

Paid Lunch Equity and Nonprogram Food Revenue

Presented by:
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Paid Lunch Equity (PLE)

- Interim Rule: NSLP School Food Service Account Revenue
- Intent
 - Ensure that sufficient funds are provided to the food service account for paid lunches



Overview

- School food authorities (SFAs) compare the average price for paid lunches to the difference between the per meal Federal reimbursement for free and paid lunches
- For SY 2011-2012, if SFA's average price for paid lunches is \$2.46 or more, it is in compliance
- Other SFAs must determine whether they must take action



Increasing Revenue for Paid Lunch

- If an SFA's average price for lunches is less than the difference between free & paid reimbursements, it must increase the revenue by 2% plus inflation by either
 - Increasing average price charged for paid meals
OR
 - Adding non-Federal funds to food service account



Increasing Paid Meal Prices

- In any year, any new *average* price increase may
 - Be rounded down to the nearest 5 cents
 - Be limited to a maximum required increase of 10 cents
- In SY 2011-2012, most SFAs will need to increase their average paid prices by 5 cents or less



Increasing Paid Meal Prices

- SFAs have flexibility to determine how they distribute average price increase among their schools to reach new average lunch price
- SFAs may increase their average paid meal prices more than required amount
- A “credit” for future required increases will be given to SFAs for any amount increase over required amount



Non-Federal Funding Source

- Financial support from non-Federal sources must be cash for direct support for paid lunches, including but not limited to
 - Per-lunch reimbursements specifically for paid lunches (or the proportion attributable for paid lunches) provided by States, counties, school districts and others
 - Funds provided by organizations for paid lunches
 - Any portion of State revenue matching funds that exceeds the minimum requirement established in 7 CFR 210.17 and is provided for paid lunches



Non-Federal Funding Sources

- Some examples of unallowable non-Federal support are
 - In-kind contributions and a la carte sales
 - Any payments, including additional per-meal reimbursements, provided for support of the School Breakfast Program or other Child Nutrition Program
 - Any payments, including additional per-meal reimbursements, provided specifically to support free and reduced price meals; and
 - Any in-kind contributions converted to direct cash expenditures after July 1, 2011



Non-Federal Funding Sources

- Exceptions for School Year 2011-2012 only
 - SFAs may include any non-Federal cash contribution, except for in-kind contributions and revenues from foods and beverages sold in competition with reimbursable meals
 - The limitations for non-Federal contributions do not apply



Non-Federal Funding Source

- Exceptions for School Year 2011-2012 only
 - SFAs which raised their prices and met the non-Federal revenue requirement in SY 2011-12, may “roll over” the non-Federal revenue exception into SY 2012-13



Paid Lunch Equity Average Price Calculation Example

- For SY 2011-2012, SFAs that choose to increase paid lunch prices must increase their average paid lunch price by 2% plus 1.14% (or 3.14%)
- SFAs must use their paid lunch prices from the previous (2010) October to calculate their new average paid lunch price

Paid Lunch Equity Average Price Calculation Example

Number of Paid Lunches claimed at each price for October	Price Charged for Paid Lunches	Revenue Generated by Paid Lunch Price (Column A x Column B)	Determine Average Price
1,000	\$1.25	\$1,250	
2,000	\$1.50	\$3,000	
1,500	\$2.00	\$3,000	
3,000	\$2.25	\$6,750	
Total Lunches: 7,500		Total Revenue: \$14,000	14,000/7,500 = \$1.87



Revenue From Nonprogram Food

- Intent
 - To ensure that revenues from the sale of nonprogram foods generate at least the same proportion as they contribute to SFA food costs



Revenue From Nonprogram Food

- A nonprogram food is a food sold in a participating school other than a reimbursable meal and is purchased using funds from the school food service account



Revenue From Nonprogram Food

- To implement this requirement SFAs need to
 - Identify the proportion of total food costs attributable to nonprogram food in order to establish its revenue target
 - Price nonprogram food items to ensure that revenues will meet the requirement
 - Track nonprogram food revenues separately from all other revenue items



Revenue From Nonprogram Food

Example

- SFA has the following characteristics
 - Total Costs: \$1,000,000
 - Total Food Costs: \$500,000
 - Nonprogram Food Costs: \$50,000
 - Reimbursable meals Food Costs: \$450,000
 - Total Revenue: \$1,000,000

Revenue From Nonprogram Food

- Revenue Requirement
 - Minimum Proportion of Revenue Required from Nonprogram Food Sales
 - $\$50,000/\$500,000 = 10\%$
 - Minimum Dollar Revenue Required from Nonprogram Food Sales
 - $10\% \times 1,000,000 = \$100,000$
- If this SFA earns \$100,000 in revenue from nonprogram food sales, it is in compliance



Monitoring Compliance

- For SY 2011-2012, State agencies need to work with SFAs to provide guidance and technical assistance on how to meet the requirements
- Ensure all SFAs make good faith effort to comply
- FNS will be updating CRE and ME guidance to incorporate review of these requirements



Reporting Paid Lunch Prices

- SFAs must report the most frequently charged paid meal price for
 - Elementary
 - Middle
 - High
- State agencies submit SFA data to FNS at end of November
- FNS is required to publish results
- Further guidance on reporting is under development

SFA Paid Lunch Price Report

OMB APPROVED NO. 0584-0000
Expiration Date: XX/XX/XXXX

UNITED STATES DEPARTMENT OF AGRICULTURE - Food and Nutrition Service
SCHOOL FOOD AUTHORITY PAID LUNCH PRICE REPORT
This form is for reporting SFA paid reimbursable lunch price data by each group of students.

STATE AGENCY NAME:	<input type="text"/>	Enter the State Agency total number of SFAs:	<input type="text"/>
		Enter the school year (20XX-20XX):	<input type="text"/>

Instructions: Please enter the most frequently charged price for each group of students. Students should be grouped into the **Elementary, Middle/Junior High, and High school** categories as used within each SFA.
 *For SFAs with no students in one of the above groups, please enter "N/A".
 **For SFAs that do not charge a paid price for student lunches please enter "\$0.00".
 ***State agencies must consolidate paid lunch prices reported by SFAs for the current school year and submit the FNS-828 to FNS by the last operating day of November each year.

Public reporting burden for this collection of information is estimated to average 10 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to: U.S. Department of Agriculture, Food and Nutrition Services, Office of Research and Analysis, 3101 Park Center Drive, Room 1014, Alexandria, VA 22302 ATTN: PRA (0584-xxxx*). Do not return the completed form to this address.

Column 1	Column 2	Column 3	Column 4
SFA Name	Elementary	Middle/Junior High	High
<i>Enter the name of the SFA</i>	<i>Enter the most frequently charged paid price for elementary school students (\$X.XX).</i>	<i>Enter the most frequently charged paid lunch price for middle/jr high school students (\$X.XX).</i>	<i>Enter the most frequently charged paid lunch price for high school students (\$X.XX).</i>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>



SFA Paid Lunch Price Report

- An Excel version of the report will be made available in the future for State agencies to collect and transmit the data for all of their SFAs to us directly

References

- Interim Rule

www.fns.usda.gov/cnd/Governance/Legislation/SFArevenue_interimrule.pdf

- Paid Lunch Equity Q&A

www.fns.usda.gov/cnd/Governance/Policy-Memos/2011/SP39-2011_os.pdf

- Paid Lunch Equity Tool

www.fns.usda.gov/cnd/Governance/Legislation/CNR_2010.htm

Price Lunch Equity Tool

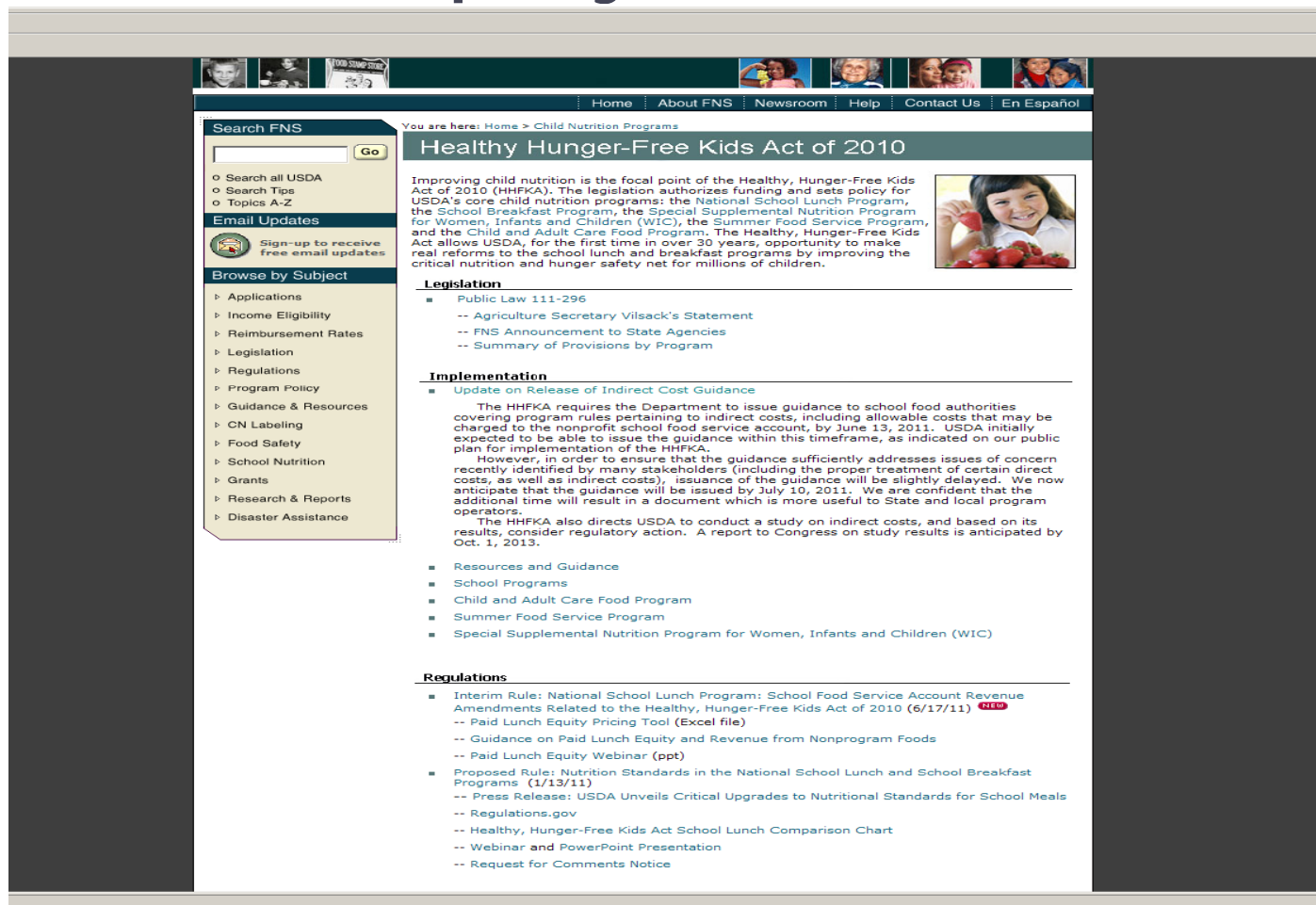
Presented by: Jess Saracino, FNS
Program Analyst

Paid Lunch Equity Tool

- A PLE tool is available on the FNS website. The tool will help SFAs calculate
 - Average price across the SFA
 - New required average price across SFA
 - Distribution of price increases across SFA
 - Non-Federal source contribution amount
- The PLE tool can be found at

www.fns.usda.gov/cnd/Governance/Legislation/CNR_2010.htm

Paid Lunch Equity Tool




The screenshot shows a web page from the USDA website. At the top, there is a navigation bar with links for Home, About FNS, Newsroom, Help, Contact Us, and En Español. Below this is a search bar and a breadcrumb trail: "You are here: Home > Child Nutrition Programs". The main heading is "Healthy Hunger-Free Kids Act of 2010". To the left is a sidebar with a search box, "Email Updates" sign-up, and a "Browse by Subject" menu. The main content area contains an introductory paragraph, a "Legislation" section with a link to Public Law 111-296, an "Implementation" section with an "Update on Release of Indirect Cost Guidance" and a "Resources and Guidance" list, and a "Regulations" section with several links related to the Paid Lunch Equity Pricing Tool and other program updates.

Home About FNS Newsroom Help Contact Us En Español

You are here: Home > Child Nutrition Programs

Healthy Hunger-Free Kids Act of 2010

Improving child nutrition is the focal point of the Healthy, Hunger-Free Kids Act of 2010 (HHFKA). The legislation authorizes funding and sets policy for USDA's core child nutrition programs: the National School Lunch Program, the School Breakfast Program, the Special Supplemental Nutrition Program for Women, Infants and Children (WIC), the Summer Food Service Program, and the Child and Adult Care Food Program. The Healthy, Hunger-Free Kids Act allows USDA, for the first time in over 30 years, opportunity to make real reforms to the school lunch and breakfast programs by improving the critical nutrition and hunger safety net for millions of children.



Legislation

- Public Law 111-296
 - Agriculture Secretary Vilsack's Statement
 - FNS Announcement to State Agencies
 - Summary of Provisions by Program

Implementation

- Update on Release of Indirect Cost Guidance

The HHFKA requires the Department to issue guidance to school food authorities covering program rules pertaining to indirect costs, including allowable costs that may be charged to the nonprofit school food service account, by June 13, 2011. USDA initially expected to be able to issue the guidance within this timeframe, as indicated on our public plan for implementation of the HHFKA.

However, in order to ensure that the guidance sufficiently addresses issues of concern recently identified by many stakeholders (including the proper treatment of certain direct costs, as well as indirect costs), issuance of the guidance will be slightly delayed. We now anticipate that the guidance will be issued by July 10, 2011. We are confident that the additional time will result in a document which is more useful to State and local program operators.

The HHFKA also directs USDA to conduct a study on indirect costs, and based on its results, consider regulatory action. A report to Congress on study results is anticipated by Oct. 1, 2013.

Resources and Guidance

- School Programs
- Child and Adult Care Food Program
- Summer Food Service Program
- Special Supplemental Nutrition Program for Women, Infants and Children (WIC)

Regulations

- Interim Rule: National School Lunch Program: School Food Service Account Revenue Amendments Related to the Healthy, Hunger-Free Kids Act of 2010 (6/17/11) **NEW**
 - Paid Lunch Equity Pricing Tool (Excel file)
 - Guidance on Paid Lunch Equity and Revenue from Nonprogram Foods
 - Paid Lunch Equity Webinar (ppt)
- Proposed Rule: Nutrition Standards in the National School Lunch and School Breakfast Programs (1/13/11)
 - Press Release: USDA Unveils Critical Upgrades to Nutritional Standards for School Meals
 - Regulations.gov
 - Healthy, Hunger-Free Kids Act School Lunch Comparison Chart
 - Webinar and PowerPoint Presentation
 - Request for Comments Notice



QUESTIONS?