

To: Authorized Representatives of Child Nutrition Programs
From: Child and Adult Nutrition Services
Date: July 1, 2018
Subject: School Nutrition Programs Adult Meal Pricing
Memo Number: SNP 223-1

This memo replaces the previous memo on this topic dated August 15, 2016, memo NSLP-56.2. The purpose of this memo is to give guidance on adult meal pricing requirements in the National School Lunch Program and the School Breakfast Program.

This information should be shared with all parties involved in setting meal prices.

Background:

This memo outlines the process to set adult meal prices within program requirements. Revenue from the National School Lunch and Breakfast Program reimbursements cannot be used to subsidize adult meals per section 206 of the Healthy, Hunger-Free Kids Act (Public Law 111-296), memo SP 39-2011 (revised 10-24-2011), 7 CFR 210.14(f). Revenues received by the nonprofit school food service account may only be used for the operation or improvement of the food service.

If the school district decides to subsidize meals for teachers, administrators, custodians, or other adults the subsidy should be identified as an employee benefit and a source of revenue must be added to the nonprofit school food service account. These funds must come from an allowable source.

Only the cost of meals served to adults directly involved in the operation and administration of the School Nutrition Programs may be added to and supported by the food service operation. Individuals preparing and serving food and responsible for clean-up of food service such as dishwashers may have the cost of their meals charged to the foodservice account. **Any meal served to an adult or a child that is not enrolled in your school may not be claimed for reimbursement or counted toward the USDA Foods (commodity) entitlement.**

The adult meal pricing methods outlined below are based on the same meal and portion sizes served to students. Larger portions should be priced according to the actual cost of the additional food served or calculated using the Cost Analysis method below. The following methods outline acceptable methods of setting the adult meal prices.

1. Simple method:

The adult meal price for lunch should be at least the total of your highest federal reimbursement for free students plus any per meal performance reimbursement received plus per-meal value of USDA Donated Foods (formerly known as commodities). For breakfast, use only the highest federal free reimbursement to determine the adult meal price.

<i>These numbers are for EXAMPLE only; you must use current reimbursement, value of commodity rate, and performance reimbursement rates, when applicable.</i>			
Example: Adult Lunch Price		Example: Adult Breakfast Price	
Federal Free Reimbursement	\$4.07	Federal Free Reimbursement	\$2.17
+ Value of USDA Foods	+ \$0.23	Adult Breakfast Price Total	\$2.17
+ Performance Reimbursement	+ \$0.07		
+ State Match Rate	+\$0.02		
Adult Lunch Price Total	\$4.39		

In this example, adults should be charged at minimum, \$4.39 for lunch and \$2.17 for breakfast.

2. Cost Analysis method:

First, determine meal cost by dividing total operating expenses from the annual report by the total meals served. Total meals include student meals, paid and free adult meals, and breakfast and a la carte equivalents.

Equivalents for a la carte are determined by a ratio of revenue received, for example, every \$3.00-4.00 of revenue equals one meal. Your price of a student or adult paid meal may be used instead of \$3.00-4.00 also. Breakfast equivalents are usually 2-3 breakfasts equal 1 meal. An example of determining cost is shown below:

$$T \text{ Expense} \div T \text{ Meals} = \text{Cost per Meal}$$

Total meals and total expense must be for the same time period- a week, a month, a year. One year is recommended. Be sure to include the value of USDA Foods in the expense amount.

In the following example, we will use SFA expenses of \$105,476.

Determine total meals by accumulating them from your claim form and/or supporting claim documents. Use your total operating expenses, including depreciation, from your annual report or monthly operating statement.

Meal Category
Adult Paid

Meals
716

Free & Reduced	10,992
Paid	10,536
Ala Carte (\$2,000/\$4.00)	500
Breakfast (4,000/3)	1,333
Plus Unpaid Adult & Student Meals	517
<u>Total Meals</u>	<u>24,594</u>

For the above agency, cost per meal is:

$$\$105,476 \div 24,594 = \$4.2886, \text{ standard rounding rules apply: } \$4.29$$

Based on this example, the adult meal price must be at least \$4.29.

For questions, please contact Child and Adult Nutrition Services (CANS) at (605) 773-3413 or send an email to DOE.SchoolLunch@state.sd.us and include "Adult Meal" in the email subject line.