

ERA INDEPENDENT SCHOOL DISTRICT

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Era ISD School Board Meeting

8/28/17

Proposal: To increase Adult/Guest prices for Lunch and Breakfast in order to be compliant with TDA requirements. The increase would be .25 for lunch and .10 for breakfast. This would allow us to stay compliant. Included is the method (Method 1) used to determine the increase.

Lunch

Highest Student Price	3.00
Paid Reimbursement Rate	.31
Performance Based Reimbursement	.06
USDA Foods (Commodities)	<u>.3372</u>
Total	3.70
Proposed Price	3.75

Breakfast:

Highest Student Price	1.75
Paid Reimbursement	.30
Total	<u>2.05</u>
Proposed Price	2.10

Kristy Holt
Food Service Director
Era ISD

- Maintain documentation that clearly illustrates that the funding for the fringe benefit comes from other revenue sources and that the general revenue fund has reimbursed the s nonprofit school food service account for this lost revenue.

USDA Foods Meal Counts

Meals served to adults do not count toward the CE's award of USDA Foods (Commodities).

Price of Adult Meals

The charge for adult meals must, at a minimum, be greater than the amount of total reimbursement received for a free meal plus any other supplemental payments received by the CE plus per-meal value of USDA Foods (Commodities) used for the meal service. Total reimbursement includes standard reimbursements for free, reduced-price, and paid meals as well as performance-based and severe need for breakfast or lunch reimbursements. This applies whether the program is pricing or non-pricing meal program. CEs must have a method in place to document income from adult meals. The meal price for adult visitors may be higher than the price paid by adult CE employees at the discretion of CE officials.

There are many strategies a CE can use to ensure that the adult meal pricing criteria are met. When calculating a pricing structure, all results should be rounded up. The following methods illustrate two ways of pricing that are acceptable. Pricing programs may use Method 1, Method 2, or another method as long as documentation demonstrates that the method meets the criteria described above. Non-pricing programs must always use Method 2.

Method 1, Using Paid Reimbursement Rate for Lunch, Breakfast, Snack

Lunch— Charge a price that is *greater than* the total amount of reimbursement for a student’s paid lunch *plus* the per meal value of USDA foods *plus* the highest price paid by a student for lunch.

Adult Price Minimum	<i>must be greater than</i>	Highest Student Price Charged in the District	+	Federal Paid Reimbursement Rate Plus All Other Federal Reimbursement or Payments ²⁸	+	Per Meal Value of USDA Foods
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Breakfast— Charge a price that is *greater than* the total amount of reimbursement for a student’s paid meal or snack *plus* the highest price paid by a student for the meal or snack.

Adult Price Minimum	<i>must be greater than</i>	Highest Student Price Charged in the District	+	Federal Paid Reimbursement Rate Plus All Other Federal Reimbursement or Payments ²⁹
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The Method 1, Sample Calculating Correct Adult Pricing for Lunch Structure Chart (Using SY 2014-2015 Rates) provides an example of how to use Method 1 to calculate an adult meal price.

Method 1, Sample Calculating Correct Adult Pricing for Lunch Structure Chart (Using SY 2013-2014 Rates)

Pricing Information		
<i>The CE proposes to use the following pricing structure.</i>		
	Student Lunch Meal Paid Charge	Adult Paid Charge
	Cash Payment	\$2.50
		\$3.00

Calculation to Determine Minimal Adult Price			
Federal Funds to Include in Calculation		Calculation, Method 1, Adult Lunch Meal Price	
Paid Reimbursement Rate	\$0.29	Student Paid Charge	\$2.50
Performance-Based Reimbursement	\$0.06	Federal Funds	\$0.6825
Severe Need Lunch	\$0.02		
USDA Foods	\$0.3125	Adult Minimum Charge	\$3.1825
	Total		\$0.6825

Calculation Equation: \$0.29 + \$0.06 + \$0.02 + \$0.3125 + \$2.50 = \$3.1825, rounded up to \$3.19

Method 1, Questions to Determine If Adult Minimum Meal Price Is Appropriate		
<i>Answers to all questions must be yes for the adult meal price to be appropriate.</i>		
1. Does the meal price cover the cost of federal funds?	Yes	Adult Lunch Meal Price Method 1— at least \$3.19
2. Is the adult price more than the paid price for a student?	Yes	
3. Is the total adult price more than the total revenue or income received for a paid student’s meal?	No*	
* While a CE may round up an adult price to a number that is more convenient to collect (i.e., \$3.19 to \$3.20), the CE must not round down to a price lower than the calculated Adult Minimum Price (i.e., \$3.19 to \$3.00).		

²⁸ This includes, but is not limited to, performance-based reimbursements and severe need for breakfast and lunch reimbursements, if applicable.

²⁹ This includes, but is not limited to, performance-based reimbursements and severe need for breakfast and lunch reimbursements, if applicable.

Method 2, Using Free Reimbursement Rate for Lunch, Breakfast, or Snack

Lunch—Charge a price that is greater than the total amount of federal reimbursement for a free student’s lunch plus the per meal value of USDA Foods.

Adult Price Minimum	must be greater than	Federal Free Reimbursement Rate Plus All Other Federal Reimbursement or Payments ³⁰	+	Per Meal Value of USDA Foods
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Breakfast—Charge a price that is greater than the total amount of federal reimbursement for a free student’s meal.

Adult Price Minimum	must be greater than	Federal Free Reimbursement Rate Plus All Other Federal Reimbursement or Payments ³¹
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The Method 2, Sample Calculating Correct Adult Pricing for Lunch Structure Chart provides an example of how to use Method 2 to calculate an adult meal price.

Method 2, Sample Calculating Correct Adult Pricing for Lunch Structure Chart

Pricing Information		
<i>The CE proposes to use the following pricing structure.</i>		
Student Lunch Meal Paid Charge		Adult Paid Charge
Cash Payment	\$1.25	\$1.75

Calculation to Determine Minimal Adult Price			
Federal Funds to Include in Calculation		Calculation, Method 2, Adult Lunch Meal Price	
Free Reimbursement Rate	\$3.07	Federal Funds	\$3.4625
Performance-Based Reimbursement	\$0.06		
Severe Need Lunch	\$0.02		
USDA Foods	\$0.3125	Adult Minimum Charge	\$3.47
Total	\$3.4625		

Calculation Equation: \$3.07 + \$0.06 + \$0.02 + \$0.3125 = \$3.4625, rounded up to \$3.47

Method 2, Questions to Determine If Adult Minimum Meal Price Is Appropriate		
<i>Answers to <u>all</u> questions must be <u>yes</u> for the adult meal price to be appropriate.</i>		
Does the meal price cover the cost of federal funds?	No	Adult Lunch Meal Price Method 2— At least \$3.47
Is the adult price more than the paid price for a student?	Yes	
Is the total adult price more than the total revenue or income received for a free student’s meal?	No	
<i>* While a CE may round up an adult price to a number that is more convenient to collect (i.e., \$3.47 to \$3.50), the CE must not round down to a price lower than the calculated Adult Minimum Price (i.e., \$3.47 to \$3.25).</i>		

³⁰ This includes, but is not limited to, performance-based reimbursements and severe need for breakfast and lunch reimbursements, if applicable..

³¹ This includes, but is not limited to, performance-based reimbursements and severe need for breakfast and lunch reimbursements, if applicable..