

Encl. #10.17
May 26, 2011

RESOLVED, that in accordance with Section 205 of the Healthy, Hunger Free Kids Act of 2010, the Horseheads Central School District Board of Education approves an increase of \$.05 for elementary school, middle school, and high school lunch prices. Therefore, for the 2011-12 school year, the elementary school lunch price will be \$1.70 and the Middle and High School lunch price will be \$1.95.



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To: School Food Service Directors/Managers
From: Frances N. O'Donnell, Coordinator
Date: April 2011
Subject: Prices to be Charged to Paying Students in School Year 2011-2012

Section 205 of the Healthy, Hunger Free Kids Act of 2010 requires that:

Effective July 1, 2011, schools are required to charge students for paid meals at a price that is on average equal to the difference between free meal reimbursement and paid meal reimbursement; schools that currently charge less are required to gradually increase their prices over time until they meet the requirement; schools may choose to cover the difference in revenue with non-Federal funds instead of raising paid meal prices.

This provision was included in the law because a study revealed that in some school food authorities (SFAs), federal reimbursements for free and reduced priced lunches were used to offset the charge to students for paid (full price) meals. This was often done to keep prices low to paid students to encourage greater participation from students of families whose income was above 185 percent of poverty. Participation from full paying students helps to ensure the lunch program is not perceived as strictly for low income children.

Another reason to increase the price to paying students is that SFAs often stated they could not afford to increase the nutrient content of their meals without additional increases in federal reimbursement. The SFAs were charging the paid or full price students a minimal price, while at the same time they were saying they needed the full reimbursement or more from the federal government to serve the free and reduced price students.

USDA has provided additional guidelines on which SFAs will need to raise prices and by how much for the 2011-2012 school year.

First, you determine the average charge to paid students in your SFA in all your schools. If the average lunch price is \$2.46 or higher, then you do not need to raise your lunch price. The rationale is \$2.46 is the difference between the federal reimbursement for a free lunch (\$2.72) and a paid lunch (\$.26).

Then use the following calculation to determine if your lunch price needs to be raised: 1.14 percent for annual inflation for school year 2011-2012 plus 2 percent for a total adjustment of 3.14 percent times your current lunch price. The results may be rounded down to the nearest nickel.

If the average lunch price is below \$1.60, you do not need to raise your lunch price. This is because the math calculation using the formula ($\$1.59 \times .0314 = .0499$) is less than .05. Rounding down to the nearest nickel, no increase is required.

In summary, if your average lunch is \$1.60 up to \$2.45, you must increase your meal price \$.05. You can always increase your lunch price to the full price paying student to cover your costs, no matter if you currently charge \$.50 or \$3.50.

Example 1-average charge for a paid lunch is \$1.50 ($1.50 \times .0314 = \$.047$) or four cents. You may raise your lunch price \$.05 or you may round down to zero since \$.047 is less than a nickel and keep the same price for 2011-2012.

Example 2-average charge for a full price lunch is \$2.00 ($2.00 \times .0314 = \$.063$). You must raise the lunch price by at least \$.05 for 2011-2012. Again, you can raise it more.

There are other questions that have arisen regarding this section of the law:

1. Can I use a la carte funds in my school lunch account to offset the price to the paying students? (So far we have been told no. Only a general fund subsidy can be used. All funds in the school lunch account are considered program revenues-federal and State reimbursement sales of meals to the paid student, a la carte sales, catering etc. Program revenues cannot be used.) You can use a general fund subsidy to off set the lower meal price charged to paying students.

These additional questions should be answered in future memos, as we gain guidance from USDA:

2. My SFA is not in the red and I'm serving healthy, nutritious foods, so why must I penalize students and families by raising prices?
3. If I raise the price \$.10 or \$.25 this year, which is more than the required \$.05, will I be required to raise prices again next year?

Questions on this memo should be addressed to Paula Tyner-Doyle, Sandra Sheedy, or Barbara St. Louis at 518-473-8781.