Paid Lunch Price Equity

The Healthy, Hunger-Free Kids Act of 2010 requires sponsors participating in the National School Lunch Program to ensure sufficient funds are provided to the food service account for meals served to paid students.

- The HHFKA requires sponsors participating in the National School Lunch Program to price the amount that is charged for paid meals sufficiently (or high enough) so that they pay for themselves and that the reimbursement that is received for free and reduced price meals does not supplement the paid lunches. The money that is received as reimbursement for free and reduced price meals should be used to provide quality meals for students who qualify for those benefits. The price charged for paid meals should be sufficient to provide the same quality meal for paid students.

- There are 2 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.

- The PLE tool helps sponsors to know what they need to do to meet the requirements.
Meeting the Requirement

1. Sponsors annually review their paid lunch revenue.
2. If the average paid lunch price is less than the difference between the free ($2.86) and paid ($0.27) Federal reimbursement rates:
   \[ 2.86 - 0.27 = 2.59 \]
   - Adjust the price charged for paid meals
   - Use Non-Federal funds to supplement the nonprofit food service account

All sponsors should annually review their paid lunch price and the revenue that it generates. On a weighted average, or if the average paid lunch price is less than the difference between the free Federal reimbursement for this year ($2.86) and the paid reimbursement ($0.27), them sponsors are required to adjust their average lunch price or add non-Federal funds to the non-profit school food service account. What that means is if the paid lunch price is less than $2.59 the school district/sponsor will need to either raise the price of paid lunches or use non-Federal funds to supplement the food service account.

Exceptions

• The USDA recognized that:
  – Many sponsors charged far below Paid Lunch Equity when the process was started SY 2010-11.
  – Large increases to price can cause lower participation.
• Increases are based on a percentage of increase instead of a difference in dollar amount.
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**Increasing the Paid Lunch Price**
- Increase the average paid lunch price requirement
- 2% + Annual Inflation Rate (2012-13 2.93%)
- SY 2013-2014
  - Average Paid Lunch Price requirement
    4.93% unless Sponsor charges more than $2.59
  - Example – Average Paid Lunch Price Requirement from SY2012-2013 is $2.00
  - Increase by 4.93 = $2.10
- Cap at .10

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- Increased Paid Lunch Price More Than Required for 2012-2013
- Excess Paid Lunch Price Increase Can Be Subtracted for 2013-2014

The amount that is required for the paid lunch meal increase is calculated using 2 percent plus 2.93 percent, which is the 2012-2013 Annual Inflation Rate, or a total of 4.93 percent. So if the average paid lunch price is less than $2.59, and they are not over the 2013-14 required price based on their starting price, it would need to be increased by 4.93 percent.

An example would be if the average paid lunch price is $2.00, the sponsor would need to increase the price by 4.93%. That would equal a new paid lunch price of $2.10.

There is a cap at 10 cents required but a sponsor can raise the price more than then that if they want or need to.

If a sponsor raised the average paid lunch price above the required amount for SY2012-2013, the excess paid lunch price increase may be subtracted from the total SY 2013-2014 paid lunch price increase requirement.

So if a sponsor raised their price 15 cents for this last SY and now it shows that they need to raise the price 10 cents for 13-14, then the sponsor can subtract the 5 cents from what they would need to increase for the coming school year and only raise the price 5 cents.

Be sure to keep sufficient records to document and carry forward the average price calculations.
On the other hand, if a sponsor did not raise the average paid lunch price sufficiently to meet the required amount in SY 12-13, the shortfall must be added to the total 13-14 requirement.

So if the sponsor elected to only raise their price by 5 cents but the amount calculated showed that they should have raised it 10 cents for this year, then next year they would have to add the additional 5 cents on to the total amount required and raise their price by 15 cents.

If the average paid price is less than PLE requirement from PLE tool and the sponsor does not want to increase the price for paid lunches then they will need to add non-Federal funds to the non-profit food service account.

To determine the amount of required revenue in lieu of a paid lunch price increase, the sponsor determines the total number of paid reimbursable lunches claimed for the previous school year (2011-2012) and multiplies that number by the difference between the SY 2013-2014 average paid lunch price requirement and the SY 2012-2013 average paid lunch price.
Here is an example:
First calculate the difference between the 2013-14 Paid lunch requirement – in this case $2.59 – and the actual 2012-13 paid lunch price - $2.00. That equals 59 cents.

Then determine the number of paid lunches served in the previous year – 2011-2012 – for the sample district it is 85,000.

Multiply the 85,00 by the 59 cents (.59) for a total of $50,150.00 that would need to be put in the non-profit school food service account.

ODE used prices entered on CNPweb for 2010-11SY to determine yearly pricing requirement. We used October 2012 data to determine weighted pricing average.

If either pieces of data were entered incorrectly into CNP web, the results will not be accurate. If one school site charges multiple prices, for example a k-12 school charges a lower price for K-8 and a higher price for 9-12, there will be an error in calculation. CNPweb only allows 1 price per site to be
If you are going to raise prices alone to meet your paid lunch equity requirement use the SY 13-14 Price Calculator tab.

Copy the number of lunches served in October 2012 to estimate your weighted averages as you adjust the numbers. Scroll down to the pricing estimation calculator, paste your # of paid lunches.

Use the paid lunch prices box to determine the impact of changing the numbers. In this circumstance, as the secondary prices are well above the requirement, the sponsor has chosen to raise the elementary price only. You may want to try a couple of different combinations, pressing save updates the form to show you the impact.
If you are not at next year’s paid lunch equity and do not plan to raise prices, you can contribute non-federal funds alone. Use the SY 13-14 Non-Federal Calculator tab.

The amount will auto calculate in the circled box.

You may decide to do a combination of raising prices and using some non-federal funds.

If this is the case, use the SY 13-14 split calculator.

First you need to draw over the information from the SY 13-14 price calculator tab for what you charged in SY 12-13. You will then enter the weighted average from the pricing estimation calculator. In this circumstance, the price for elementary was raised to 2.30 instead of 2.40. This gave an average of 2.54. Press save to calculate.

2nd, you will pull over the annual # of paid lunches from the SY 13-14 Non-federal calculator tab. After you enter this number and press save, the non-federal funds required to be transferred will calculate.
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Completing the PLE Spreadsheet

- Select method of increase from drop down box
- If no increase required, leave blank

Regardless of which method is chosen, the last change to make is on the SY2013-2014 report tab.

On this tab, you must specify which method was used to meet paid lunch equity.

If you are not required to increase the price, leave blank.

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Completed PLE Form

E-mail the complete PLE electronic spreadsheet to your assigned CNP Specialist.

Please do not send scanned or faxed copies.

Must send even if no change required, just leave blank and send.

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