



To: Dr. Gail Siller, Superintendent

From: Julie Novak, Director of Business and Finance

Date: July 21, 2011

Subject: Update of Child Nutrition Program and Recommendation for Increase in Meal Prices for 2011 – 2012

The Healthy, Hunger-Free Kids Act of 2010 was enacted in the past year and serves as the reauthorization bill for the child nutrition program, including the funding for federal school meal reimbursements. The Act requires some changes for school districts in how the child nutrition program is managed and there are financial implications to these changes, including:

- USDA has the authority to set nutritional standards for food sold in schools.
- Some additional funding is available for schools that meet the updated nutritional standards.
- Expanded access to drinking water, particularly during meal times, is required. No additional funding is provided for this requirement.
- Basic standards for school wellness policies are established.
- "Equity in School Lunch Pricing" is required. This means that the average price for a paid lunch must be equal to the difference in the Federal reimbursement rates between free and paid lunches. More detail about this provision is provided later in this memo.

For the 2010 – 2011 school year, the Food Service Department served 158,078 lunches and 20,772 breakfasts. The percentages of free, reduced, and paid meals served are detailed below:

2010-11 MEALS SERVED	FREE	REDUCED	PAID
LUNCH	21%	20%	59%
BREAKFAST	23%	15%	62%

Students who are approved for reduced-prices meals pay 40 cents for lunch and 30 cents for breakfast; these prices are federally mandated as the maximum that can be charged.

Eligibility for free and reduced meals is determined by income guidelines established by the federal government. For the 2011 – 2012 school year, the guidelines follow:

2011 – 2012 INCOME ELIGIBILITY GUIDELINES		
HOUSEHOLD SIZE	ANNUAL INCOME	
	REDUCED PRICES	FREE MEALS
1	\$20,147	\$14,157
2	\$27,214	\$19,123
3	\$34,281	\$24,089
4	\$41,348	\$29,055
5	\$48,415	\$34,021
6	\$55,482	\$38,987
7	\$62,549	\$43,953
8	\$69,616	\$48,919

The Equity in School Lunch Pricing standard requires that districts compare the average paid lunch price to Federal reimbursement rates paid to school districts for meals served. The 2010 – 2011 Federal reimbursement rate for a free lunch is \$2.72 per meal; the reimbursement rate for a paid lunch is \$0.26 per meal. The difference between these two rates is \$2.46. If the average lunch price that the district is charging is less than \$2.46, the district needs to gradually adjust its prices to reach that level or provide non-Federal funding to cover the difference. There is a cap of ten cents regarding the maximum amount that a district can increase its lunch price in a year. It is important to note that the Federal reimbursement rate changes each year, meaning that District will need to continually monitor its compliance with the Equity in School Lunch Pricing standard and may need to consider adjusting meal prices on an annual basis.

Fort Sam Houston ISD has not increased its prices for paid meals since the 2006 – 2007 school year. For the 2010 – 2011 year, students at the secondary campuses paid \$2.00 for lunch and elementary students paid \$1.75 for lunch. These meal prices were comparable with the prices at North East ISD, Northside ISD, and San Antonio ISD. Alamo Heights ISD secondary students paid \$2.25 for lunch and elementary students paid \$2.00. Randolph Field ISD secondary students paid \$2.50 for lunch and the elementary students paid \$2.25.

Per information published recently in the San Antonio Express-News, the price increase for North East, Northside, and San Antonio ISDs will be five cents for lunches for the 2011 – 2012 school year. Alamo Heights ISD has announced a 25 cent increase for lunches and 10 cents for breakfast. Randolph Field ISD has no increase pending; however, its lunch price for secondary students is currently above the \$2.46 required price.

Food Service Director Janet Daniel has reported that a number of the commercial food bids for 2011 – 2012 school year will have substantial increases, thus causing the operating expenses for the Food Service Department to rise. These increases include:

- Beef products (ground beef) – 21% increase
- Tater tots – 20% increase
- Turkey products – 15% increase
- Frozen vegetables – 14% increase
- Canned fruit – 8% increase
- Breakfast items (French toast, waffles, donuts) – 5% increase

Recommendation: For the 2011 – 2012 school year, Director Daniel and I are recommending a ten cent increase for student full-paid lunches and no increase for student breakfasts. The recommendation is based on three factors: the Equity in School Lunch Pricing requirement; the increase in food costs; and five years having lapsed since the last price increase.

The ten cent increase is expected to generate approximately \$9,300 in additional revenue for paid lunches, which will be used to help offset the substantial increases in food costs in 2011 – 2012. Year-to-date expenses for food in 2010 – 2011 total \$208,943; additional expenses will be incurred in August as there are seven school days that month. In 2009 – 2010, the Food Service Department ended the year with a \$19,755 operating loss. A similar loss is expected for the 2010 -2011 fiscal year.

Thank you for your consideration of this recommendation and please let me know if you have any questions.