



# State of New Jersey

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

CHRIS CHRISTIE  
*Governor*

KIM GUADAGNO  
*Lt. Governor*

DOUGLAS H. FISHER  
*Secretary*

To: County Business Administrators  
School Business Administrators  
School Food Service Directors  
Non Public School Administrators

From: Rose Tricario, Director  
Division of Food and Nutrition

Date: May 16, 2011

Subject: Clarification on Pricing Equity

The Division has received numerous questions and concerns regarding the memo of April 20, 2011 titled "Equity in Pricing for School Lunches". Inquiries have been made by this office to USDA for further clarification as well. Highlighted below are answers to address most of the questions we have received. **However, more guidance is forthcoming on this issue from USDA and requirements around this provision may change.**

Q: If the food service operation is profitable, do the prices still need to be increased per the pricing equity provision?

A: YES. Extra money available in a food service account should be utilized to improve the quality of menu items or to purchase needed supplies or equipment.

Q: If the average of a school district's current meal prices is less than \$2.46, and calculations determine that prices must be raised 5 cents, but one of the school categories is higher than \$2.46, does that school that is higher than \$2.46 also have to raise the price by at least 5 cents?

A: NO. Only the schools whose prices are below \$2.46 would have to increase the price.

Q: The pricing equity memo states that the maximum required increase in any year is 10 cents. Can schools increase the price by more than 10 cents?

A: YES, the 10 cent cap pertains to the **REQUIRED** maximum increase, by the federal law. In other words, the most a school would ever be **REQUIRED** to raise their prices in a given year would be 10 cents. Nothing precludes the local district from raising the

price more than 10 cents, as long as the price remains within the maximum price schedule set by the state.

Q: The law states that the LEA may provide non-Federal funding to cover the difference. Can the revenue from a la carte sales fulfill this option?

A: NO. USDA has informed states that these sources of revenue are included in program funds and therefore cannot be used to offset the required pricing increase. At this time there is no further guidance from USDA as to the definition of non-Federal funding.

Q: If a variable price is charged for premium meals in the school, does that price get included in the calculation for average price?

A: NO. Average prices should be calculated using only the regular meal prices.

We realize there are many concerns regarding this Pricing Equity provision from the Healthy Hunger-Free Kids Act. LEAs will be kept informed as to any future guidance issued from USDA on this provision.

While we understand the various reasons why LEAs may not want to increase their prices at all, please keep in mind that, for the 2011-2012 school year, no school will be required to raise their paid meal price by any more than five cents. The five cents equates to \$9.00 for each full paid student purchasing lunches based on 180 school days.

If you have any additional questions, please contact Arleen Ramos Szatmary at 609-984-0692.