



# SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item# 10.4

**Meeting Date:** April 4, 2013

**Subject:** Review and Increase of School Lunch Prices

- Information Item Only
- Approval on Consent Agenda
- Conference (for discussion only)
- Conference/First Reading (Action Anticipated: April 18, 2013)
- Conference/Action
- Action
- Public Hearing

**Division:** Administrative Services

**Recommendation:** Review and increase student lunch prices and eliminate charging for reduced price meals.

**Background/Rationale:** Sacramento City Unified School District approved increasing the price charged to full-priced, paid student lunches in December 2011 and implemented two \$0.25 increases effective January 9, 2012 and July 1, 2012. The district had not had an increase prior to that since October 2000. This increase was required from the U.S. Department of Agriculture (USDA) as a result of the new requirements for Paid Lunch Equity (PLE) in Section 205 of the 2010 Healthy, Hunger-Free Kids Act (HHFKA). The current lunch price is \$1.75 and \$2.25 for elementary and secondary, respectively.

Section 205 of the HHFKA requires School Food Authorities (SFA's) that, on average, charging for paid lunches less than the difference between the federal reimbursements for free and paid lunch (\$2.51 for SY 2012 -13), to either gradually adjust paid lunch prices upward or provide non-federal funds to cover the difference. SFA's charging less for a paid lunch than the difference between the federal reimbursements for free and paid lunches must adopt one of two options:

1. Gradually increase their average lunch price, or
2. Provide a non-federal funding contribution to cover the difference

The Healthy Foods Task Forces' priority is on improving the nutrition quality of meals/lunches to students and to provide meals that are nutritious that students will eat and do so cost effectively. Staff is also proposing to eliminate the charge for reduced price meals.

**Financial Considerations:**

The district does not have non-federal funding contributions to cover the difference and cafeteria funds are non-allowable federal and state funds for covering the difference.

**Documents Attached:**

1. Executive Summary

**Estimated Time of Presentation:** 10 minutes

**Submitted by:** Brenda Padilla, Manager, Nutrition Services

**Approved by:** Richard E. Odegaard, Interim Chief Business Officer

# Board of Education Executive Summary

## Administrative Services

Review and Increase of School Lunch Prices

April 4, 2013



### I. Overview/History:

Education Code 49550 requires all districts to provide at least one nutritionally adequate meal during each school day to needy students, defined as those who meet federal eligibility criteria for free and reduced price meals. The Richard B. Russell National School Lunch Act (79 P.L. 396, 60 Stat. 230) is a United States federal law that created the National School Lunch Program (NSLP) to provide low-cost or free school lunch meals to qualified students through subsidies to schools. The program was established as a way to prop up food prices by absorbing farm surpluses, while at the same time providing food to school age children. It was named after Richard Russell, Jr., and signed into law by President Harry S. Truman in 1946. The 2010 Healthy Hunger Free Kid Act (HHFKA), Section 205, established the requirement for Paid Lunch Equity (PLE). This section intends to ensure that the free federal reimbursement rate is not used to subsidize the paid meal. Ideally, the price for a paid lunch should be close to the reimbursement amount from the National School Lunch program for a free lunch student which, for SCUSD, is currently \$2.94 per lunch. Section 205 of the HHFKA requires the School Food Authority (SFA) to charge the national average for paid which is \$2.51 for SY 2012-13. This requirement is intended to ensure that SFAs provide sufficient funds to their cafeteria fund/food service account for paid lunches.

Paid Lunch increases were approved by the Board in December 2011 when two \$0.25 paid rate lunch price increases became effective January 9, 2012 and July 1, 2012. The January rate increased prices to \$2.00 and \$1.50 at secondary and elementary, respectively. On July 1, 2012, prices were raised another \$0.25 to what they are currently at \$2.25 and \$1.75 at secondary and elementary, respectively. Prior to that, prices were not increased since October 2000. Even with the recent price increases our lunch prices remain lower than the current reimbursement rate for free lunch students and lower than the \$2.51 requirement for SY 2012-13. A recent survey of surrounding districts indicates the following Paid lunch Prices for SY 2012-13.

District	Elementary	Proposed	Middle	Proposed	High	Proposed
Sacramento City	\$1.75	\$2.00	\$2.25	\$2.50	\$2.25	\$2.50
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	

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The proposal to increase paid lunch prices **by \$0.25 starting on July 1, 2013** will keep the district in compliance with the regulations set forth by the Paid Lunch Equity regulations.

The recommendation to eliminate the Reduced Price meal rate at both breakfast and lunch will help streamline processes and reduce costs incurred to collect negative balances accrued by extending credit to students that come to eat but do not have the \$0.30 and \$0.40 for the breakfast and lunch. Reduced Price eligible students cannot be denied a meal for lack of payment and cannot be given an alternate meal. EC Section 49557(c) states, "When more than one lunch or breakfast or type of milk is offered pursuant to this article, the [free and reduced-price eligible] children shall have the same choice of meals or milk that is available to those children who pay full price for their meal or milk."

### II. Driving Governance:

- Education Code Section 49550 states that each school district shall provide for each needy pupil one nutritionally adequate free or reduced price meal during each school day. A school district may use funds made available through any federal or state program for which the purpose includes the provision of meals to a pupil including the federal National School Lunch Program.
- EC Section 49557(c) states, "When more than one lunch or breakfast or type of milk is offered pursuant to this article, the [free and reduced-price eligible] children shall have the same choice of meals or milk that is available to those children who pay full price for their meal or milk."

### III. Budget:

Nutritional standards established by Education Code and federal nutritional guidelines make it increasingly difficult to purchase higher quality foods in order to meet increased nutritional standards. The work of the Healthy Foods Task Force supports the need for nourishing, nutritious, healthy and fresh foods.

It costs more to try and collect the reduced price charges and creates a negative stigma to the needy meal students for whom we are trying to encourage, rather that discourage meal participation.

A neighboring district experiencing budget cuts re-imposed reduced price charges after years of not charging students for reduced price meals. They found that after a year's trial that fewer students were eating breakfast and lunch and that total revenues decreased. The following year, the reduced price charges were eliminated and they had a noticeable increase in participation and total revenue increased.

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### IV. Goals, Objectives and Measures:

Bring the Sacramento City Unified School District paid lunch prices into compliance with the federal regulations.

### V. Major Initiatives:

Use additional funds as a source to ensure continuous, improved nutritional lunches to students.

### VI. Results:

The price increase of \$0.25 effective July 1, 2013, will keep Sacramento City Unified meal rates equal to or lower than surrounding districts.

### VII. Lessons Learned/Next Steps:

- Notify parents of price change after Board approval
- Review paid meal prices annually
- Market elimination of reduce price to households to encourage their low-income students to participate in both breakfast and lunch
- Continue with the work of the Healthy Foods Task Force and implement recommendations on improving choice and quality of all meal offerings