# ■ Meal Pricing

## Student Meal Pricing

Program regulations require that both school lunches and breakfasts be **priced as a unit.** In addition, regulations state that the offer versus serve provision is not to affect the selling price established by the district for the lunch or breakfast. Regardless of which items a student chooses, he/she must pay the established full- or reduced-price meal charge, as appropriate. Students eligible for free meals do not pay.

- 1. **Reduced-price meal charge --** School districts cannot charge more than 40 cents for lunch or 30 cents for breakfast and the reduced-price must be less than the full-price meals.
- 2. Choice of lunches -- Schools may offer students a choice of reimbursable lunches. The school may establish different unit prices for each type of lunch served provided that the benefits made available to children eligible for free or reduced-price meals are not affected. For example, if the school offers a "super" lunch with a larger serving of meat/meat alternate or other premium items, the "super" lunch must be available to the free and reduced-price meal participants at no additional charge if these meals are to be claimed for reimbursement.

#### Fees for Lunch Services

Children **must not** be charged any additional fees for supervisory or other services provided in conjunction with the meal programs.

#### A La Carte Foods -- Student and Adult

As part of the Healthy, Hunger-Free Kids Act of 2010 (Public Law 111-296), Section 206 addresses revenue from a la carte foods (non-program revenue) and the cost relationship between these a la carte foods and total program revenue.

Effective July 1, 2011, a la carte foods must generate at least the same proportion of revenues as they contribute to costs. The Act defines a la carte food as "food sold in a participating school other than a reimbursable meal" and is "purchased using funds from the nonprofit school food service account of the school food authority." A la carte beverages are also considered a la carte food. For purposes of this provision the cost to obtain a la carte food is only the cost of the food. Do not include labor or other costs when attempting to determine compliance with Section 206.

CDE has provided an Excel workbook to calculate if a SFA is in compliance; this can be accessed at <a href="http://www.cde.state.co.us/nutrition/nutrimemos.htm">http://www.cde.state.co.us/nutrition/nutrimemos.htm</a>. Instructions are provided on the second spreadsheet tab.

Compliance with this provision is required, and the calculation must be performed at least annually. The SFA should forward a copy of the calculations to CDE. If the SFA does not meet the requirement, a corrective action plan will be necessary describing how the SFA will meet the requirement in the future; the plan must be included with the calculation to CDE.

# Adult Meal Pricing

**Adult Visitors:** The charge to adult visitors, at the discretion of school officials, may be higher than the charge paid by adult school employees.

**School Food Service Employees:** Meals served to cafeteria employees **directly involved** in the operation and administration of the breakfast and lunch programs (e.g., managers, cooks, servers, etc.) may be served at no charge and considered as a fringe benefit attributable to program costs. Therefore, the cost of such meals may be paid from program funds. Charging school food service employees for meals is left to the discretion of school officials.

Other School District Employees: The benefits of the National School Lunch and School Breakfast Programs are for children only. The reimbursement and commodities received by schools are based on the number of lunches served to students. No reimbursement or commodities are provided for meals served to adults. Therefore, for student programs not to be financially hampered by adult participation, one of the following two methods should be considered when determining the minimum prices charged for adult meal.

#### MEAL PRICING

#### Method 1:

**Lunch** -- Add the highest price paid by students to the rate of federal and state reimbursement for a paid student lunch and the per meal value of USDA commodity assistance.

**Breakfast** -- Add the highest price paid by students to the rate of federal and state reimbursement for a paid student breakfast.

#### Method 2:

**Lunch** -- Add the rate of federal and state reimbursement for a free student lunch to the per meal value of USDA commodity assistance. **Breakfast** -- Charge the rate of federal and state reimbursement for a free student breakfast.

When calculating adult meal prices using either of these methods, school officials are encouraged to include the severe need reimbursement and the supplemental payment for districts in the 60 percent or more free and reduced-price category as appropriate.

#### IMPORTANT POINT

In no case should the funds available to pay the cost of adult meals be less than the actual cost of providing the meals. In no case should the funds available to pay the cost of student meals be used to supplement the cost of adult meals.

## **IMPORTANT POINT**

If meals are included as a fringe benefit or offered as part of the salary arrangement for non-food service personnel, the school/district must provide enough money from non-school food service accounts to pay the cost of these adult meals. Also, an audit trail must be documented.

## **Pricing of School Lunch**

As part of the Healthy, Hunger-Free Kids Act of 2010 (Public Law 111-296), Section 205 addresses equity in school lunch pricing. On March 15, 2011, the CDE Office of School Nutrition issued memo CN-11-G-018 addressing this important provision of the nutrition programs reauthorization law. An additional memorandum (CN12-G-006 provided further guidance.

Additional information and guidance has been provided by the USDA concerning the equity provision and the necessary steps to properly implement it. A template (the Paid Lunch Equity (PLE) Tool) has been created to assist School Food Authorities (SFAs) in determining the need (if any) to increase meal prices and to calculate the amount of additional non-federal revenue required to be provided to the Child Nutrition Program should the SFA choose not to increase prices. Both of these worksheets, along with the applicable instructions, can be found on the CDE Child Nutrition website at:

http://www.cde.state.co.us/nutrition/nutrimemos.htm

# **MEAL PRICING**

Effective July 1, 2011, School Food Authorities participating in the National School Lunch Program are required to provide the same level of support for full pay student lunches as they are for free and reduced price student lunches.

# **Federal Reimbursement Rates**

The reimbursement rates for the National School Lunch and School Breakfast Programs are effective from July 1 through June 30 and are announced annually by the U. S. Department of Agriculture.

				Reimbursement					
	Lunch			Breakfast				USDA	
Year	Paid	Reduced	Free	Paid	Reduced	Free	Severe Need*	Foods Assistance	
1992-93	\$0.1625	\$1.295	\$1.695	\$0.1875	\$0.645	\$0.945	\$0.1775	\$0.14	
1993-94	\$0.165	\$1.325	\$1.725	\$0.19	\$0.660	\$0.96	\$0.1825	\$0.14	
1994-95	\$0.17	\$1.3575	\$1.7575	\$0.1925	\$0.675	\$0.975	\$0.185	\$0.145	
1995-96	\$0.1725	\$1.395	\$1.795	\$0.195	\$0.6975	\$0.9975	\$0.1875	\$0.1425	
1996-97	\$0.1775	\$1.4375	\$1.8375	\$0.1975	\$0.7175	\$1.0175	\$0.195	\$0.145	
1997-98	\$0.18	\$1.49	\$1.89	\$0.20	\$0.745	\$1.045	\$0.20	\$0.15	
1999-2000	\$0.19	\$1.58	\$1.98	\$0.21	\$0.790	\$1.09	\$0.21	\$0.1475	
2000-01	\$0.19	\$1.62	\$2.02	\$0.21	\$0.82	\$1.12	\$0.21	\$0.15	
2001-02	\$0.20	\$1.69	\$2.09	\$0.21	\$0.85	\$1.15	\$0.21	\$0.155	
2002-03	\$0.20	\$1.74	\$2.14	\$0.22	\$0.87	\$1.17	\$0.22	\$0.1525	
2003-04	\$0.21	\$1.79	\$2.19	\$0.22	\$0.90	\$1.20	\$0.22	\$0.1575	
2004-05	\$0.21	\$1.84	\$2.24	\$0.23	\$0.93	\$1.23	\$0.23	\$0.171725	
2005-06	\$0.22	\$1.92	\$2.32	\$0.23	\$0.97	\$1.27	\$0.23	\$0.175	
2006-07	\$0.23	\$2.00	\$2.40	\$0.24	\$1.01	\$1.31	\$0.24	\$0.1852	
2007-08	\$0.23	\$2.07	\$2.47	\$0.24	\$1.05	\$1.35	\$0.24	\$0.1875	
2008-09	\$0.24	\$2.17	\$2.57	\$0.25	\$1.10	\$1.68	\$0.25	\$0.2075	
2009-10	\$0.25	\$2.28	\$2.68	\$0.26	\$1.16	\$1.46	\$0.26	\$0.195	

#### **MEAL PRICING**

# Reimbursement Rates (cont.)

Year	Paid Lunch	Reduced Lunch	Free Lunch	Paid Breakfast	Reduced Breakfast	Free Breakfast	Severe Need*	USDA Foods Assistance
2010-11	\$0.26	\$2.32	\$2.72	\$0.26	\$1.18	\$1.48	\$0.26	\$0.2025
2011-12	\$0.26	\$2.37	\$2.77	\$0.27	\$1.21	\$1.51	\$0.27	\$0.2225
2012-13	<mark>\$0.27</mark>	\$2.46	<mark>\$2.86</mark>	\$0.27	<mark>\$1.25</mark>	<b>\$1.55</b>	<mark>\$0.27</mark>	\$0.2275

- Severe need lunch rates are only for those school food authorities who served, on a district-wide basis, 60 percent or more free- and reduced-price lunches during the school year two years prior.
- Severe need breakfast rates are available only to those individual schools that served 40 percent or more free and reduced-price lunches during the school year two years prior.

# **State Reimbursement**

#### **Matching Funds**

Section 35 of Senate Bill 01-129 amended the School Finance Act to include a new section, 22-54-123, National School Lunch Act, Appropriation of State Matching Funds in 2001. These matching funds respond to a federal statutory matching requirement.

The amount of state funds authorized and appropriated for this purpose is statutorily set at \$2,472,644. This represents the minimum level required to meet the federal matching requirement. The amount is expected to remain static from year to year, unless modified by the General Assembly due to potential future changes by Congress or other influencing factor.

CDE OSN will determine each participating SFA's prorata share of the state's total number of reimbursable lunches and breakfasts served in the prior school year. The prorate share will be applied to the matching funds made available. The exact amount will not be known until the final meal counts are received and processed. Each participating SFA will receive a lump sum payment, most likely in November or December. This is an additional payment not associated with the monthly reimbursement and will not impact the normal claiming procedure. Although the proration method will depend on the prior year's meal counts, the funds should be recognized as current fiscal year revenue.

The statute is very specific in the requirement that these funds are to be used solely to benefit the Child Nutrition Program operations, and not for any other purposes. The funds must be deposited into the Food Service Fund. Futhermore, these funds are "supplement and not supplant" and may not be used to reduce any level of funding provided by the district's General Fund in support of the food service operations in place during the current school year.

An audit trail must be in place to provide a means of documenting the receipt and use of these funds that will satisfy state and federal scrutiny.

<sup>\*</sup>Severe need reimbursement rates listed are for full-price meals; there are higher rates paid for reduced-price and free meals. CDE sends a detailed Severe Need rate list in July each year.

#### Start Smart Breakfast Reimbursement

In 2007, Senate Bill 07-059 created the Start Smart Nutrition Program Act. The General Assembly annually appropriates an amount not less than \$700,000 and not more than \$1,500,000 to allow SFAs that participate in the School Breakfast Program (SBP) to provide free breakfast to children approved for reduced-price meals.

The schools participating in the SBP shall record these reimbursable breakfast meals in the reduced category without charging the students for the cost of a reduced price breakfast (.30). SFAs shall report the number of reimbursable reduced-price breakfast meals served in the CDE monthly online claim system in the reduced category – never in the free category. The SFAs will receive .30 per meal from the state of Colorado for these meals. This will be in addition to the Federal reduced-price reimbursement rate for breakfast.

#### PK-2 Reduced Lunch Funds

In 2008, Senate Bill 08-123 created the Child Nutrition School Lunch Protection Program Act. This act created a fund to eliminate the reduced price (.40) paid by children in kindergarten through second grade who are eligible for a reduced-price lunch under the National School Lunch Act and who are participating in the National School Lunch Program. The General Assembly will annually appropriate no less than \$850,000 and not more than \$1,500,000

The following year, Senate Bill 09-033 expanded the list of students who qualify to receive a free lunch to include children in public school early childhood education programs.