cent	*Optional* price requirement ROUNDED DOWN to nearest 5 cent
$ 2.46	$ 2.45

Note: Above prices are based on adjusting SY 2015-2016 price requirement by the 2% rate increase plus the Consumer Price Index (2.97%)

SY 2015-16 Weighted Average Price Calculator

Enter the paid prices and number of paid lunches sold at each price for October 2015.

	Monthly # of Paid Lunches	Paid Lunch Price	Monthly Revenue	SY 2015-16 Weighted Average Price
1.	11,105	$ 2.15	$ 23,875.75	
2.	7,748	$ 2.35	$ 18,207.80	
3.	5,675	$ 2.50	$ 14,187.50	
4.			$ -	
5.			$ -	
6.			$ -	
7.			$ -	
8.			$ -	
9.			$ -	
10.			$ -	
TOTAL	24,528		$ 56,271.05	$ 2.29

*Note: SY 2015-16 Weighted Average Price equal to or above **$2.78** are compliant for SY 2016-17. **$2.78** is the difference between the Free and Paid reimbursement rates for SY 2015-16.*

Total Price Increase for SY 2016-17
$ 0.16

Required price increase for SY 2016-17 (with 10 cent cap)
$ 2.39

Remaining increase carried forward to SY 2017-18
$ 0.06

Remaining credit carried forward to SY 2017-18
$ -

Go to SY2016-2017 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.	11,105	$ 2.25	$ 24,986.25	
2.	7,748	$ 2.45	$ 18,982.60	
3.	5,675	$ 2.60	$ 14,755.00	
4.			$ -	
5.			$ -	
6.			$ -	
7.			$ -	
8.			$ -	
9.			$ -	
10.			$ -	
TOTAL	24,528		$ 58,723.85	$ 2.39

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.
November 2015

USDA
United States Department of Agriculture

Food and Nutrition Service

Park Office Center

3101 Park Center Drive
Alexandria
VA 22302

DATE: November 13, 2015

MEMO CODE: SP 09-2016

SUBJECT: Paid Lunch Equity: School Year 2016-2017 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. For SFAs in strong financial standing, FNS Memorandum SP 19-2015, *Paid Lunch Equity: Guidance for School Years 2015-16 and 2016-2017*, provides additional guidance for requesting an exemption to the Paid Lunch Equity requirement.

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) 2016-17. In addition, attached is the SY 2016-17 Paid Lunch Equity (PLE) Tool to assist SFAs as they make these required calculations.

SY 2016-17 Paid Lunch Equity Calculations

For SY 2016-17, SFAs which, on a weighted average, charged less than **$2.78** for paid lunches in SY 2015-16 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 (2.97 percent), totaling **4.97** percent.

SFAs are reminded that they must use their unrounded adjusted average paid lunch price requirement from SY 2015-16 when calculating the weighted average lunch price increase for SY 2016-17. For example, if the unrounded SY 2015-16 requirement was $2.08 but the SFA opted to round down to $2.05, the calculation of the SY 2016-17 requirement is based on the $2.08 unrounded SY 2015-16 requirement.

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If an SFA raised its weighted average paid lunch price above the required amount in SY 2015-16, that excess paid lunch price increase may be subtracted from the total SY 2016-17 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 2015-16, the shortfall must be added to the total SY 2016-17 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 2015-16 weighted average paid lunch price requirement and the SY 2015-16 weighted average paid lunch price.

Sources of Non-Federal Funds

For SY 2013-14, SY 2014-15 and SY 2015-16, 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 2016-17, 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 2015-16 estimate of the required contribution exceeded the actual level, that excess contribution may be subtracted from the total SY 2016-17 contribution requirement. Further, if the SY 2015-16 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

forward 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 2016-17 PLE Tool

The first tab of the SY 2016-17 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 2016-17 PLE Tool makes the following calculations:

- Weighted average paid lunch price for SY 2015-16
- Required average weighted paid lunch price increase for SY 2016-17
- Required non-Federal source contribution required for SY 2016-17

The PLE Tool takes into account adjustments to paid lunch prices made by the SFA in SY 2015-16 to calculate any credit or shortfall the SFA may have accrued for SY 2016-17. For SFAs that opted to contribute non-Federal funds, the PLE Tool also calculates credits and shortfalls for the SY 2016-17 required non-Federal contribution.

Additionally, the SY 2016-17 PLE Tool includes a feature that makes calculations for SFAs that wish to split the SY 2016-17 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 2016-17 PLE Tool, SFAs need the following information:

ALL SFAs need the following data to calculate the Weighted Average Price for SY 2016-17:

- SY 2015-16 Unrounded Price Requirement OR SY 2010-11 Weighted Average Price
- All paid lunch prices for October 2015
- Number of paid lunches served associated with each paid lunch price in October 2015

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

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

SFAs that wish to split the SY 2016-17 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 2017-18 calculations. SFAs can print the report and keep it in their records.

SY 2016-17 PLE Tool – Edits and Clarifications

Based on feedback received from State agencies and FNS staff regarding previous versions of the PLE Tool, a number of edits and clarifications were incorporated into the SY 2016-17 PLE Tool. While not all inclusive, some of the key edits and clarifications are highlighted below.

Tab 1: SY 2016-17 PLE Tool Instructions

- The instructions were clarified to include the addition of several tips for the individual completing the PLE Tool.
- An area to record the SFA name was added to every tab.

Tab 2: SY 2016-17 Unrounded Requirement Finder

- An error in the formula for determining the Unrounded Price Requirement from the SY 2010-11 Weighted Average Lunch price was identified and corrected to ensure the carry forward calculation from SY 2010-11 is accurate.
- Additional instructions were added when an SFA is at or above equity. When the Unrounded Price Requirement entered for SY 15-16 is at or above equity, the tool now indicates this price is at or above equity and directs the user to proceed to the Report tab.

Tab 4: SY 2016-17 Non-Federal Calculator

- An error in the formula in the Non Federal Source Contribution Calculator for SY 2016-17 was identified and corrected to accurately reflect the target average weighted paid lunch price, $2.78, for SY 2016-17.

Tab 6: SY 2016-17 Report

- A text box to record the source on non-Federal funds contributed was added.
- An option that reads' "Exemption Granted" was added to the drop down for the method chosen for SY 2016-17 to meet requirements.
- Additional direction was added when an SFA is at or above equity. When an SFA is at or above equity, they are now directed to "Keep and use the SY 2016-2017 Average Weighted Paid Lunch Price recorded below for next year's (SY 2017-2018) PLE Tool" and when "at or above equity" is selected from the drop down for method used to meet the PLE requirement for SY 2016-17, they should record the SY 2016-17 average weighted paid lunch price.

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.

Sarah Smith-Holmes
Program Monitoring and Operational Support
Child Nutrition Programs

Attachment