



**COMMONWEALTH of VIRGINIA**  
**Department of Education**

March 21, 2014

TO: Division Superintendents

FROM: Patricia I. Wright, Superintendent of Public Instruction

**SUBJECT: Paid Lunch Equity: School Year 2014-2015 Calculations and Tool**

U. S. Department of Agriculture (USDA) regulations at 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.

SFAs are required to annually review the paid lunch revenue to assure compliance with the paid lunch equity provision of the federal Healthy, Hunger Free-Kids Act of 2010. When the average paid lunch price is less than the difference between the federal free lunch and paid lunch reimbursement rates, the SFA must determine how to meet the requirement, either by increasing the average paid lunch price or by providing funds from nonfederal sources.

**For School Year 2014-2015 Paid Lunch Equity Calculations**

For SY 2014-2015, SFAs that, on average, charged less than \$2.65 for paid lunches in SY 2013-2014 are required to adjust the weighted average price or provide additional nonfederal funds to the nonprofit school food service account to cover the difference. The amount of the per meal increase will be calculated using two percent plus 2.27 percent (SY 2013-14 inflation rate), or 4.27 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.

SFAs are reminded to use the unrounded adjusted average paid lunch price requirement from SY 2013-2014 when calculating the weighted average paid lunch price increase for SY 2014-2015. For example, if the unrounded SY 2013-2014 requirement was \$2.08 but the SFA opted to round down to \$2.05, the calculation of the SY 2014-2015 is based on the \$2.08 unrounded SY 2013-2014 requirement.

If an SFA raised its weighted average paid lunch price above the required amount in SY 2013-2014, that excess paid lunch price increase may be subtracted from the total SY 2014-2015 paid lunch price increase requirement. SFAs must keep sufficient records to document and carry forward the 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 2013-2014, the shortfall must be added to the total SY 2014-2015 paid lunch price adjustment requirement.

The updated Paid Lunch Equity (PLE) Tool for SY 2014-2015 (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**

SFAs that choose to contribute nonfederal 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 2014-2015 weighted average paid lunch price requirement and the SY 2013-2014 weighted average paid lunch price.

### **Sources of Nonfederal Funds**

For SY 2013-2014, USDA expanded the definition of a nonfederal source to include nonfederal (state or local) per meal reimbursement for all paid meals to help SFAs meet the PLE requirement and to acknowledge the continuing efforts by states and localities to improve access to and participation in the School Breakfast Program. USDA has received positive response to this flexibility.

Therefore, for SY 2014-2015, SFAs may continue to count as a nonfederal source:

- Per meal nonfederal reimbursement (state or local) 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 a SFA's SY 2013-2014 estimate of the required contribution exceeded the actual level, that excess contribution may be subtracted from the total SY 2014-2015 contribution requirement. Further, if the SY 2013-2014 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 2014-2015 Updated Paid Lunch Equity (PLE) Tool – Excel Workbook**

The first tab of the SY 2014-2015 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 2014-2015 PLE tool makes the following calculations:

- Weighted average paid lunch price for SY 2013-2014
- Required paid lunch price increase for SY 2014-2015
- Required nonfederal source contribution required for SY 2014-2015

The PLE tool also takes into account adjustments to paid lunch prices made by the SFA in SY 2013-2014 to calculate any credit or shortfall the SFA may have accrued for SY 2014-2015. For SFAs that opted to contribute nonfederal funds, the PLE tool also calculates credits and shortfalls for the SY 2014-2015 required nonfederal source contribution.

The SY 2014-2015 PLE tool includes a feature that makes calculations for SFAs that wish to split the SY 2014-2015 requirement by both raised 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.

### **Using the attached SY 2014-2015 PLE tool**

All SFAs need the following data to calculate the Weighted Average Price for SY 2014-2015:

- **SY 2010-2011** Weighted Average Price
- All paid lunch prices for October 2013
- Number of paid lunches served associated with each paid lunch price in October 2013

SFAs that have opted to contribute nonfederal sources also need:

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

SFAs that wish to split the SY 2014-2015 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 SFAs can use to track the information they will need to make their SY 2015-2016 calculations. SFAs can print the report and keep it in their records.

#### **Waiver from the 2014-2015 PLE requirements**

Virginia Department of Education (VDOE) has the discretion to exempt a SFA from the PLE requirements. The VDOE Office of School Nutrition Programs will review requests and all aspects of the school division's school nutrition program operation to assess whether overall program quality is high enough to justify an exemption. At a minimum, an SFA must be certified as meeting the meal pattern requirements and must demonstrate that the required increase to paid lunch prices or revenue contributions would cause the SFA to exceed the three-month operating balance limit.

If you have any questions or need additional information, please contact the school nutrition program specialist assigned to your division or Catherine Digilio Grimes, director of school nutrition programs, via e-mail at [catherine.digilio-grimes@doe.virginia.gov](mailto:catherine.digilio-grimes@doe.virginia.gov) or by telephone at (804) 225-2074.

PIW/CDG/idl

Attachment:

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