



United States
Department of
Agriculture

Food and
Nutrition
Service

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DATE: November 6, 2013

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SUBJECT: Paid Lunch Equity: School Year 2014-2015 Calculations

TO: Regional Directors
Special Nutrition Programs
All Regions

State Directors
Child Nutrition Programs
All States

School Program 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: 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 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 must determine how they will meet the requirement. This may be done 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 two percent plus the annual inflation rate. The inflation rate is based on the percentage change in the Consumer Price Index for All Urban Consumers (CPI). The reimbursement rates for School Year (SY) 2013-2014 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 paid lunch equity 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 paid lunch equity requirements will change from year to year.

For SY 2014-2015

For SY 2014-2015, SFAs must use SY 2013-2014 Federal reimbursement rates and the related inflation rates when calculating paid lunch equity requirements. The Federal reimbursement and inflation rate were issued in a July 26, 2013, Federal Register Notice (78 FR 144). The Notice announced an increase in the reimbursement rate for SY 2013-2014 and provided the inflation rate of 2.27 percent for the increase in rates between SY 2012-2013 and SY 2013-2014.

Therefore, for SY 2014-2015, SFAs which, on average, charged less than **\$2.65** for paid lunches in SY 2013-2014 are required to increase 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 2.27 percent, totaling **4.27** 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, if 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 (<http://www.fns.usda.gov/sites/default/files/SP39-2011r.pdf>) for more guidance on making PLE calculations.

State agencies are reminded to distribute this memo to program operators immediately. SFAs should contact their State agencies for additional information. State agencies may direct any questions concerning this guidance to the appropriate FNS Office.

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