

**BATH COUNTY SCHOOL BOARD**

**AGENDA ITEM: INFORMATION { }                      ACTION { X }                      CLOSED MEETING { }**

**SUBJECT:                      SUPERINTENDENT’S REPORT - ACTION**

**Consideration of Meal Prices for SY2013-14 – Mrs. Shifflett**

**BACKGROUND:                      Following SNP Memo #2012-13-10 (March 1, 2013), School Nutrition Programs Paid Lunch Equity (PLE) Guidance for SY2013-2014, Mrs. Shifflett is recommending the following meal prices for 2013-2014. Enclosed is the tool provided to calculate the prices for the coming year. This is related to the Healthy, Hunger-Free Kids Act of 2010, which requires the average paid lunch to be adjusted annually in order to eventually reach the price we are being reimbursed for the free-reduced eligible lunches served.**

**Alleghany County schools recently set their prices for SY2013-2014. Elementary lunches will be \$1.75, while the middle and high school students will pay \$2.05 for lunch.**

GRADES	PK-5		6-7		BCHS		Adult	
	Breakfast	Lunch	Breakfast	Lunch	Breakfast	Lunch	Breakfast	Lunch
<b>2011-12</b>	<b>.80</b>	<b>1.55</b>	<b>1.05</b>	<b>1.80</b>	<b>1.05</b>	<b>1.80</b>	<b>1.30</b>	<b>2.50</b>
<b>2012-2013</b>	<b>.80</b>	<b>1.60</b>	<b>1.05</b>	<b>1.85</b>	<b>1.05</b>	<b>1.85</b>	<b>1.35</b>	<b>2.50</b>
<b>Recommendation for SY2013-14</b>	<b>.90</b>	<b>1.65</b>	<b>1.15</b>	<b>1.90</b>	<b>1.15</b>	<b>1.90</b>	<b>1.50</b>	<b>2.75</b>

**RECOMMENDATION:                      Recommend approval of suggested meal prices.**



# COMMONWEALTH of VIRGINIA

DEPARTMENT OF EDUCATION

P.O. BOX 2120

RICHMOND 23218-2120

## SNP Memo #2012-13-10

TO: Directors, Supervisors, and Contact Persons Addressed

FROM: Catherine Digilio Grimes, MS, RD, LDN, SNS  
Director, Office of School Nutrition Programs

*Catherine Digilio Grimes*

DATE: March 1, 2013

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

Federal regulations requires 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 Healthy, Hunger Free-Kids Act. 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, 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 non-profit 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 that they must 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 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 need to make the SY 2014-15 calculations. SFAs can print the report and keep it in their records.

The information contained in this memo will also be issued as a superintendent's memo.

If you have any questions or need additional information, please contact the school nutrition program specialist assigned to your division or the main office of School Nutrition Programs at (804) 225-2074.

CDG/idl

Attachments:

SY 2013-2014 Paid Lunch Equity Tool (Excel)

<b>Step 1</b>	
<b>Enter the SY 2012-13 Unrounded Price Requirement in the box below</b>	<b>SY 2013-14 Weighted Average Price Requirement</b>
<i>This is can be found in Section 1: Box A of the SY2012-2013 REPORT from the SY 2012-13 tool or you may find it below ( Price 2)</i>	<b>Requirement price to the nearest cent</b>
\$ <b>1.75</b>	\$ <b>1.84</b>
<i>Note: Above prices are based on adjusting SY 2012-2013 price requirement by the 2% rate increase plus the Consumer Price Index (2.93%)</i>	

<b>Complete if you do NOT know your SY2012-2013 Unrounded Price Requirement</b>		
<b>Annual Unrounded Requirement Finder</b>		
Enter the SY 2010-11 Weighted Average Price below <i>** The weighted average price for SY 2010-11 is the weighted average of all paid lunch prices charged in the SFA</i>		
SY 2010-11 Weighted Average Price	Unrounded Price Requirements	
	Price 1: SY 2011-2012 Requirement price to the nearest cent	Price 2: SY 2012-2013 Requirement price to the nearest cent
\$ <b>1.63</b>	\$ <b>1.68</b>	\$ <b>1.75</b>
<b><u>If you do not know your SY2010-2011 Weighted Average Price</u></b> <b><u><a href="#">CLICK HERE</a></u></b>		

**Use the links below to go to the next step:**

## SY 2013-14 Price Adjustment Calculator

SY 2013-14 Weighted Average Price Requirement	
Requirement price to the nearest cent	<i>Optional</i> price requirement <b>ROUNDED DOWN</b> to nearest 5 cent
\$ 1.84	\$ 1.80
Note: Above prices are based on adjusting SY 2012-2013 price requirement by the 2% rate increase plus the Consumer Price Index (2.93%)	

### SY 2012-13 Weighed Average Price Calculator

Enter the paid prices and number of paid lunches sold at each price for October 2012.

	Monthly # of Paid Lunches	Paid Lunch Price	Monthly Revenue	SY 2012-13 Weighted Average Price
1.	1,993	\$ 1.60	\$ 3,188.80	
2.	2,873	\$ 1.85	\$ 5,315.05	
3.			\$ -	
4.			\$ -	
5.			\$ -	
6.			\$ -	
7.			\$ -	
8.			\$ -	
9.			\$ -	
10.			\$ -	
<b>TOTAL</b>	<b>4,866</b>		<b>\$ 8,503.85</b>	<b>\$ 1.75</b>
Note: SY 2012-13 Weighted Average Price equal to or above \$2.59 are compliant for SY 2013-14. \$2.59 is the difference between the Free and Paid reimbursement rates for SY 2012-13.				

Total Price Increase for SY 2013-14
\$ 0.05

Required price increase for SY 2013-14 (with 10 cent cap)
\$ 1.80

Remaining increase carried forward to SY 2014-15
-

Remaining credit carried forward to SY 2014-15
-

[Go to SY2013-2014 Report](#)

## Step 3 (Optional)

### Pricing Estimation Calculator

Below is a tool allowing users to manipulate prices to achieve the required new weighted average price.

	Monthly # of Paid Lunches	Paid Lunch Price	Monthly Revenue	Weighted Average Price
1.	1,993	\$ 1.65	\$ 3,288.45	
2.	2,873	\$ 1.90	\$ 5,458.70	
3.			\$ -	
4.			\$ -	
5.			\$ -	
6.			\$ -	
7.			\$ -	
8.			\$ -	
9.			\$ -	
10.			\$ -	
<b>TOTAL</b>	<b>4,866</b>		<b>\$ 8,747.15</b>	<b>\$ 1.80</b>

Note: This tool is created to allow the user to only enter the number of paid lunches and the related prices. If any other parts of the tool are modified, the user runs the risk of calculating an incorrect new average price. Users should not modify the tool's current functionality.

**SY2013-2014 Weighted Average Pricing Report**

*This report assists in tracking the pricing requirements and amounts carried forward for SY 2014-2015. Information on this report is used to determine the SY 2014-2015 weighted average price requirements.*

*Please print and keep in records.*

*NOTE: If information is changed in the tool, the report contents will change.*

**Section 1: SY2013-2014 Weighted Average Paid Price Requirements**

<b>A. SY 2013-14 Weighted Average Price Requirement*:</b> <i>*This price will be entered into the SY 2014-2015 tool to determine the SY2014-2015 weighted average price requirements</i>	<b>\$1.84</b>
<b>B. Optional Price ROUNDED DOWN to nearest 5 cents:</b>	<b>\$1.80</b>

**Section 2: Amounts Carried Forward to SY 2014-2015**

Select the SY 2013-2014 method used to ensure sufficient funds are provided for PAID Lunches

Increase SY2012-2013 average weighted price



**Average Weighted Price Adjustments**

<b>A. Remaining increase carried forward to SY 2014-15:</b>	<b>\$0.00</b>
<b>B. Remaining credit carried forward to SY 2014-15:</b>	<b>\$0.00</b>

**Non-Federal Source Contributions**

<b>C. Remaining Annual Non-Federal Source Contribution carried forward to SY 2014-15:</b>	<b>N/A</b>
<b>D. Remaining Credit carried forward to SY 2014-15:</b>	<b>N/A</b>

**Split Calculations**

<b>E. Remaining Annual Non-Federal Source Contribution carried forward to SY 2014-15:</b>	<b>N/A</b>
<b>F. Remaining Credit carried forward to SY 2014-15:</b>	<b>N/A</b>