



State of New Jersey


DEPARTMENT OF AGRICULTURE
33 West State Street 4th Floor
PO Box 334
TRENTON NJ 08625-0334

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

DOUGLAS H. FISHER
Secretary

To: School Superintendents, School Business Administrators, Food Service Directors,
Non-public School Administrators

From: Rose Tricario, Director
Division of Food and Nutrition 

Date: April 25, 2011

Subject: Equity in Pricing for School Lunches

Section 205 of the Healthy, Hunger-Free Kids Act of 2010 includes a provision that requires Local Education Agencies (LEAs) participating in the National School Lunch Program (NSLP) to ensure that schools are not offsetting the cost of full price (paid) meals with the free or reduced price federal meal reimbursement received. This provision is effective July 1, 2011.

The USDA Food and Nutrition Service will publish an interim rule requiring implementation of this provision. Although there will be an opportunity to submit written comments when the interim rule is published, implementation is still expected as of July 1, 2011.

To assist LEAs, the USDA has provided the enclosed Equity in School Lunch Pricing Fact Sheet to prepare for this provision. Although there are still some unanswered questions concerning how this provision is to be implemented, USDA has instructed states to provide the fact sheet to all sponsors. USDA expects to issue further guidance in conjunction with publication of the rule.

Basically, the provision requires LEAs to compare the average price charged for full price (paid) lunches to the difference between the Federal reimbursement provided for free lunches and the Federal reimbursement provided for paid lunches. **This year, that difference is \$2.46.** Therefore, if the district is currently charging \$2.46 or higher for paid lunches, there is no requirement to adjust pricing. **However, if the average paid lunch price is less than \$2.46, the LEA must either gradually increase the average prices or provide non-Federal funding to cover the difference.** The adjusted price gets rounded down to the nearest five cents. The law caps the required increase in the average paid lunch price at 10 cents in any year.

Below is a summary of how to determine the required increase, if any, in the paid lunch pricing for the 2011-2012 school year:

- **Take the average price the district charged in the 2010-2011 school year and adjust**

it by a factor equal to two percentage points above the inflation rate. The inflation rate for 2011-2012 is 1.14 percent. Therefore, the adjustment required is 3.14 percent.

- **Increase the current average meal price by 3.14%. Round down to the nearest five cents.**

- **Example:**

- In the 2010-11 school year the elementary price is 1.85, middle school is 1.95, high school is 2.05 - add the three prices and divide by three to get an average of \$1.95;
- Multiply 1.95 by 0.0314 to get the adjusted price increase, which equals \$0.06.
- Rounding down to the nearest five cents would bring required increase to \$0.05 (five cents).
- Therefore, each paid meal price category would need to be increased by five cents: elementary 1.90; middle 2.00; high school 2.10.

It should be noted, however, that USDA has not at this time clarified how the “average” paid price should be calculated. The examples provided above are this office’s interpretation but may change upon issuance of further guidance from USDA.

We apologize for the lack of clarity about this regulation, but because this provision is effective July 1, 2011, and this is the time of year when LEAs are setting prices for the next school year, we needed to provide the information as best as we could at this time. Please refer to the attached USDA fact sheet for further information.

Feel free to contact Arleen Ramos Szatmary of this office at 609-984-0692 with any questions or concerns.