



COMMONWEALTH of VIRGINIA
Department of Education

January 23, 2015

TO: Division Superintendents

FROM: Steven R. Staples, Superintendent of Public Instruction

SUBJECT: Paid Lunch Equity: School Year 2015-2016 Calculations and Tool

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 nonfederal sources provided to the nonprofit school food service account. The SFAs are required to annually review the paid lunch revenue to assure compliance with the paid lunch equity provision.

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) 2015-2016. The Paid Lunch Equity (PLE) tool for SY 2015-2016 is Attachment A. This tool is designed to help school divisions calculate the required annual paid lunch price adjustment.

SY 2015-2016 Paid Lunch Equity Calculations

For SY 2015-2016, SFAs that, on a weighted average, charged less than **\$2.70** for paid lunches in SY 2014-2015 are required to adjust the weighted average lunch price or add nonfederal funds to the nonprofit school food service account. The amount of the per meal increase will be calculated using two percent plus 2.19 percent (inflation rate), or **4.19** percent. The inflation rate is adjusted annually. The law also 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 SFAs are reminded to use the **unrounded** adjusted average paid lunch price **requirement** from SY 2014-2015 when calculating the weighted average paid lunch price increase for SY 2015-2016. For example, if the unrounded SY 2014-2015 requirement was \$2.08 but the SFA opted to round down to \$2.05, the calculation of the SY 2015-2016 requirement is based on the \$2.08 unrounded SY 2014-2015 requirement.

If an SFA raised its weighted average paid lunch price above the required amount in SY 2014-2015, that excess paid lunch price increase may be subtracted from the total SY 2015-2016 paid lunch price increase requirement. The SFAs must keep sufficient records to document any excess paid lunch price increase in SY 2014-2015 that is carried forward and subtracted from the total SY 2015-2016 paid lunch price increase requirement.

If an SFA did not raise its weighted average adjusted paid lunch price sufficiently to meet the required amount in SY 2014-2015, the shortfall must be added to the total SY 2015-2016 paid lunch price adjustment requirement.

The updated **Paid Lunch Equity (PLE) Tool** for SY 2015-2016 (attached as an Excel workbook and discussed below) must be used to perform all these calculations. This tool is designed to help school divisions calculate the required annual paid lunch price adjustment. By completing this PLE Tool, the weighted average paid lunch prices will be calculated and the credits and shortfalls from the previous year are automatically applied. All school divisions must retain the completed spreadsheets as documentation.

Use of Nonfederal Sources Calculation

The SFAs that choose to contribute nonfederal sources to the nonprofit school food service account in lieu of raising paid lunch prices must also use the PLE tool to 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 2014-2015 weighted average paid lunch price requirement and the SY 2014-2015 weighted average paid lunch price.

Sources of Nonfederal Funds

For SY 2013-14 and SY 2014-15, USDA expanded the definition of a nonfederal source to include all paid meals to help SFAs meet the PLE requirement and to acknowledge the continuing support by states and localities to improve access to and participation in the breakfast program. The USDA has received positive response to this flexibility.

Therefore, for SY 2015-16, SFAs may continue to count as a nonfederal source:

- **Per-meal nonfederal 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 Nonfederal Funds

If an SFA's SY 2014-2015 estimate of the required contribution exceeded the actual level, that excess contribution may be subtracted from the total SY 2015-2016 contribution requirement. Further, if the SY 2014-2015 estimate was less than required, additional funds from nonfederal sources must be added.

The PLE tool for determining the amount of nonfederal 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 the nonfederal funds requirement for the next school year.

SY 2015-2016 PLE Tool

The first tab of the SY 2015-2016 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.

The 2015-2016 PLE tool makes the following calculations:

- Weighted average paid lunch price for SY 2014-2015
- Required paid lunch price increase for SY 2015-2016
- Required nonfederal source contribution for SY 2015-2016

The PLE tool also takes into account adjustments to paid lunch prices made by the SFA in SY 2014-2015 to calculate any credit or shortfall the SFA may have accrued for SY 2015-2016. For SFAs that opted to contribute nonfederal funds, the PLE tool also calculates credits and shortfalls for the SY 2015-2016 required nonfederal source contributions.

The SY 2015-2016 PLE tool includes a feature that makes calculations for SFAs that wish to split the SY 2015-2016 requirements by both raising paid lunch prices and contributing a nonfederal 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 2015-2016 PLE tool, SFAs need the following information:

Data needed to use the PLE tool to calculate the Weighted Average Price for SY 2015-2016:

- SY 2014-2015 Unrounded Price Requirement OR SY 2010-2011 Weighted Average Price
- All paid lunch prices for October 2014
- Number of paid lunches served associated with each paid lunch price in October 2014

SFAs that have opted to contribute nonfederal sources also need:

- Total number of paid lunches served in SY 2013-2014
- The total dollar amount of SY 2011-2012 , SY 2012-2013, SY 2013-2014 and SY 2014-2015 nonfederal contribution

SFAs that wish to split the SY 2015-2016 requirement by both raising paid lunch prices and contributing nonfederal sources will need all of the above information. Additionally, the PLE tool includes a report that can be used to track the information needed to make the SY 2016-2017 calculations. The SFAs can print the report and keep it in their records.

If you have any questions or need additional information, please contact the school nutrition program specialist assigned to your division or Lynne Fellin, associate director, at lynne.fellin@doe.virginia.gov or Catherine Digilio Grimes, director, School Nutrition Programs, via e-mail at catherine.digilio-grimes@doe.virginia.gov or by telephone at (804) 225-2074.

SRS/CDG/idl

Attachment:

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