

Paid Lunch Equity

The Healthy, Hunger-Free Kids Act of 2010 established provisions for CEs for:

- Revenue from paid reimbursable lunches and developing paid lunch equity; and
- Revenue from foods sold outside of the reimbursable meals when those foods are purchased with school food service account (School Nutrition Program or SNP) funds.

CEs participating in the NSLP are required to ensure sufficient funds are provided to the school nutrition account for meals served to students not eligible for free and reduced-price meals.

There are two ways to meet this requirement:

1. through the prices charged for "paid" meals; or
2. through other non-Federal sources provided to the school nutrition account.

Annual Review of Paid Lunch Revenue

CEs must annually review their paid lunch revenue to assure compliance with the paid lunch equity requirement. When the average paid lunch price is less than the difference between the free and paid Federal reimbursement rates, the CE must determine how they will meet the requirement:

- by increasing their average paid lunch price; or
- providing funds from non-Federal sources.

CEs that choose to increase the average paid lunch price must increase the average paid lunch price by a factor of two percent plus the annual inflation rate. The inflation factor is based on the percentage change in the Consumer Price Index for All Urban Consumers (CPI). The reimbursement rates are adjusted using the CPI for the 12-month period of May of the previous year to May of the current year. Due to the timing of calculating and issuing the reimbursement rates, the paid lunch equity calculations are based on the inflation factor used for the for the previous school year's (SY) reimbursement rates. Therefore, the inflation factors used by CEs to calculation their paid lunch equity requirements will change from year to year.

For SY 2012-2013, CEs must use SY 2011-2012 Federal reimbursement rates and the related inflation factor when calculating paid lunch requirements. The Federal reimbursements are

Texas Department of Agriculture — February 2012 **Financial Information 14.7** found on www.squaremeals.org. The inflation rate for the increase in rates between SY 2010-2011 and SY 2011-2012 was 2.18 percent.

For SY 2012-2013, CEs which, on an average, charged less the \$2.51 for paid lunches in SY 2011-2012 are required to adjust their average price or provide additional 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 2.18 percent, or **4.18 percent**.

Paid Lunch Equity: School Year 2012-2013 Calculations

USDA's free reimbursement rate is considered to be the cost to produce a reimbursable meal. For school year 2012-13, if the sponsor's average price of paid lunches is \$2.51 or more, it is in compliance. If the sponsor's average price is less than \$2.51, use the Paid Lunch Equity SY 2012-13 Tool found at www.kn-eat.org, School Nutrition Programs, What's New to calculate paid lunch price increase or non-Federal source contribution. If a sponsor increased their paid meal price more than the required 5 cents for SY 2011-12, that amount can be applied to school year 2012-13. If a sponsor decides NOT to raise meal prices and decides to add non-Federal funds to the food service account to comply with this law, the sponsor must complete the Paid Lunch Equity Pricing (PLE) Tool to calculate the amount of non-Federal source contribution and have the amount of the required subsidy approved by the school board. Submit a copy of the PLE tool and the board minutes as documentation of compliance to Child Nutrition & Wellness, KSDE.

PUBLIC LAW 111-296—DEC. 13, 2010 124 STAT. 3219

SEC. 205. EQUITY IN SCHOOL LUNCH PRICING.

Section 12 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1760) is amended by adding at the end the following:

“(p) PRICE FOR A PAID LUNCH.—

“(1) DEFINITION OF PAID LUNCH.—In this subsection, the term ‘paid lunch’ means a reimbursable lunch served to students who are not certified to receive free or reduced price meals.

“(2) REQUIREMENT.—

“(A) IN GENERAL.—For each school year beginning July 1, 2011, each school food authority shall establish a price for paid lunches in accordance with this subsection.

“(B) LOWER PRICE.—

“(i) IN GENERAL.—In the case of a school food authority that established a price for a paid lunch in the previous school year that was less than the difference between the total Federal reimbursement for a free lunch and the total Federal reimbursement for a paid lunch, the school food authority shall establish an average price for a paid lunch that is not less than the price charged in the previous school year, as adjusted by a percentage equal to the sum obtained by adding—

“(I) 2 percent; and

“(II) the percentage change in the Consumer Price Index for All Urban Consumers (food away from home index) used to increase the Federal reimbursement rate under section 11 for the most recent school year for which data are available, as published in the Federal Register.

“(ii) ROUNDING.—A school food authority may round the adjusted price for a paid lunch under clause (i) down to the nearest 5 cents.

“(iii) MAXIMUM REQUIRED PRICE INCREASE.—

“(I) IN GENERAL.—The maximum annual average price increase required to meet the requirements

of this subparagraph shall not exceed 10 cents for any school food authority.

“(II) DISCRETIONARY INCREASE.—A school food authority may increase the average price for a paid lunch for a school year by more than 10 cents.

“(C) EQUAL OR GREATER PRICE.—

“(i) IN GENERAL.—In the case of a school food authority that established an average price for a paid lunch in the previous school year that was equal to or greater than the difference between the total Federal reimbursement for a free lunch and the total Federal reimbursement for a paid lunch, the school food authority shall establish an average price for a paid lunch that is not less than the difference between the total Federal reimbursement for a free lunch and the total Federal reimbursement for a paid lunch.

“(ii) ROUNDING.—A school food authority may round the adjusted price for a paid lunch under clause (i) down to the nearest 5 cents.

“(3) EXCEPTIONS.—

“(A) REDUCTION IN PRICE.—A school food authority may reduce the average price of a paid lunch established under this subsection if the State agency ensures that funding from non-Federal sources (other than in-kind contributions) is added to the nonprofit school food service account of the school food authority in an amount estimated to be equal to at least the difference between—

“(i) the average price required of the school food authority for the paid lunches under paragraph (2); and

“(ii) the average price charged by the school food authority for the paid lunches.

“(B) NON-FEDERAL SOURCES.—For the purposes of subparagraph (A), non-Federal sources does not include revenue from the sale of foods sold in competition with meals served under the school lunch program authorized under this Act or the school breakfast program established by section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773).

“(C) OTHER PROGRAMS.—This subsection shall not apply to lunches provided under section 17 of this Act.

“(4) REGULATIONS.—The Secretary shall establish procedures to carry out this subsection, including collecting and publishing the prices that school food authorities charge for paid meals on an annual basis and procedures that allow school food authorities to average the pricing of paid lunches at schools throughout the jurisdiction of the school food authority.”.

Procedures.