

ORANGE COUNTY
BOARD OF EDUCATION

AGENDA ITEM ABSTRACT

Meeting Date: May 28, 2014

AGENDA ITEM No. 14-05-(2)-12

ACTION ITEM: (Y/N) N

SUBJECT: Child Nutrition Meal Prices Increase

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ATTACHMENTS: Attachment 1- Healthy Hunger-Free Kids Act 2010- Section 205 and Summary
Attachment 2- Meals and Free and Reduced Percentages Data
Attachment 3- 2013-2014 Summary of Meal Prices

PURPOSE: To present information to the Board of Education regarding the meals prices adjustments in Orange County Schools according to S. 3307 Healthy, Hunger-Free Kids Act of 2010-Section 205.

BACKGROUND: Effective July 1, 2011, Section 205 of the Healthy Hunger-Free Kids Act of 2010 requires school food authorities participating in National School Lunch Program to ensure sufficient funds are being provided to the nonprofit school food service account for meals served to paying students who are not eligible for free and reduced price meals.

The USDA reimbursement rates for the 2013-2014 are as follows:

- *\$3.01 for each meal served to students that qualify for free meals
- *\$2.61 for each meal served to students that qualify for reduced meals
- *\$0.36 for each meal served to students that qualify for paid meals.

*The reimbursement rates included 6 cents for performance based reimbursement.

Therefore, the Section 205 Act requires school food authorities whose average paid lunch prices are less than the difference of the free meal and paid meal USDA reimbursement rates which equal \$2.65 to raise their prices. Orange County Schools currently charges \$2.00 (Elementary) and \$2.50 (middle/high) with a weighted average of \$2.26. The school district must either gradually adjust average prices or provide non-Federal funding to cover the difference. The price adjustment must be increased by two percent plus an inflation rate of 2.27(4.27 percent total), as specified in the Act. The inflation rate is adjusted annually.

FINANCIAL IMPACT: The Orange County Schools Child Nutrition Services would adhere to the Equity in School Lunch Meals Pricing Provision as mandated by the Act. Therefore, an increase across the board of \$.10 is recommended for paid student meals.

RECOMMENDATION: The Superintendent recommends the Board of Education consider the following across the board meal prices for the 2014-2015 school year to be effective July 1, 2014:

Breakfast: All Students- \$1.40 and Adults A la Carte
Lunch: Elementary- \$2.10, Middle/High- \$2.60, and Adults- A la carte

CHILD NUTRITION REAUTHORIZATION HEALTHY, HUNGER-FREE KIDS ACT OF 2010

SEC. 205. EQUITY IN SCHOOL LUNCH PRICING.

Section 12 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1760) is amended by adding at the end the following:

(p) PRICE FOR A PAID LUNCH.—

(1) DEFINITION OF PAID LUNCH.—In this subsection, the term ‘paid lunch’ means a reimbursable lunch served to students who are not certified to receive free or reduced price meals.

(2) REQUIREMENT.—

(A) IN GENERAL.—For each school year beginning July 1, 2011, each school food authority shall establish a price for paid lunches in accordance with this subsection.

(B) LOWER PRICE.—

(i) IN GENERAL.—In the case of a school food authority that established a price for a paid lunch in the previous school year that was less than the difference between the total Federal reimbursement for a free lunch and the total Federal reimbursement for a paid lunch, the school food authority shall establish an average price for a paid lunch that is not less than the price charged in the previous school year, as adjusted by a percentage equal to the sum obtained by adding—

(I) 2 percent; and

(II) the percentage change in the Consumer Price Index for All Urban Consumers (food away from home index) used to increase the Federal reimbursement rate under section 11 for the most recent school year for which data are available, as published in the Federal Register.

(ii) ROUNDING.—A school food authority may round the adjusted price for a paid lunch under clause (i) down to the nearest 5 cents.

(iii) MAXIMUM REQUIRED PRICE INCREASE.—

(I) IN GENERAL.—The maximum annual average price increase required to meet the requirements of this subparagraph shall not exceed 10 cents for any school food authority.

(II) DISCRETIONARY INCREASE.—A school food authority may increase the average price for a paid lunch for a school year by more than 10 cents.

(C) EQUAL OR GREATER PRICE.—

(i) IN GENERAL.—In the case of a school food authority that established an average price for a paid lunch in the previous school year that was equal to or greater than the difference between the total Federal reimbursement for a free lunch and the total Federal reimbursement for a paid lunch, the school food authority shall establish an average price for a paid lunch that is not less than the difference between the total Federal reimbursement for a free lunch and the total Federal reimbursement for a paid lunch.

(ii) ROUNDING.—A school food authority may round the adjusted price for a paid lunch under clause (i) down to the nearest 5 cents.

(3) EXCEPTIONS.—

(A) REDUCTION IN PRICE.—A school food authority may reduce the average price of a paid lunch established under this subsection if the State agency ensures that funding from non-Federal sources (other than in-kind contributions) is added to the nonprofit school food service account of the school food authority in an amount estimated to be equal to at least the difference between—

(i) the average price required of the school food authority for the paid lunches under paragraph (2); and

(ii) the average price charged by the school food authority for the paid lunches.

(B) NON-FEDERAL SOURCES.—For the purposes of subparagraph (A), non-Federal sources does not include revenue from the sale of foods sold in competition with meals served under the school lunch program authorized under this Act or the school breakfast program established by section 4 of the Child Nutrition Act of 1966 (42 U.S.C.1773).

(C) OTHER PROGRAMS.—This subsection shall not apply to lunches provided under section 17 of this Act.

(4) REGULATIONS.—The Secretary shall establish procedures to carry out this subsection, including collecting and publishing the prices that school food authorities charge for paid meals on an annual basis and procedures that allow school food authorities to average the pricing of paid lunches at schools throughout the jurisdiction of the school food authority.’’

CHILD NUTRITION REAUTHORIZATION HEALTHY, HUNGER-FREE KIDS ACT OF 2010

Summary

Section 205 -

Establishes requirements regarding the nonfederal contribution required of school food authorities receiving federal reimbursement through the school lunch program. Requires food authorities that have an average paid lunch price that is less than the difference between the free lunch reimbursement rate and the paid lunch reimbursement rate to set their average paid lunch price eventually so that the total per meal revenue received for those lunches is equal to the per meal revenue provided by the federal government for free lunches. Sets forth the formula for setting the average price for paid meals. Requires school food authorities that have an average paid lunch price equal to or greater than the difference between the free lunch reimbursement rate and the paid lunch reimbursement rate to adjust their prices annually by the inflation adjustment factor used for federal reimbursement rates. Allows a school food authority to reduce the average paid lunch price if the state ensures that nonfederal funding is added to the nonprofit school food service account of the food authority to satisfy the requirements of this section.

Orange County Schools
 Child Nutrition Services
 Lunch Meals and Free and Reduced Percentages Data (2010- 2014)
 May 19, 2014

School Year	Free Lunch Meals	Reduced Lunch Meals	Paid Lunch Meals	Total	Free and Reduced Percentages
2010-2011	341,875	38,671	221,358	601,904	38.68%
2011-2012	357,778	37,614	186,985	582,377	40.08%
2012-2013	346,719	37,686	173,868	558,273	40.54%
2013-2014 (July 1, 2013- April 30, 2014)	288,623	35,102	130,509	454,234	41.87%

Orange County Schools
 Child Nutrition Services
 Summary of Meal Prices and Proposed Prices
 2013-2014

School System	Schools	Breakfast			Lunch		
		Elementary	Middle/High	Adult	Elementary	Middle/High	Adult
Alamance-Burlington Schools	35	\$1.25	\$1.50	A la Carte	\$2.20	\$2.20	\$3.00
Caswell County Schools	6	\$1.25	\$1.25	\$1.50	\$2.00	\$2.25	\$3.05
Durham Public Schools	56	\$1.60	\$1.60	\$1.85	\$2.50	\$2.70	\$3.50
Person County Schools	11	\$1.00	\$1.00	A la Carte	\$2.00	\$2.25	A la Carte
Wake County Schools	170	\$1.00	\$1.25	A la Carte	\$2.00	\$2.25	A la Carte
Chapel-Hill/Carrboro Schools *	18	\$1.30	\$1.30	\$1.65	\$2.75	\$3.00	\$3.60
(Management Company)							
Orange County Schools	13	\$1.30	\$1.30	A la Carte	\$2.00	\$2.50	A la Carte
Proposed Meal Prices for 2014-2015		\$1.40	\$1.40	A la Carte	\$2.10	\$2.60	A la Carte