



COMMONWEALTH of VIRGINIA  
Department of Education

February 17, 2017

TO: Division Superintendents

FROM: Steven R. Staples, Superintendent of Public Instruction

**SUBJECT: Paid Lunch Equity: School Year 2017-2018 Calculations and Tool**

This memorandum provides guidance on the calculations School Food Authorities (SFAs) must make in order to ensure they are in compliance with Paid Lunch Equity (PLE) requirements for school year (SY) 2017-2018. The PLE tool for SY 2017-2018 is Attachment A. This tool is in Excel format and is designed to help school divisions calculate the annual paid lunch price adjustment required.

U. S. Department of Agriculture (USDA) regulations (7 CFR 210.14(e)) require 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 meals served to students not eligible for free or 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 nonprofit school food service account. SFAs are required to annually review the paid lunch revenue to assure compliance with the paid lunch equity provision.

**SY 2017-2018 Paid Lunch Equity Calculations**

For SY 2017-18, SFAs which, on a weighted average, charged less than **\$2.86** for paid lunches in SY 2016-17 are required to adjust their weighted average lunch price or add non-federal funds to the non-profit school food service account. The amount per meal increase will be calculated using a 2 percent rate increase plus the Consumer Price Index (2.64 percent), totaling **4.64** percent. The law caps the required increase in lunch prices at ten cents in any year. The regulations allow the price increase to be rounded down to the nearest five cents.

The updated **Paid Lunch Equity (PLE) Tool** for SY 2017-2018, attached, must be used to perform all of the PLE calculations. All school divisions must submit the completed workbook to Department of Education (DOE), with the Annual Agreement to Participate in the School Nutrition Programs, and maintain supporting documentation locally. The PLE tool is designed to assist school divisions in calculating the required annual paid lunch price adjustment.

The PLE tool calculates the required weighted average paid lunch prices and automatically applies the credits and shortfalls from the previous year. The following reminders and requirements are also built into the PLE tool and will automatically calculate if correct information is entered by the SFA.

SFAs are reminded that they must use their unrounded adjusted average paid lunch price requirement from SY 2016-17 when calculating the weighted average lunch price increase for SY 2017-18. For example, if the unrounded SY 2016-17 requirement was \$2.28 but the SFA opted to round down to \$2.25, the calculation of the SY 2017-18 requirement is based on the \$2.28 unrounded SY 2016-17 requirement.

If an SFA raised its weighted average paid lunch price above the required amount in SY 2016-17, that excess paid lunch price increase may be subtracted from the total SY 2017-18 paid lunch price increase requirement. SFAs must keep sufficient records to document and carry

forward the weighted 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 2016-17, the shortfall must be added to the total SY 2017-18 average weighted 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 2016-17 weighted average paid lunch price requirement and the SY 2016-17 weighted average paid lunch price.

## **Sources of Non-federal Funds**

For SY 2013-14, SY 2014-15, SY 2015-16, and SY 2016-17, FNS expanded the definition of a non-federal source to include all paid meals to help SFAs meet the PLE requirement and to acknowledge the continuing support by states and locals to improve access to and participation in the breakfast program. FNS has received positive response to this flexibility.

Therefore, for SY 2017-18, SFAs may continue to count as a non-federal source:

- Per-meal non-federal reimbursement for *any paid* meal (breakfast, lunch, etc.);
- Any funds provided by organizations for *any paid* meal; and,
- Any proportion attributable to *paid meals* from direct payments made from school division funds to support lunch service.

## **Credit for Excess Non-federal Funds**

If an SFA's SY 2016-17 estimate of the required contribution exceeded the actual level, that excess contribution may be subtracted from the total SY 2017-18 contribution requirement. Further, if the SY 2016-17 estimate was less than required, additional funds from non-federal sources must be added. The non-federal Calculator tab in the PLE Tool for determining the estimated amount of non-federal source contributions will allow for making these calculations using the same rationale as used for paid lunch prices (i.e., credit any extra funds contributed and account for any shortfalls when determining the amount of non-federal funds requirement for the next school year).

## **SY 2017-2018 PLE Tool**

The first tab of the SY 2017-2018 PLE tool includes detailed instructions on how to use the tool and the information needed to complete the appropriate calculations.

The 2017-2018 PLE tool makes the following calculations:

- Weighted average paid lunch price for SY 2016-2017
- Required paid lunch price increase for SY 2017-2018
- Required non-federal source contribution for SY 2017-2018

The PLE tool accounts for adjustments to paid lunch prices made by the SFA in SY 2016-2017 to calculate any credit or shortfall the SFA may have accrued for SY 2017-2018. For SFAs that opted to contribute non-federal funds, the PLE tool also calculates credits and shortfalls for the SY 2017-2018 required non-federal source contributions.

The SY 2017-2018 PLE tool includes a feature that makes calculations for SFAs that wish to split the SY 2017-2018 requirements by both raising paid lunch prices and contributing a non-federal source.

## **Data needed to use the PLE tool to calculate the Weighted Average Price for SY 2017-2018:**

- SY 2016-2017 Unrounded Price Requirement or SY 2010-2011 Weighted Average Price
- All paid lunch prices charged for meals served in October 2016
- The number of paid lunches served associated with each paid lunch price in October 2015

## **SFAs that have opted to contribute non-federal sources also need:**

- Total number of paid lunches served in SY 2015-2016
- The total dollar amount of SY 2012-2013, SY 2013-2014, SY 2014-2015, SY 2015-2016 and SY 2016-2017 non-federal contributions

**SFAs that wish to split the SY 2017-2018 requirement** by both raising paid lunch prices and contributing non-federal sources will need all of the above information.

## **Exemption from PLE requirements:**

School divisions in strong financial standing may request an exemption to the Paid Lunch Equity requirement by submitting a request for a waiver to the VDOE Office of School Nutrition Programs.

A waiver to exempt the SFA from the paid lunch equity requirement for school year 2017-2018 may be granted if the SFA can demonstrate its school nutrition program is in strong financial standing. The school division must request an exemption in writing and must, at a minimum, meet all of the following criteria:

- SFA has been certified as meeting the meal pattern requirements;
- SFA can demonstrate that the required increase to paid lunch prices would cause the school nutrition fund cash balance to exceed the three months' average operating balance limit as documented by the submission of the most recent school year annual financial report, SNP020;
- SFA meets the Smart Snacks in Schools standards;
- SFA has corrected all deficiencies, implemented all corrective action, and complied with any fiscal action identified in the most recent federal Administrative Review Report; and,
- Other factors may also be considered to determine whether the overall quality of the program is sufficient enough to warrant approval of the exemption request.

If you have questions or need additional information regarding the PLE requirement, contact the school nutrition program specialist assigned to your division or Sandy Curwood, School Nutrition Programs Director, via email at [Sandra.curwood@doe.virginia.gov](mailto:Sandra.curwood@doe.virginia.gov) or by telephone at (804) 371-2339.

SRS/SCC/ag

Attachment:

- A. [Paid Lunch Equity Tool](#) (Excel)