

Child Nutrition Reauthorization Update

Guidance on Paid Lunch Equity and Revenue from Non-program (non-federal) Foods

On Monday, June 13, 2011, TDA received new guidance on sections 205 and 206 of the *Healthy, Hunger-Free Kids Act of 2010*, which refer to Paid Meal Equity Pricing and Non-Program Revenue. That guidance, *SP 39-2011_s - CN Reauthorization 2010 - Guidance on Paid Lunch Equity and Revenue from Nonprogram Foods*, is attached.

Sections 205 and 206 of the *Healthy, Hunger-Free Kids Act of 2010*, which refer to Paid Meal Equity Pricing and Non-Program Revenue, are effective beginning July 1, 2011. USDA is amending the Code of Federal Regulations to include these provisions and has provided information guidance in some areas that is different from previous guidance given by TDA on these requirements. The information contained in this communication takes precedence over any previous guidance provided. Any previous guidance that contradicts this guidance is obsolete. The pre-publication version of the Interim Rule: *NSLP School Food Service Account Revenue Amendments Related to the Healthy, Hunger-Free Kids Act of 2010* is attached. This guidance is an interim rule, and as such, a 60 day comment period will be open after it has been posted in the Federal Register. ESCs have not been fully briefed or trained but will be within the next few weeks. Again, we apologize for any confusion this may cause. Please do not hesitate to contact TDA for additional clarifications.

Although the requirement is effective July 1, 2011, USDA understands this rule was published after many SFA's have made pricing decisions for School Year 2011-2012 and must seek board action to implement this provision. SFA must make a good faith effort to comply with these provisions. TDA will provide any needed technical assistance the SFA may require in order to understand and meet these requirements.

USDA developed an Excel workbook call the Paid Lunch Equity (PLE) Tool. This tool is designed to assist SFAs in determining if their meal prices must be increased. For each school year beginning July 1, 2011, SFAs must annually establish paid meals process in accordance with the new requirement. On a different page in that Excel workbook is another tool SFAs may use to determine how much non-program (non-federal) funds the LEA may provide child nutrition instead of raising meal prices. The tools are included with this communication. The Excel document has three tabs at the bottom. The first tab has the instructions for using the tool. The second tab is tool to determine your current average meal price and the required average meal price. The third tab is the tool to calculate the total contribution from non-federal funds. All SFAs should use the PLE tool to determine their status in regards to meeting the requirement for paid meal prices.

For purposes of PLE, what is considered a non-Federal or non-Program source?

Financial support from non-Federal or non-Program sources must be cash for direct support for paid lunches, including but not limited to:

- per-lunch reimbursements for paid lunches provided by States, counties, school districts and others (Texas does not provide this additional reimbursement);
- funds provided by organizations, such as school-related or community groups to support paid lunches;
- any portion of State revenue matching funds that exceeds the minimum requirement established in 7 CFR 210.17 and that is provided for paid lunches (**Texas provides only the minimum required, so there is no excess of state matching funds in Texas that may be considered non-federal**); or
- any proportion attributable to paid lunches from direct payments made from school district funds to support the lunch service; e.g., a pro-rata share of general funds used to support the lunch service.

Some examples of unallowable non-Federal or non-Program support are:

- any payments, including additional per-meal reimbursements, provided to the SFA for support of the School Breakfast Program or other Child Nutrition Programs;
- any payments, including additional per-meal reimbursements, provided specifically to support free and reduced price meals; and
- any in-kind contributions converted to direct cash expenditures after July 1, 2011.

What is the purpose of the revenue from non-Program foods provisions?

To ensure that revenues from the sales of non-program foods generate at least the same proportion of SFA revenues as they contribute to SFA food costs.

What is considered a non-Program food?

A non-Program food is a food (including beverages) that is sold in a participating school other than a reimbursable meal and is purchased using funds from the school food service account of the school (i.e. snack bar foods, a la carte foods or foods used for catering).

Calculation Procedure: Elementary

Paid Lunch Equity Tool for SY 2012-13 **ONLY**

Current Weighted Average Price Calculator			
Enter current prices and number of lunches sold at each price using October 2011 data.			
Monthly # of Paid Lunches	Paid Lunch Price	Monthly Revenue	Current Weighted Average Price
7,069	\$ 1.55	\$ 10,956.95	
		\$ -	
		\$ -	
		\$ -	
		\$ -	
		\$ -	
		\$ -	
		\$ -	
		\$ -	
		\$ -	
		\$ -	
7,069		\$ 10,956.95	\$ 1.55

New Average Price Requirement (not rounded down to nearest 5 cents)	New Average Price Requirement (rounded down to nearest 5 cents)
\$ 1.61	\$ 1.60

Calculation Procedure: Secondary

Current Weighted Average Price Calculator			
Enter current prices and number of lunches sold at each price using October 2011 data.			
Monthly # of Paid Lunches	Paid Lunch Price	Monthly Revenue	Current Weighted Average Price
5,327	\$ 1.80	\$ 9,588.60	
		\$ -	
		\$ -	
		\$ -	
		\$ -	
		\$ -	
		\$ -	
		\$ -	
		\$ -	
		\$ -	
5,327		\$ 9,588.60	\$ 1.80

New Average Price Requirement (not rounded down to nearest 5 cents)	New Average Price Requirement (rounded down to nearest 5 cents)
\$ 1.88	\$ 1.85