



Wellness and Nutrition Services, Office of the Chief Operating Officer

MEMORANDUM

To: School Food Authorities

From: ***Lindsey Palmer***

Lindsey Palmer, RDN, LD
School Programs Manager

Date: August 18, 2015

Re: Calculating Adult Meal Prices & Free Adult Meal Requirements

State Agency Memo NSLP #20-15

This memo serves as guidance on adult meal pricing and its effects on the nonprofit school food service account. Adult meals served to visitors and staff members must follow federal non-program food guidelines, outlined in 7 CFR 210.14 (f). This includes breakfasts and lunches served to adults for a charge, as well as meals served to staff members for free. Meals served to food service employees are exempt from the following guidelines.

Food service programs must price adult meals above the overall cost of the meals. Since adult meal costs can be difficult to calculate, School Food Authorities (SFAs) should follow the pricing guidelines in FNS Instruction 782-5.

Adults should be charged at a rate greater than the total amount received for the highest student price. For pricing sites, this would include the highest price a student pays, plus federal reimbursements for a paid meal, plus the federal cash-in-lieu of commodities rate, plus the state reimbursement. For non-pricing sites, the minimum adult meal price should be at least the rate received for a free student's meal, which includes the federal reimbursement rate for a free meal, plus the federal cash-in-lieu of commodities rate, plus the state reimbursement. If an SFA is \$.06 certified, or receives the \$.02 severe need differential, these amounts should be included in the federal reimbursement amount.

If adults will not be charged directly, the SFA must determine another source of non-federal revenue to cover the cost of the adult meals. In these cases, SFAs should carefully track the number of adult meals served and identify the non-federal funds used to cover adult meals. Adequate pricing policies ensure program revenues are not being used to offset non-program food costs, such as adult meals. An SFA should annually re-calculate their adult meal pricing policy to reflect current reimbursement rates.

The following examples use the reimbursement rates from the School Year 2015-2016. SFAs should use the reimbursement rates from the current school year, which are annually released by USDA.

Examples:

1) A school charges \$2.75 for paid student lunches. They receive the \$.06 for performance-based cash assistance and receive the \$.02 severe need differential. The school would need to charge the following amount for adult lunches served:

Student Lunch Price:	\$2.75
Federal Reimbursement Rate for a Paid Lunch:	\$0.29
Federal \$.06 Certification:	\$0.06
Federal Severe Need Differential (lunch):	\$0.02
Cash-in-lieu Rate for Commodities Received:	\$.2375
State Reimbursement Rate (lunch):	\$0.15
= Minimum Required Adult Lunch Price	\$3.5075

2) A school is non-pricing, thus does not charge for student breakfast or lunch. The school would need to charge the following amount for adult breakfasts and lunches served:

Breakfast

Federal Reimbursement Rate for a Student Breakfast:	\$1.66
Federal Severe Need Differential (breakfast)	\$0.33
State Reimbursement Rate (breakfast):	\$0.10
= Minimum Required Adult Breakfast Price	\$2.09

Lunch

Federal Reimbursement Rate for a Free Lunch:	\$3.07
Federal \$.06 Certification:	\$0.06
Federal Severe Need Differential (lunch):	\$0.02
Cash-in-lieu Rate for Commodities Received:	\$.2375
State Reimbursement Rate (lunch):	\$0.15
= Minimum Required Adult Lunch Price	\$3.5375

3) Assume facts from scenario 2 (above), but the school chooses to not charge their staff for lunch and breakfast. The general fund already contributes funds to the food service account to support food service operations, and a portion of this will be designated for staff meals. The school should track the number of adult meals served, and calculate the amount of revenue needed to support adult meal costs.

Breakfast

$$\begin{array}{r r r r r r} \text{Total Adult Breakfasts Served} & \times & \text{Minimum Adult Breakfast Price} & = & \text{Total Revenue Needed} \\ 2,000 & & \$2.09 & & \mathbf{\$4,180} \end{array}$$

Lunch

$$\begin{array}{r r r r r r} \text{Total Adult Lunches Served} & \times & \text{Minimum Adult Lunch Price} & = & \text{Total Revenue Needed} \\ 5,000 & & \$3.5375 & & \mathbf{\$17,687.50} \end{array}$$

All questions should be sent to your designated Program Specialist.