

**WE EXPECT EXCELLENCE****WE INNOVATE****WE EMBRACE EQUITY****WE COLLABORATE**

PROPOSED 2014-2015 SCHOOL MEAL PRICES**POLICY ISSUE/SITUATION**

Per School Board policy EF/EFA, NS is required to be self-supporting, with no local tax revenue subsidizing the program. The policy also specifies that staff shall “report to the Board any financial condition changes/forecasts in the food services program” that necessitates a change in meal prices.

BACKGROUND INFORMATION:

The National School Lunch Program (NSLP) and the School Breakfast Program (SBP) are federal entitlement programs authorized by Congress and funded mainly through USDA meal reimbursements (63%) and meal payments from students (23%).

The District’s Nutrition Services (NS) department operates these programs on behalf of the district and under contract with the Oregon Department of Education Child Nutrition Program and USDA.

Each July, USDA issues updated meal reimbursement rates for the new fiscal year. Depending on the individual school district’s program, these meal reimbursement increases may or may not cover actual costs to operate the program. When actual costs increase beyond what increases in meal reimbursements can support, increasing meal prices is the only revenue-generating avenue for NS to seek to cover the gap.

On the enclosed chart comparing the revenue NS receives for free elementary school (ES) lunches vs. paid ES lunches, you will notice that with the proposed 10¢ meal price increase, NS will now earn the same amount for every paid elementary school meal that it does for every free elementary school meal it serves.

However, after further analysis, we have realized that this increase in revenue will not alone offset the projected expense increases.

Included as informational items are the following spreadsheets:

- Projected expense increases vs. projected revenue increases for 2014-15
- Detail for Projected Revenue (How reimbursement rates and meal prices affect revenue)
- A meal price comparison for selected school districts in Oregon

RECOMMENDATION:

(14-437) BE IT FURTHER RESOLVED that the School Board authorizes the Superintendent to increase lunch prices for both elementary students and middle school students by 10¢ for the 2014-15 school year.

District Goal: All students will show continuous progress toward their personal learning goals, developed in collaboration with teachers and parents, and will be prepared for post-secondary education and career success.

The Beaverton School District recognizes the diversity and worth of all individuals and groups. It is the policy of the Beaverton School District that there will be no discrimination or harassment of individuals or groups based on race, color, religion, gender, sexual orientation, gender identity, gender expression, national origin, marital status, age, veterans' status, genetic information or disability in any educational programs, activities or employment.

2013-14 Projected Food & Labor Cost Increases vs. Projected Revenue

<u>NS Expense Increases:</u>	<u>2014-15 Projected</u>	<u>Per Cent of Total Expense Budget</u>
Labor Expenses	\$ 167,769	
Supply Expenses	\$81,523	
Total Expense Increase	\$ 249,292	

<u>NS Revenue Increases</u>	<u>2014-15 Projected</u>	<u>Per Cent of Total Revenue Budget</u>
Federal Reimbursements	\$ 120,760	
ES Lunch Price Increase	\$58,345	
MS Lunch Price Increase	\$9,918	
Total Revenue Increase	\$ 191,550	

Revenue - Expenses (with 10 cent ES & MS lunch price increases) **\$ (57,743)**

Revenue - Expenses (without proposed price increases) **\$ (128,533)**

NS Projected Revenue Increases Reimbursement Rates & Meal Prices Affect Revenue

How

Revenue from Increases in Free Meals Reimbursement

June 2014 YTD Free Lunch Counts with 5 cent/meal Increase in Reimbursement

	Total Meals	Free Meals	Free%	June 14 Revenue	June 15 Revenue	Variance
Elementary Totals	1,564,606	865,165	55%	\$ 2,586,843.35	\$ 2,630,101.60	\$ 43,258.25
Middle School Totals	542,644	300,520	55%	\$ 898,554.80	\$ 913,580.80	\$ 15,026.00
High School Totals	611,622	372,021	61%	\$ 1,112,342.79	\$ 1,130,943.84	\$ 18,601.05
Total	2,718,872	1,537,706	57%	\$ 4,597,740.94	\$ 4,674,626.24	\$ 76,885.30

June 2014 YTD Breakfast Counts with 4 cent/meal Increase in Reimbursement

	Total Meals	Free Meals	Free%	June 14 Revenue	June 15 Revenue	Variance
Elementary Totals	500,949	398,204	68%	\$ 752,605.56	\$ 768,533.72	\$ 15,928.16
Middle School Totals	122,864	97,141	79%	\$ 183,596.49	\$ 187,482.13	\$ 3,885.64
High School Totals	183,514	148,869	81%	\$ 281,362.41	\$ 287,317.17	\$ 5,954.76
Total	807,327	644,214	80%	\$ 1,217,564.46	\$ 1,243,333.02	\$ 25,768.56

\$

102,653.86

Revenue from Increases in Reduced Price Meals Reimbursement

June 2014 YTD Reduced Lunch Counts with 5 cent/meal Increase in Reimbursement

	Total Meals	Reduced Meals	Reduced %	June 14 Revenue	June 15 Revenue	Variance
Elementary Totals	1,564,606	115,993	7%	\$ 300,421.87	\$ 306,221.52	\$ 5,799.65
Middle School Totals	542,644	43,770	8%	\$ 113,364.30	\$ 115,552.80	\$ 2,188.50
High School Totals	611,622	54,549	9%	\$ 141,281.91	\$ 144,009.36	\$ 2,727.45
Total	2,718,872	214,312	8%	\$ 555,068.08	\$ 565,783.68	\$ 10,715.60

June 2014 YTD Reduced Breakfast Counts with 4 cent Increase in Reimbursement

	Total Meals	Reduced Meals	Reduced %	June 14 Revenue	June 15 Revenue	Variance
Elementary Totals	500,949	46,454	9%	\$ 89,656.22	\$ 89,656.22	\$ -
Middle School Totals	122,864	11,890	10%	\$ 22,947.70	\$ 22,947.70	\$ -
High School Totals	183,514	19,254	10%	\$ 37,160.22	\$ 37,160.22	\$ -
Total	807,327	77,598	10%	\$ 149,764.14	\$ 149,764.14	\$ -

\$

10,715.60

Revenue from Increases in Paid Meals Reimbursement

June 2014 YTD Paid Lunch Counts with a zero Increase in Reimbursement

	Total Meals	Paid Meals	Paid %	June 14 Revenue	June 15 Revenue	Variance
Elementary Totals	1,564,606	583,448	7%	\$ 198,372.32	\$ 198,372.32	\$ -
Middle School Totals	542,644	198,354	8%	\$ 67,440.36	\$ 67,440.36	\$ -
High School Totals	611,622	185,052	9%	\$ 62,917.68	\$ 62,917.68	\$ -
Total	2,718,872	966,854	8%	\$ 328,730.36	\$ 328,730.36	\$ -

June 2014 YTD Reduced Breakfast Counts with a zero Increase in Reimbursement

	Total Meals	Paid Meals	Paid %	June 14 Revenue	June 15 Revenue	Variance
Elementary Totals	500,949	56,291	9%	\$ 32,648.78	\$ 32,648.78	\$ -
Middle School Totals	122,864	13,833	10%	\$ 8,023.14	\$ 8,023.14	\$ -
High School Totals	183,514	15,391	12%	\$ 8,926.78	\$ 8,926.78	\$ -
Total	807,327	85,515	10%	\$ 49,598.70	\$ 49,598.70	\$ -

\$

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Revenue from a 10 cent Increase in the ES and MS Lunch Meal Prices

	Total	Paid	Paid %	Meal Price Incr.	Increased Rev.
Elementary Totals	1,564,606	583,448	37%	\$ 0.10	\$ 58,344.80
Middle School Totals	542,644	198,354	37%	\$ 0.10	\$ 19,835.40
High School Totals	611,622	185,052	30%	\$ -	\$ -
Total	2,718,872	966,854	36%	\$ -	\$ 78,180.20

\$

78,180.20

Total Revenue Increase

\$

191,549.66

School Districts Meal Price Comparison

School District	2010-11		2011-2012				2012-13				2013-14				2014-15	
	% F&R	Milk Prices	Breakfast				Lunch									
			Elementary	Middle	High	Adult	Elementary	Middle	High	Adult	Elementary	Middle	High	Adult	Elementary	Adult
Portland 2010-11	44.0%	0.50	1.00	1.00	1.25	1.75	2.20	2.45	2.70	3.60						
Portland 2011-12	45.0%	0.50	1.10	1.10	1.35	1.85	2.30	2.55	2.80	3.70						
Portland 2012-13	42.2%	0.50	1.10	1.10	1.35	1.85	2.50	2.75	3.00	4.00						
Portland 2013-14	44.8%	0.50	1.25	1.25	1.25	2.00	2.60	2.85	3.10	4.10						
Portland 2014-15	42.2%	0.50	1.35	1.35	1.35	2.10	2.70	2.95	3.20	4.20						
Per Cent Change	-6%	0%	8%	8%	8%	5%	4%	4%	3%	2%						
Salem-Keizer 2010-11	52.0%	0.40	0.90	1.05	1.05	1.50	1.75	2.20	2.20	3.00						
Salem-Keizer 2011-12	56.2%	0.40	0.90	1.05	1.05	1.50	1.85	2.30	2.30	?						
Salem-Keizer 2012-13	58.5%	0.40	1.00	1.10	1.10	2.00	1.95	2.40	2.40	3.50						
Salem-Keizer 2013-14	58.5%	0.40	1.00	1.10	1.10	2.00	2.00	2.50	2.50	3.50						
Salem-Keizer 2014-15	58.5%	0.40	1.00	1.10	1.10	2.00	2.10	2.60	2.60	3.50						
Per Cent Change	0%	0%	0%	0%	0%	0%	5%	4%	4%	0%						
Hillsboro 2010-11	43.2%	0.50	1.25	1.50	1.50	2.00	2.00	2.50	2.50	3.00*						
Hillsboro 2011-12	45.0%	0.50	1.25	1.50	1.50	2.00	2.00	2.50	2.50	3.00*						
Hillsboro 2012-13	44.5%	0.50	1.25	1.50	1.50	2.00	2.15	2.65	2.65	3.00						
Hillsboro 2013-14	44.5%	0.50	1.50	1.75	1.75	2.00	2.30	2.80	2.80	3.25						
Hillsboro 2014-15	53.4%	0.50	1.50	1.75	1.75	2.00	2.50	3.00	3.00	3.25						
Per Cent Change	20%	0%	0%	0%	0%	0%	9%	7%	7%	0%						
Tigard 2010-11	34.7%	0.55	1.55	1.80	1.80	N/A	2.50	2.90	3.05	4.35						
Tigard 2011-12	37.9%	0.55	1.55	1.75	1.80	2.30	2.55	3.00	3.15	4.45						
Tigard 2012-13	38.7%	0.55	1.55	1.75	1.80	2.25	2.70	3.15	3.30	4.45						
Tigard 2013-14	38.7%	0.55	1.55	1.75	1.80	2.25	2.70	3.15	3.30	4.45						
Tigard 2014-15	37.7%	0.55	1.60	1.85	1.85	2.30	2.75	3.20	3.35	4.50						
Per Cent Change	-3%	0%	3%	6%	3%	2%	2%	2%	2%	1%						
Beaverton 2010-11	36.7%	0.50	1.00	1.05	1.15	1.80	2.40	2.80	3.25	4.40						
Beaverton 2011-12	40.1%	0.50	1.25	1.30	1.40	2.00	2.50	2.90	3.35	4.45						
Beaverton 2012-13	36.2%	0.50	1.25	1.30	1.40	2.00	2.50	2.90	3.35	4.45						
Beaverton 2013-14	37.8%	0.50	1.25	1.30	1.40	2.00	2.60	2.90	3.35	4.45						
Beaverton 2014-15 (Proposed)	37.8%	0.50	1.25	1.30	1.40	2.00	2.70	3.00	3.35	4.45						
Per Cent Change	0%	0%	0%	0%	0%	0%	4%	3%	0%	0%						

Other Districts with lower Per Cent Free & Reduced Eligible Students

West Linn-Wilsonville 2014-15	23.6%							3.20	3.45	3.45	4.20
Lake Oswego 2014-15	11.5%							3.30	3.75	3.75	