



State of Arizona
Department of Education

HNS # 59-2013
USDA: #SP-1-2014

MEMORANDUM

To: National School Lunch Program (NSLP) Sponsors
Summer Food Service Program (SFSP) Sponsors

From: Mary Szafranski, Associate Superintendent
Arizona Department of Education, Health & Nutrition Services

Date: November 25, 2013

RE: Paid Lunch Equity: School Year (SY) 2014-2015 Calculations.

Original Signed

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 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. There have been a series of memos related to Paid Lunch Equity (PLE) released from the Arizona Department of Education (ADE). This memo relates specifically to School Year 14-15.

Annual Review of Paid Lunch Revenue

SFAs must annually review their paid lunch revenue to assure compliance with the PLE requirement. When the average paid lunch price is less than the difference between the current free and paid Federal reimbursement rates, the SFA must determine how they will meet the requirements. This should 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 a factor of 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 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 PLE calculations are based on the inflation factor used for the previous school year’s

reimbursement rates. For example, the reimbursement rates for SY 13-14 were adjusted using the CPI for the period of May 2012-May 2013. Therefore, the inflation factors used by SFAs to calculate their PLE requirements will change from year to year.

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 the **\$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 soon issue the updated inflation rate and updated version of the PLE tool to help SFAs determine if their average paid lunch is in compliance for SY 14-15. The tool will calculate the amount required to increase the paid lunch price or the dollar amount required through non-Federal sources.

Please contact your School Nutrition Programs Specialist for questions concerning this guidance. Contact information can be found on the CNP Web homepage once logged into Common Logon.

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