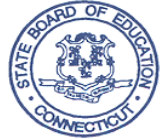




STATE OF CONNECTICUT
DEPARTMENT OF EDUCATION



TO: Sponsors of the National School Lunch Program

FROM: John Frassinelli, Chief
Bureau of Health/Nutrition, Family Services and Adult Education

DATE: December 31, 2013

SUBJECT: Operational Memorandum #9-14
Paid Lunch Equity: School Year 2014-15 Calculations and Tool

According to 7 CFR 210.14(e) of the National School Lunch Program (NSLP) regulations, school food authorities (SFAs) participating in the NSLP are required to ensure that sufficient funds are provided to the nonprofit school food service account for meals served to students not eligible for free or reduced price meals. Therefore, SFAs must annually review their paid lunch revenue to assure compliance with the paid lunch equity (PLE) requirement. When the SFA's average paid lunch price is less than the difference between the current free and paid Federal reimbursement rates, the SFA would be noncompliant and therefore would be required to determine how to meet the requirement.

According to the Food and Nutrition Service (FNS) there are two ways to meet this requirement:

1. Through the prices charged for "paid" meals.
2. Through other non-Federal sources provided to the nonprofit school food service account.

Those SFAs that choose to increase the average paid lunch price must increase the average paid lunch price by two percent plus the annual inflation rate. The inflation rate is based on the percentage change in the Consumer Price Index (CPI) for All Urban Consumers. The reimbursement rates for School Year (SY) 2013-14 were adjusted using the CPI for the 12-month period of May 2012 to May 2013. Due to the timing of calculating and issuing the reimbursement rates, the PLE calculations are based on the inflation rate used for the previous school year's reimbursement rates. The inflation rates used by SFAs to calculate their PLE requirements will change from year to year.

This memorandum provides guidance on the calculations SFAs must make in order to ensure they are in compliance with these requirements for SY 2014-15. In addition, the SY 2014-15 PLE tool is attached to this memorandum to assist SFAs as they make these required calculations. *Note that all SFAs that charge a price for paid lunches must annually assess their compliance with this regulation and this process must be on file for audit purposes.*

SY 2014-15 PLE Calculations

For SY 2014-15, SFAs which, on a weighted average, charged less than **\$2.65** for paid lunches in SY 2013-14 are required to adjust their weighted average lunch price or add 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 2.27 percent, or **4.27** percent total.

SFAs are reminded that they must use their unrounded adjusted average paid lunch price requirement from SY 2013-14 when calculating the weighted average paid lunch price increase for SY 2014-15. For example, if the unrounded SY 2013-14 requirement was \$2.08 but the SFA opted to round down to \$2.05, the calculation of the SY 2014-15 requirement is based on the \$2.08 unrounded SY 2013-14 requirement.

If an SFA raised its weighted average paid lunch price above the required amount in SY 2013-14, that excess paid lunch price increase may be subtracted from the total SY 2014-15 paid lunch price increase requirement. SFAs must keep sufficient records to document and carry forward the average price calculations.

Additionally, if a SFA did not raise its weighted average adjusted paid lunch price sufficiently to meet the required amount in SY 2013-14, the shortfall must be added to the total SY 2014-15 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 2014-15 weighted average paid lunch price requirement and the SY 2013-14 weighted average paid lunch price.

Sources of Non-Federal Funds

For SY 2013-14, the Food and Nutrition Service (FNS) expanded the definition of a non-Federal source to include per-meal reimbursement for 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 School Breakfast Program. The FNS has received positive response to this flexibility. **Therefore, for SY 2014-15 SFAs may continue to count as a non-Federal source:**

1. Per-meal non-Federal reimbursement for *any paid* meal (breakfast, lunch, etc.).
2. Any funds provided by organizations for *any paid* meal.
3. Any proportion attributable to *paid meals* from direct payments made from school district funds to support lunch service.

Credit for Excess Non-Federal Funds

If a SFA's SY 2013-14 estimate of the required contribution exceeded the actual level, that excess contribution may be subtracted from the total SY 2014-15 contribution requirement. Further, if the SY 2013-14 estimate was less than required, additional funds from non-Federal sources must be added. The PLE tool for determining the amount of non-Federal 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 non-Federal funds requirement for the next school year.

SY 2014-15 PLE Tool

The first tab of the SY 2014-15 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.

To assist SFAs making these required PLE calculations, the attached SY 2014-15 PLE tool makes the following calculations:

- Weighted average paid lunch price for SY 2013-14;
- Required paid lunch price increase for SY 2014-2015; and
- Required non-Federal source contribution required for SY 2014-15.

The PLE tool also takes into account adjustments to paid lunch prices made by the SFA in SY 2013-14 to calculate any credit or shortfall the SFA may have accrued for SY 2014-15. For SFAs that opted to contribute non-Federal funds, the PLE tool also calculates credits and shortfalls for the SY 2014-15 required non-Federal source contribution.

The SY 2014-15 PLE tool includes a new feature that makes calculations for SFAs that wish to split the SY 2014-15 requirement by both raised prices and contributing a non-Federal 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 2014-15 PLE tool SFAs need the following information:

ALL SFAs need the following data to calculate the Weighted Average Price for SY 2014-15:

- SY 2010-11 Weighted Average Price;
- All paid lunch prices for October 2013; and
- Number of paid lunches served associated with each paid lunch price in October 2013.

SFAs that have opted to contribute non-Federal sources also need:

- total number of paid lunches served in SY 2012-13; and
- the total dollar amount of SY 2011-12 , SY 2012-13 and SY 2013-14 non-Federal contribution.

SFAs that wish to split the SY 2014-15 requirement by both raising paid lunch prices and contributing non-Federal 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 2015-16 calculations. SFAs can print the report and keep it in their records.

Questions may be directed to:

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Litchfield County	Allison Calhoun- White	allison.calhoun-white@ct.gov 860-807-2008
Middlesex County Tolland County	Andy Paul	andrew.paul@ct.gov 860-807-2048
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JF:tdd

Attachment