

Meal Pricing — Table of Contents

Student Meal Pricing	15.1
<i>Reduced-Price Charge</i>	
<i>Choice of Lunches</i>	
Fees for Lunch Services	15.1
Students Working for Meals	15.2
A La Carte Pricing — Student and Adult	15.2
Adult Meal Pricing	15.2
<i>Adult Visitors</i>	
<i>Child Nutrition Program Employees</i>	
<i>Other SFA Employees</i>	
<i>Non-pricing School Breakfast Programs</i>	
<i>Non-pricing School Lunch Programs</i>	
Two Methods of Calculating Adult Prices	15.3
<i>Method 1</i>	
<i>Method 2</i>	
Instructional Aid for Pricing of School Lunch	15.4

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Meal Pricing

Student Meal Pricing

National School Lunch Program (NSLP) and School Breakfast Program (SBP) regulations require that both school lunches and breakfasts be priced as a unit. In addition, regulations state that the offer versus serve provision is not to affect the selling price established by the school food authority (SFA) for the lunch or breakfast. Regardless of which items a student chooses, he/she must pay the established full-price or reduced-price meal charge, as appropriate. Students eligible for free meals must not be charged.

- **Reduced-Price Charge** — SFAs cannot charge more than 40 cents for lunch, 30 cents for breakfast and 15 cents for snacks, and the reduced-price meals must be less than the full-price meals. The charge for a reduced-price meal may be more in high schools than in lower grade schools but must always be lower than the full-price meal.
- **Choice of Lunches** — Schools may offer students a choice of reimbursable lunches. The school may establish different unit prices for each type of lunch served provided that the benefits made available to children eligible for free or reduced-price meals are not affected. For example, if the school offers a “super” lunch with a larger serving of meat/meat alternate or other premium items, the “super” lunch must be available to the free and reduced-price participants at no additional charge if these meals are to be claimed for reimbursement.

Fees for Lunch Services

Children must not be charged any additional fees for supervisory or other services provided in conjunction with the NSLP. Documented costs, such as lunchroom supervision, can be considered an allowable cost of operating the program. You may pay for this out of the Child Nutrition account.

The costs should be determined to be allowable based on the duty of the person. To be allowable, the duty must be directly related to the operation of the NSLP, SBP or the non-profit food service operation. Examples are below:

Examples of Unallowable Costs:

1. A lunchroom monitor or adult supervisor who walks around the lunchroom and helps children cut their food or open milk.
2. A lunchroom monitor or adult supervisor who walks around the lunchroom to ensure proper behavior (i.e., a adult in a public or private school or a guard in a juvenile detention center).

Examples of Allowable Costs:

1. A lunchroom monitor or an adult supervisor who is doing meal counts.
2. A lunchroom monitor or an adult supervisor who sits at the table during a meal that is served family-style and encourages children to take full portions and try all of the menu items.

Students Working for Meals

Regulations state that recipients of free and reduced-price benefits shall not be required to work for those benefits. However, students are not prohibited from voluntarily working in the cafeteria. Some schools employ student helpers in the kitchen or serving area for monetary or other compensation. In these cases, parents of all workers must be informed in writing that their children have volunteered to work. The letters must state that if the children have been certified as eligible for free and reduced-price benefits their continued eligibility is in no way dependent upon working. In addition, the letters should not be a part of or attached to the free and reduced-price letters to parents, applications or notices of approval or denial.

A La Carte Pricing — Student and Adult

At a minimum, a la carte prices should be set to cover the total cost of each menu item. When pricing menu items for a la carte sales, consider setting prices relatively high. The meal sold at the unit price and claimed for reimbursement (even when the students select only three food items) should be priced lower than the total of the a la carte prices of the same three items.

Adult Meal Pricing

Since the expressed purpose of federal assistance is to safeguard the health and well-being of the nation's children, meals served to adults are neither eligible under the authorizing legislation and regulations for federal cash reimbursement, nor do they earn United States Department of Agriculture (USDA) - donated commodities for the SFA.

SFAs must ensure, to the extent practicable, that the federal reimbursements, children's payments and other nondesignated nonprofit Child Nutrition Program revenues do not subsidize program meals served to adults.

Breakfasts and lunches served to teachers, administrators, custodians and other adults must be priced so that the adult payment in combination with any other revenues (i.e., school subsidizing as a fringe benefit) is sufficient to cover the overall cost of the lunch, including the value of any USDA entitlement and bonus commodities used to prepare the meal. If cost data is not available, make sure the minimum adult payment includes the cost of the students' full-price meal and the current value of federal reimbursement and USDA-donated foods for full-price meals. An audit trail must document these other revenues.

In no case should the funds available to pay the cost of adult meals be less than the actual cost of providing the meals. However, if meals are included as a fringe benefit or offered as part of

the salary arrangement for non-Child Nutrition department personnel, the school must provide enough money from non-Child Nutrition Program funds to the Child Nutrition Program account to pay the cost of these adult meals. Also, an audit trail must be documented.

- **Adult Visitors**

The charge to adult visitors, at the discretion of school officials, may be higher than the charge paid by adult school employees.

- **Child Nutrition Program Employees**

Meals served to Child Nutrition Program employees directly involved in the operation and administration of the breakfast and lunch programs (managers, cooks, servers, etc.) may be served at no charge and considered as a fringe benefit attributable to program costs. Therefore, the cost of such meals may be paid from program funds. Charging Child Nutrition Program employees for meals is left to the discretion of school officials.

- **Other SFA Employees**

The benefits of the NSLP and SBP are for children only. The reimbursement and commodities received by schools are based on the number of lunches and breakfasts served to students. No reimbursement or commodities are provided for meals served to adults.

- **Non-pricing School Breakfast Programs**

The charge for adult meals is at least the amount of reimbursement received for a free breakfast plus any severe need supplemental payment the SFA may receive.

- **Non-pricing School Lunch Programs**

The charge for adult meals is at least the amount of reimbursement received for a free lunch added to the per-meal value of USDA-donated foods, plus the two-cent supplemental payment, if received by the SFA.

Important Point

In no case should the funds available to pay the cost of student meals be used to supplement the cost of adult meals.

Two Methods of Calculating Adult Prices

For student programs not to be financially hampered by adult participation, one of the following two methods should be considered when determining the minimum prices charged for adult meals.

Method 1:

Lunch — add the highest price paid by students to the rate of federal reimbursement for a paid student lunch and the per meal value of USDA –donated commodities.

Breakfast — add the highest price paid by students to the rate of federal reimbursement for a paid student breakfast.

Snack — add the highest price paid by students to the rate of federal reimbursement for a paid student.

OR

Method 2:

Lunch — add the rate of federal reimbursement for a free student lunch to the per meal value of USDA-donated commodities.

Breakfast — charge the rate of federal reimbursement for a free student breakfast.

Snack — charge the rate of federal reimbursement for a free student snack.

When calculating adult meal prices using either of these methods, school officials are encouraged to include the severe need reimbursement and the supplemental payment for schools in the 60 percent or more free and reduced-price category as appropriate.

Instructional Aid for Pricing of School Lunch

The following chart may be useful in explaining to employees and others how the NSLP is funded and why adults must be charged a higher price than students for the same-sized portion.

The reimbursement rates and the per meal value of USDA-donated commodities are current for the 2008-2009 school year. Also, the student price used is merely a statewide estimated average. It is recommended that in order to adapt the chart for use in a particular SFA, the SFA’s current student and adult prices should be substituted.

	Student Free	Student Reduced-Price	Student Paid	Adult Paid
Cash	\$0.00	\$0.40	\$1.25	\$2.00
Federal Reimbursement	\$2.57	\$2.17	\$.024	\$0.00
USDA-Donated Commodities	\$0.2075	\$0.2075	\$0.2075	\$0.00
Total Revenue	\$2.7775	\$2.7775	\$1.6975	\$2.00

In the above chart, note that even though the adult is paying more than the paying student, the total revenue received for the adult meal is less than the revenue received for the meal of a student who is receiving free or reduced-price meal benefits. Unless the SFA is supplementing the adult meal price from local funds, it would be recommended that the adult meal price be raised to at least \$2.78. This would prevent the adult participation from financially hampering the students' programs. The above chart does not include the two-cent supplemental payment an SFA may be receiving. If received, this supplemental payment should be added to the SFA's calculations.