



United States
Department of
Agriculture

Food and
Nutrition
Service

3101 Park
Center Drive
Alexandria, VA
22302-1500

DATE: February 15, 2012

MEMO CODE: SP 15-2012

SUBJECT: Paid Lunch Equity: School Year 2012-2013 Calculations

TO: Regional Directors
Special Nutrition Programs
All Regions

State Directors
Child Nutrition Programs
All States

The interim rule entitled, “National School Lunch Program: School Food Service Account Revenue Amendments Related to the Healthy, Hunger-Free Kids Act of 2010” requires 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: either through the prices charged for “paid” meals or through other non-Federal sources provided to the nonprofit school food service account.

Annual Review of Paid Lunch Revenue

SFAs must annually review their paid lunch revenue to assure compliance with the paid lunch equity requirement. When the average paid lunch price is less than the difference between the free and paid Federal reimbursement rates, the SFA must determine how they will meet the requirement—by increasing their average paid lunch price or providing funds from non-Federal sources.

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

Regional Directors
State Directors
Page 2

For SY 2012-2013

For SY 2012-2013, SFAs must use SY 2011-2012 Federal reimbursement rates and the related inflation factor when calculating paid lunch requirements. The Federal reimbursement rates and inflation factor were issued in a July 20, 2011, Federal Register Notice (76 FR 43256). The Notice announced an increase in the reimbursement rate for SY 2011-12 and provided the inflation rate of 2.18 percent for the increase in rates between SY 2010-2011 and SY 2011-2012.

Therefore, for SY 2012-2013, SFAs which, on average, charged less than **\$2.51** for paid lunches in SY 2011-2012 are required to adjust their average price or provide additional 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 2.18 percent, or **4.18** percent.

The Food and Nutrition Service (FNS) will issue an updated version of the PLE tool soon which will include the new reimbursement and inflation rates and account for, as applicable, crediting any amount SFAs increased paid lunch prices above the required level. The PLE tool will also address any shortfall in meeting the PLE requirement and make the appropriate adjustments based on the information that SFAs input from their records. SFAs should also refer to memo SP 39-2011(Revised) for more guidance on making PLE calculations.

State agencies should direct any questions concerning this guidance to the appropriate FNS Regional Office. Regional Offices with questions should contact the Child Nutrition Division.

A handwritten signature in blue ink that reads "Cynthia Long". The signature is written in a cursive, flowing style.

Cynthia Long
Director
Child Nutrition Division