



COMMONWEALTH of VIRGINIA
Department of Education

March 15, 2013

TO: Division Superintendents

FROM: Patricia I. Wright, Superintendent of Public Instruction

SUBJECT: Paid Lunch Equity: School Year 2013-2014 Calculations and Tool

Federal regulations require school food authorities (SFAs) participating in the National School Lunch Program (NSLP) to ensure sufficient funds are provided to the nonprofit school food service account for lunches served to students not eligible for free or reduced price meals (paying students). The regulations allow two ways to meet this requirement: 1) through the prices charged for paid lunches 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 SY 2013-2014 Paid Lunch Equity Calculations

For SY 2013-2014, SFAs that, on average, charged less than \$2.59 for paid lunches in SY 2012-2013 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 2.93 percent (SY 2012-13 inflation rate), or **4.93 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 2012-2013 when calculating the weighted average paid lunch price increase for SY 2013-2014. For example, if the unrounded SY 2012-2013 requirement was \$2.08 but the SFA opted to round down to \$2.05, the calculation of the SY 2013-2014 is based on the \$2.08 unrounded SY 2012-2013 requirement.

If an SFA raised its weighted average paid lunch price above the required amount in SY 2012-2013, that excess paid lunch price increase may be subtracted from the total SY 2013-2014 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 2012-2013, the shortfall must be added to the total SY 2013-2014 paid lunch price adjustment requirement.

The updated **Paid Lunch Equity (PLE) Tool** for SY 2013-2014 (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

School divisions 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. The PLE tool 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 nonfederal funds requirement for the next school year. Nonfederal sources cannot be in-kind contributions nor revenue from the sale of foods sold as à la carte items.

SY 2013-2014 Updated Paid Lunch Equity (PLE) Tool – Excel Workbook

The first tab of the SY 2013-14 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 SY 2013-14 PLE tool makes the following calculations:

- Weighted average paid lunch price for SY 2012-13
- Required paid lunch price increase for SY 2013-14
- Required nonfederal source contribution required for SY 2013-14

The PLE tool also takes into account adjustments to paid lunch prices made by the SFA in SY 2012-13 to calculate any credit or shortfall the SFA may have accrued for SY 2013-14. If the school division opted to contribute nonfederal funds, the PLE tool also calculates credits and shortfalls for the SY 2013-14 required nonfederal source contribution.

The SY 2013-14 PLE tool includes a **new feature** that makes calculations for SFAs that wish to split the SY 2013-14 requirements by both raising prices and contributing funds from 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 2013-14 PLE tool, SFAs need the following information:

All SFAs need the following to calculate the Weighted Average Price for SY 2013-14:

- SY 2010-11 Weighted Average Price
- All paid lunch prices for October 2012
- Number of paid lunches served associated with each paid lunch price in October 2012

SFAs that have opted to contribute nonfederal sources also need:

- Total number of paid lunches served in SY 2011-12
- The total dollar amount of SY 2011-12 and SY 2012-13 nonfederal contribution

SFAs that wish to split the SY 2013-14 requirement by both raising paid lunch prices and contributing funds from 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 2014-15 calculations. 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 Catherine Digilio Grimes, director of school nutrition programs, via e-mail at catherine.digilio-grimes@doe.virginia.gov or by telephone at (804) 225-2074.

PIW/CDG/idl

Attachment:

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