

Calculating Paid Lunch Equity

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Student Meal Prices

- Meals for eligible students must be served free or at a reduced price.
 - Maximum reduced price for lunch is 40 cents
 - Maximum reduced price for breakfast is 30 cents
- Neither the United States Department of Agriculture (USDA) nor the Michigan Department of Education (MDE) set specific paid prices for school lunch, breakfast, special milk or a la carte food items. USDA does require districts to increase their prices on an annual basis if their average weighted price does not meet a specific threshold (Paid Lunch Equity).



Unit Pricing

- School meals must be priced as a unit (paid or reduced price).
- Offer versus Serve (OVS) does not affect the unit price of the meal established by the school food authority (SFA).
- Regardless of the number of items students select, they must pay the established unit price for a reimbursable meal.
 - Check your a la carte pricing first



Healthy Hunger Free Kids Act

- Paid Lunch Equity (PLE) is one of the requirements of the HHFKA.
- It is meant to ensure that paid meals produce a similar contribution to revenues as the free reimbursement rate.
- The PLE must be looked at on an annual basis.
- The new administrative review includes an audit of the PLE requirement of the HHFKA.



Paid Lunch Equity

- You will need to raise your paid LUNCH prices:
- If an your average weighted paid lunch price is less than the difference between the federal free and federal paid meal reimbursements, it must increase the average paid lunch price by 2% plus inflation by either:
 - Increasing the price(s) charged to children

OR

 - Adding non-federal funds to the food service account



Paid Lunch Equity Average Price Calculation Example

Number of Paid Lunches claimed at each price for October	Price Charged for Paid Lunches	Revenue Generated by Paid Lunch Price (Column A x Column B)	Determine Average Price
1,000	\$1.25	\$1,250	
2,000	\$1.50	\$3,000	
1,500	\$2.00	\$3,000	
3,000	\$2.25	\$6,750	
Total Lunches: 7,500		Total Revenue: \$14,000	14,000/7,500 = \$1.87



Paid Meal Equity Overview

- SFAs compare the average price for paid lunches at all of their schools to the difference between the per meal federal reimbursement for free and paid lunches.
 - The 2013-2014 free meal reimbursement rate is \$2.93
 - The 2013-2014 paid meal reimbursement rate is \$0.28
 - $\$2.93 - \$0.28 = \$2.65$ difference
 - **\$2.65 is the 2014-2015 target price**
- **The difference is the same if you are a "severe need" district



SY 2013-14 PLE Calculations

- Paid Lunch Equity (PLE) is an annual calculation
- For SY 2013-2014, SFAs which, on average, charge less than **\$2.65** for paid lunches are required to adjust their weighted average lunch price or add non-Federal funds to the non-profit school food service account



SY 2012-2013 PLE Inflation Factor

- The amount of the per meal increase will be calculated using 2 percent plus the inflation factor for the year of 2.93 percent, for a total of **4.93 percent**
- The inflation factor for SY 2013-2014 is from the July 24, 2012 Federal Register Notice announcing the SY 2012-2013 reimbursement rates



Meeting the Annual PLE Requirement

- SFAs may round the adjusted average price down to the nearest five cents.
- For example, an SFA charged \$1.00 for all paid lunches and the calculation for SY 2012-2013 resulted in an adjusted average paid lunch price of \$1.04.
- The SFA chose to round the \$1.03 down to the nearest five cents or \$1.00.
- This SFA met the requirement for SY 2012-2013 even though there was no price increase or additional non-Federal funds added to the food service account.



Basis for Determining Average Paid Lunch Price SY 2013-2014

- SFAs use their unrounded adjusted average paid lunch price requirement from the previous SY as the basis for the subsequent SY
- For example, if the result of the SY2013-2014 calculation for average weighted price was \$2.08; that is the unrounded **adjusted** average paid lunch price. This SFA may have likely rounded down to average price of \$2.05
- However, the SY 2014-2015 PLE tool begins with the unrounded figure of \$2.08



Increasing Average Lunch Price Above Required Level

- If an SFA raised its average paid lunch price above the required rounded amount in SY 2013-2014, that excess paid lunch price increase is credited towards meeting the SY 2014-2015 paid lunch price requirement
- SFAs must keep sufficient records to document and carry forward the average paid lunch price calculations



Not Meeting PLE Requirement

- If an SFA did not raise its average adjusted paid lunch price sufficiently to meet the required amount in SY 2013-2014, the shortfall is included in the calculation for the SY 2014-2015 paid lunch price adjustment requirement.



Next Steps by the School Food Authority

- The maximum required annual average paid lunch price increase is capped at 10 cents.
 - SFAs can elect to increase their average paid lunch price by more than the calculation requires
- Under Section 205, the SFA would never be **REQUIRED** to increase its average lunch price by more than 10 cents



SY 2012-2013 Non-Federal Sources

- For SY 2012-2013 and beyond, SFAs may use non-Federal sources that are provided to directly support paid lunches and breakfasts.
- Unallowable Non-Federal Sources - In-kind contributions, A la carte sales, Catering
- Allowable:
 - Therefore, for SY 2013-2014 SFAs may 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



SFAs that Provided Non-Federal Sources in SY 2011-2012

- If an SFA's SY 2012-2013 estimate of the required contribution exceeded the actual level, that excess contribution may be subtracted from the total SY 2013-2014 contribution requirement.
- Further, if the SY 2012-2013 estimate was less than required, additional funds from non-Federal sources must be added.



SY 2014-2015 PLE Tool

- The SY 2014-2015 PLE tool, taking into account credits shortfalls from SY 2013-2014, makes the following calculations:
 - Weighted average paid lunch price for SY 2013-2014
 - Required paid lunch price increase for SY 2014-2015
 - Required non-Federal source contribution required for SY 2014-2015



SY 2014-2015 PLE Tool

- ALL SFAs need the following data to calculate the Weighted Average Price for SY 2013-2014:
 - SY 2013-14 Weighted Average Price
 - All paid lunch prices for October 2013
 - Number of paid lunches served associated with each paid lunch price in October 2013



SY 2012-13 PLE Tool Non-Federal

- SFAs that have opted to contribute non-Federal sources also need:
 - Total number of paid lunches served in SY 2012-13
 - The total dollar amount of SY 2012-13 non-Federal contribution



SY 2014-15 PLE Tool

- Includes detailed user instructions
- Includes a report that SFAs can use to track the information they will need to make their SY 2013-2014 calculations
- SFAs can print the report and keep it in their records



PLE Resources

Links to information:

- Paid Lunch Equity Policy Memo
- <http://www.fns.usda.gov/cnd/governance/Policy-Memos/2013/SP19-2013os.pdf>
- Paid Lunch Equity Tool
- www.michigan.gov/schoolnutrition



Instructions

- SY 2013- 2014

School Year (SY) 2013-14 Paid Lunch Equity (PLE) Tool Instructions
Note: Users may want to print the instructions and use them to guide users through the PLE Tool.

The PLE Tool (Tool) was created to help School Food Authorities (SFAs) calculate their paid lunch price increase requirement and non-Federal source contributions to meet the requirements in 3e 2025 of the Healthy, Hunger-Free Kids Act of 2010. If the pricing requirements calculated by the Tool are not met or are exceeded, the Tool will also calculate any amounts carried over into the next year. Note, the weighted average prices calculated in the Tool are the weighted average of all paid lunch prices charged in the SFA.

For more information on amounts carried over please refer to SF 99-2011

This version of the PLE tool is only applicable to SY 2013-2014. A new version of the tool will be issued for SY 2014-2015

The SY 2013-14 PLE Tool consists of 5 tabs:
Hyperlinks are also placed throughout the tool to navigate to the different tabs:
Tab 1: Unrounded Requirement Footer
Tab 2: SY 2013-14 Price Calculator
Tab 3: SY 2013-14 Non-Federal Calculator
Tab 4: SY 2013-14 Price Calculator
Tab 5: SY 2013-14 REPORT

* The last two tabs (SY 12-13 and SY 10-11 Price Calculators) are for reference only

Cells shaded this color designate data entry cells. The SFA must enter the applicable data in these cells for the tool to calculate the requirements



Questions

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