



WEST ORANGE – COVE CISD

CHILD NUTRITION SERVICES

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Each year School Food Authorities (SFAs) must review their paid lunch revenue to ensure compliance with the United States Department of Agriculture (USDA) paid lunch equity requirement. For School Year (SY) 2013-2014, the reimbursement rate will be increased due to inflation. The United States Department of Agriculture (USDA) has determined that School Food Authorities (SFAs) with a weighted average paid meal price of less than \$2.59 are required to adjust their weighted average lunch price.

For the 2013- 2014 School Year, I am recommending a \$0.10 increase for the paid lunch meal price for all students which, will now be \$2.10 regardless of grade level, in order to be in compliance with USDA regulations.

The rationale behind the change is:

- Pricing paid lunches below the cost of production effectively increases Federal subsidies for higher income children because Federal funds intended for free and reduced priced lunches are being used to help fill in the gap between what a paid lunch costs and what the school receives for it. Children across all income levels are negatively affected by limiting funds available to provide nutritious meals.
- This provision will help ensure that schools have funding available to support serving nutritious meals to all students.

The increase for school year 2013-2014 is based upon the annual 2% increase by USDA.

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United States
Department of
Agriculture

Food and
Nutrition
Service

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DATE: February 21, 2013

MEMO CODE: SP 25-2013

SUBJECT: Paid Lunch Equity: School Year 2013-2014 Calculations and Tool

TO: Regional Directors
Special Nutrition Programs
All Regions

State Directors
Child Nutrition Programs
All States

The interim rule entitled, "National School Lunch Program: School Food Service Account Revenue Amendments Related to the Healthy, Hunger-Free Kids Act of 2010" requires 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 lunches 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" lunches or through other non-Federal sources provided to the nonprofit school food service account. 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) 2013-14. In addition, the SY 2013-14 Paid Lunch Equity (PLE) tool to assist SFAs as they make these required calculations is attached to this memorandum.

SY 2013-2014 Paid Lunch Equity Calculations

On January 2, 2013, FNS issued memo SP 19-2013 to remind SFAs that for SY 2012-2013, SFAs which, on a weighted average, charged less than **\$2.59** for paid lunches in SY 2011-2012 are required to adjust their weighted average lunch price or add non-Federal funds to the non-profit school food service account. The amount of the per meal increase will be calculated using 2 percent plus 2.93 percent, or **4.93** percent.

SFAs are reminded that they must use their unrounded adjusted average paid lunch price requirement from SY 2012-2013 when calculating the weighted average paid lunch price increase for SY 2013-2014. For example if the unrounded SY 2012-2013 requirement was \$2.08 but the SFA opted to round down to \$2.05, the calculation of the SY 2013-2014 is based on the \$2.08 unrounded SY 2012-2013 requirement.

If an SFA raised its weighted average paid lunch price above the required amount in SY 2012-2013, that excess paid lunch price increase may be subtracted from the total SY 2013-2014 paid lunch price increase requirement. SFAs must keep sufficient records to document and carry forward the 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 2012-2013, the shortfall must be added to the total SY 2013-2014 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 2013-2014 weighted average paid lunch price requirement and the SY 2012-2013 weighted average paid lunch price.

Credit for Excess Non-Federal Funds

If an SFA's SY 2012-2013 estimate of the required contribution exceeded the actual level, that excess contribution may be subtracted from the total SY 2013-2014 contribution requirement. Further, if the SY 2012-2013 estimate was less than required, additional funds from non-Federal sources must be added. The PLE tool for determining the amount of non-Federal source contributions will allow for making these calculations using the same rationale as used for paid lunch prices—credit forward any extra funds contributed and account for any shortfalls when determining the amount of non-Federal funds requirement for the next school year.

SY 2013-14 PLE Tool

The first tab of the SY 2013-14 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 2013-14 PLE tool makes the following calculations:

- Weighted average paid lunch price for SY 2012-13
- Required paid lunch price increase for SY 2013-14
- Required non-Federal source contribution required for SY 2013-14

The PLE tool also takes into account adjustments to paid lunch prices made by the SFA in SY 2012-13 to calculate any credit or shortfall the SFA may have accrued for SY 2013-14. For SFAs that opted to contribute non-Federal funds, the PLE tool also calculates credits and shortfalls for the SY 2013-14 required non-Federal source contribution.

The SY 2013-14 PLE tool includes a new feature that makes calculations for SFAs that wish to split the SY 2013-14 requirement by both raising prices and contributing funds from a non-Federal source. This option may be attractive to SFAs that do not want to raise paid lunch prices

the entire amount that they are required. To use the attached SY 2013-14 PLE tool SFAs need the following information:

ALL SFAs need the following data to calculate the Weighted Average Price for SY 2013-14:

- SY 2010-11 Weighted Average Price
- All paid lunch prices for October 2012
- Number of paid lunches served associated with each paid lunch price in October 2012

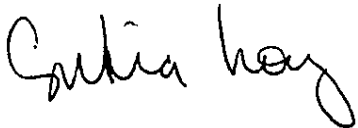
SFAs that have opted to contribute non-Federal sources also need:

- Total number of paid lunches served in SY 2011-12
- The total dollar amount of SY 2011-12 and SY 2012-13 non-Federal contribution

SFAs that wish to split the SY 2013-14 requirement by both raising paid lunch prices and contributing funds from 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 2014-15 calculations. SFAs can print the report and keep it in their records.

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 Food and Nutrition Service Regional Office.

A handwritten signature in black ink, appearing to read "Cynthia Long". The signature is fluid and cursive, with the first name "Cynthia" written in a larger, more prominent script than the last name "Long".

Cynthia Long
Director
Child Nutrition Division

Attachment