



Review and Increase of School Lunch Prices

Board Item #10.4

Board of Education

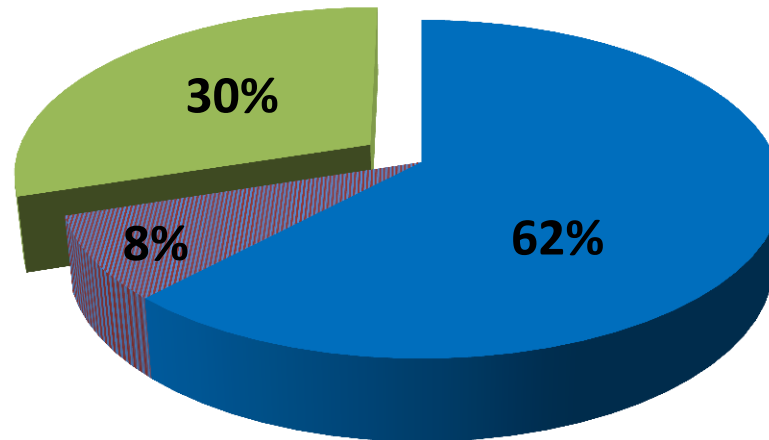
April 4, 2013



Analysis of Nutrition Service Customers

Eligible for Free or Reduced Lunch and Breakfast

■ Free ■ Reduced ■ Paid





Paid Lunch Equity Requirement

- Section 205 of the 2010 Healthy, Hunger-Free Kids Act (HHFKA) requires:
 - Charge for paid lunches should be equal to the Federal reimbursement for free lunches
 - Must gradually adjust paid lunch prices upward or provide non-federal funds to cover the difference
 - The current reimbursement for a free lunch is \$2.94
 - The current reimbursement for a reduced lunch is \$2.54



Comparison to Surrounding Districts

District	Elementary	Middle	High
Sacramento City	\$1.75	\$2.25	\$2.25
Elk Grove	\$2.50	\$3.00	\$3.00
San Juan	\$2.75	\$3.25	\$3.25
Twin Rivers	\$2.10	\$2.25	\$2.50
Natomas	\$2.25	\$2.75	\$2.75
Stockton	\$1.85	\$2.30	\$2.30



Need for Increase

- To comply with the 2010 Healthy, Hunger-Free Kids Act (HHFKA)
- Implement Healthy Foods Task Force Recommendations
 - Pay for the cost associated with:
 - Fresh and local food
 - Additional costs to provide nutritionally improved food
- To ensure that the Nutrition Services Fund remains self-supporting – and does not encroach on the General Fund



Overview of Lunch Prices

Segment	Lunch Price Prior to Dec 2011	Dates of Increase	Amount of Increase	Price
Elementary	\$1.25	1/9/12	\$0.25	\$1.50
		7/1/12	\$0.25	\$1.75
		<i>(Proposed Increase)</i>	<i>7/1/13</i>	<i>\$0.25</i>
Secondary	\$1.75	1/9/12	\$0.25	\$2.00
		7/1/12	\$0.25	\$2.25
		<i>(Proposed Increase)</i>	<i>7/1/13</i>	<i>\$0.25</i>



Change in Policy for Reduced Price Meals

- Recommendation is to stop charging for reduced price meals
 - Price is \$0.40 for a reduced price lunch and \$0.30 for breakfast
 - We are required to provide a meal even if the student does not have adequate funds
 - Eliminates the need to collect negative balances for lack of payment
 - Anticipate increased usage of breakfast and lunch programs, if the charge is eliminated, that should offset anticipated cost of not collecting reduced fees



Proposed Elimination of Reduced Charge

Proposed Elimination of Reduced Fee Collection	Estimated Annual Served Reduced Lunches	Revenue Collected Per Meal	Estimated Annual Subsidy Required
Estimated Annual Served Reduced Lunches	439,206	\$ 0.40	\$ 175,682
Estimated Annual Served Reduced Breakfasts	125,392	\$ 0.30	\$ 37,618
			<u>\$ 213,300</u>

Anticipated Increase In Participation To Offset Subsidy	Estimated Increase In Served Meals	Revenue Collected Per Meal From Federal Subsidy	Anticipated Additional Annual Revenue
Estimated Annual 390 Served Reduced Lunches	69,166	\$ 2.54	\$ 175,682
Estimated Annual 137 Served Reduced Breakfasts	24,270	\$ 1.55	\$ 37,619
			<u>\$ 213,300</u>

Anticipated Result Is **ZERO** Subsidy With An Opportunity to Increase Revenue



Next Steps

- Recommend Board Approval on Consent Agenda on April 18, 2013
- Notify and communicate with impacted families upon approval

Questions ?