



The following provides guidance on the calculations the SFAs can use in order to ensure they are in compliance with the requirements for School Year (SY) 2019-20. In addition, the SY 2019-20 Paid Lunch Equity (PLE) tools for the 48 contiguous States, Hawaii, Puerto Rico and Alaska are attached to the memorandum to assist SFAs make the required calculations.

SY 2019-20 Paid Lunch Equity Calculations



For SY 2019-20, SFAs which, on a weighted average, charged less than the target weighted average price of **\$3.00 (\$3.51 in Hawaii & Puerto Rico and \$4.87 in Alaska)** for paid lunches in SY 2018-19 are required to adjust their weighted average lunch price or add non-Federal funds to the non-profit school food service account. The amount per meal increase will be calculated using 2 percent rate increase plus the Consumer Price Index (2.68 percent), totaling **4.68 percent**.

SFAs are reminded that they must use their unrounded adjusted average paid lunch price requirement from SY 2018-19 when calculating the weighted average lunch price increase for SY 2019-20. For example, if the unrounded SY 2018-19 requirement was \$2.48 but the SFA opted to round down to \$2.45, the calculation of the SY 2019-20 requirement is based

If an SFA raised its weighted average paid lunch price above the required amount in SY 2018-19, that excess paid lunch price increase may be subtracted from the total SY 2019-20 paid lunch price increase requirement. SFAs must keep sufficient records to document and carry forward the weighted average price calculations. Additionally, if an SFA did not raise its weighted average adjusted paid lunch price sufficiently to meet the required amount in SY 2018-19, the shortfall

Use of Non-Federal Sources Calculation

SFAs that choose to contribute non-Federal sources to the nonprofit school food service account in lieu of raising paid lunch prices must calculate the appropriate amount to contribute. To determine the amount of required revenue in lieu of a paid lunch price increase, the SFA determines the total number of paid reimbursable lunches claimed for the previous school year and multiplies that by the difference between the SY 2018-19 weighted average paid lunch price requirement

Sources of Non-Federal Funds

Beginning in SY 2013-14, FNS expanded the definition of a non-Federal source to include all paid meals to help SFAs meet the PLE requirement and to acknowledge the continuing support by States and locals to improve access to and

Therefore, for SY 2019-20, SFAs may continue to count as a non-Federal source:

1. Per-meal non-Federal reimbursement for any paid meal (breakfast, lunch, etc.)
2. Any funds provided by organizations for *any paid* meal
3. Any proportion attributable to *paid meals* from direct payments made from school district funds to support lunch service

Credit for Excess Non-federal Funds

If an SFA's SY 2018-19 estimate of the required contribution exceeded the actual level, that excess contribution may be subtracted from the total SY 2019-20 contribution requirement. Further, if the SY 2018-19 estimate was less than required, additional funds from non-Federal sources must be added. The non-Federal Calculator tab in the PLE Tool for determining the estimated amount of non-Federal source contributions will allow for making these calculations using the same rationale as used for paid lunch prices (i.e., credit any extra funds contributed and account for any shortfalls when

SY 2019-20 PLE Tool

The first tab of the SY 2019-20 PLE Tool includes detailed instructions on how to use the tool and what information is needed to complete the appropriate calculations. It is recommended that each user print and read the instructions before

To assist SFAs making these required PLE calculations, the attached SY 2019-20 PLE Tool makes the following calculations:

- Weighted average paid lunch price for SY 2018-19
- Required average weighted paid lunch price increase for SY 2019-20
- Required non-Federal source contribution required for SY 2019-20

The PLE Tool takes into account adjustments to paid lunch prices made by the SFA in SY 2018-19 to calculate any credit or shortfall

Additionally, the SY 2019-20 PLE Tool includes a feature that makes calculations for SFAs that wish to split the SY 2019-20

To use the attached SY 2019-20 PLE Tool. SFAs need the following information:

ALL SFAs need the following data to calculate the Weighted Average Price for SY 2019-20:

- SY 2018-19 Unrounded Price Requirement OR SY 2010-11 Weighted Average Price
- All paid lunch prices for October 2018
- Number of paid lunches served associated with each paid lunch price in October 2018

SFAs that have opted to contribute non-Federal sources also need:

- The total number of paid lunches served in SY 2017-2018
- The total dollar amount of SY 2011-12, SY 2012-13, SY 2013-14, SY 2014-15, SY 2015-16, SY 2016-17, SY 2017-18 and SY 2018-19 non-Federal contribution

SFAs that wish to split the SY 2019-20 requirement by both raising paid lunch prices and contributing non-Federal sources will need all of the above information. Additionally, the PLE Tool includes a report that SFAs can use to track the information they will need to make their SY 2020-21 calculations. SFAs can print the report and keep it in their records.

March 2019

Step 1 Calculate Meal Equivalents for 2018/2019

Meal Categories	Total Meals/ Sales*	Conversion factor	Meal Equivalents
Student Lunch	1,263,033	1	1,263,033
Adult Lunch	10,398	1	10,398
Student breakfast	607,201	0.67	406,825
Snacks	42,984	0.33	14,185
Supper	358,272	1	358,272
Non Reimbursable Food Sales \$	167,018	3.78	44,185
Total Meal Equivalents			2,096,897

3.39 is the free lunch reimbursement for 2018/2019 + 0.39 USDA Food Value per lunch = **3.78**

2,096,897 were the total meal equivalents we served in the 2018/2019 school year.

** Information is cover up to 05.31.19*

Step 2 2018/2019 Revenue Per Meal Equivalent

Revenue Account	Dollar amount Received*	Average revenue per meal equivalent
Student meal sales	\$714,129.41	0.3406
Adult meal sales	3,931.22	0.0019
Other food sales	2,311.45	0.0011
Catering food sales	26,539.29	0.0127
Federal Reimbursement	4,491,947.18	2.1422
Donated USDA Foods	105,725.00	0.0504
State supplement	353,422.58	0.1685
Interest	1,892.43	0.0009
Miscellaneous	10,715.10	0.0051
Total Revenue	\$5,710,613.66	2.7234

\$ 2.7234 total amount of revenue we brought in for every meal for the 2018/2019 school year.

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Step 3 Cost to Produce a meal 2018/2019

Expenditure Category	Dollar amount *	Cost per meal equivalent
Salaries and wages	\$2,363,460.18	1.1271
Employee benefits	1,250,836.82	0.5965
Purchased Food	2,014,570.71	0.9607
Usda Foods Value	105,725.00	0.0504
Supplies	149,137.65	0.0711
Indirect Costs	328,967.82	0.1569
Overhead	197,005.63	0.0940
Total	\$6,409,703.81	3.0568

- Overhead combines several smaller categories of expenditures for purposes of analysis (could include utilities, telephones, postage, waste management)

Cost to produce a meal/meal equivalent is \$ 3.0568 which is \$ 0.33 more than the revenue earned per meal. The cost to produce a meal equivalents exceeds the average revenue generated per meal. Corrective action plan needs to be implemented immediately.

Steps to bring costs down

- Increase catering
- Monitor inventory and use up excess inventory at the end of every month
- Retrain Staff in those areas:
 - Customer services
 - Presentation of food items
 - Offering proper size & following recipes

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