



State of Arizona
Department of Education

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MEMORANDUM

TO: Sponsors of the National School Lunch Program

FROM: Mary Szafranski, Deputy Associate Superintendent
Arizona Department of Education, Health and Nutrition Services

Cara Peczkowski, Director
Arizona Department of Education, School Nutrition Programs

DATE: February 25, 2013

SUBJECT: Paid Lunch Equity: School Year (SY) 2013-2014 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 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 (PLE) requirement. 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: 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 factor 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. Therefore, the inflation factors used by SFAs to calculate their PLE requirements will change from year to year.

For SY 2013-2014

For SY 2013-2014, SFAs must use SY 2012-2013 Federal reimbursement rates and the related inflation factor when calculating paid lunch requirements. The Federal reimbursement rates and inflation factor were issued in a July 24, 2012, Federal Register Notice (77 FR 142). The notice announced an increase in the reimbursement rate for SY 2012-13 and provided the inflation rate of 2.93 percent for the increase in rates between SY 2011-2012 and SY 2012-2013.

Therefore, for SY 2013-2014, SFAs which, on average, charged less than **\$2.59** for paid lunches in SY 2012-2013 are required to adjust their average price or provide additional non-federal funds to the nonprofit school food service account. 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 Food and Nutrition Service (FNS) will soon issue an updated version of the PLE tool which will include the new reimbursement and inflation rates and account for, as applicable, crediting any increase in paid lunch prices made above the required level by SFAs. 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 CN #18-12 (Revised) for more guidance on making PLE calculations.

Please contact a Nutrition Programs Specialist at the ADE with questions concerning this guidance at (602) 542-8700.

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