

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT BOARD OF EDUCATION
AGENDA STATEMENT

No. 10 c

MEETING OF July 17, 2019

ITEM TITLE:

NEW BUSINESS

Motion to approve a school lunch price increase, effective for the 2019-2020 school year.

- Superintendent
- Personnel
- Finance
- Special Services

SUBMITTED BY: Katie Jo Parrott, Business Manager

CONTACT PERSON/TELEPHONE:

Katie Parrott 907-247-2116

Name Phone

APPROVED FOR SUBMITTAL:

Superintendent

SUMMARY STATEMENT:

The School Board is being asked to approve increases to school lunch prices as result of federal requirements and the sustainability of the district's food service program.

ISSUE: Board Policy 3550 states, "The School Board intends that, insofar as possible, the school food service program shall be self-supporting and may include foods from school gardens, greenhouses, and farms. The Board shall review and approve of menu prices."

BACKGROUND:

On April 26th, 2019 the district received notification from the Child Nutrition Program regarding the need to increase school lunch prices based on the Paid Lunch Equity compliance assessment. The total price increase for 2019-2020 paid lunches is recommended \$1.06. However, the required increase makes the total required lunch price \$3.49 for elementary & middle school lunches (an increase of \$.14 cents), with a ten cent cap. This increase is required for compliance with the federal program unless the district can show a strong financial position. After an analysis of the financial position of the food service program, it was determined that expenses exceeded food service revenues for FY19 by \$51,507. Because the costs of the district's food service program now exceed food sales and reimbursements for qualifying meals under the federal school lunch program, we are recommending school lunch prices increase and be set as follows:

- Elementary & Middle School = \$3.50
- High School = \$3.75
- Adult Meals = \$6.00
- Breakfast = \$1.15

RECOMMENDATION: Approval of the proposed school lunch price increases effective for the 2019-2020 school year as presented.

ATTACHMENTS:

- DEED Child Nutrition Program Paid Lunch Equity Letter
- 2019-2020 Price Adjustment Calculator (provided by the state Child Nutrition Program)

FISCAL NOTE:

EXPENDITURE REQUIRED:

\$ 0

AMOUNT BUDGETED:

\$ 0

RECOMMENDED ACTION: "I move that the Board of Education approve school lunch program price increases as presented."



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Education
& Early Development

FINANCE & SUPPORT SERVICES
Child Nutrition Programs

801 West 10th Street, Suite 200
P.O. Box 110500
Juneau, Alaska 99811-0500
Main: 907.465.8709
Fax: 907.465.8910

April 26, 2019

Elizabeth Lougee, Superintendent
Ketchikan Gateway Borough School District
333 Schoenbar Road
Ketchikan, AK 99901

Dear Superintendent Lougee:

Effective July 2011 USDA issued the Paid Lunch Equity (PLE) Policy Memo SP 39-2011. This policy requires school food authorities (SFAs) participating in the National School Lunch Program to ensure sufficient funds are provided to the nonprofit school food service account for meals served to students not eligible for free or reduced price meals. There are two ways to meet this requirement: either through the prices charged for "paid" meals or through other non-Federal sources provided to the nonprofit school food service account.

Sources of Non-Federal Funds

Currently, under Program regulations at 7 CFR 210.14(e)(5)(iii), SFAs may count as Non-Federal revenue source any State or local per-lunch reimbursement specifically provided for paid lunches, or funds provided specifically for paid lunches by organizations (such as school-related or community groups), and any proportion attributable to paid lunches from direct payments made from school district funds to support lunch service.

Therefore, for SY 2019-2020 SFAs may count as a non-Federal source:

1. Per-meal non-Federal reimbursement for any paid meal (breakfast, lunch, etc.)
2. Any funds provided by organizations for any paid meal
3. Any proportion attributable to paid meals from direct payments made from school district funds to support lunch service

In addition if the SFA feels it is meeting or exceeding the PLE requirements and has a strong financial position those SFAs may request an exemption.

SFAs in Strong Financial Position

In SY 2019-2020, the State agency may exempt an SFA upon request from the PLE requirements if the SFA requesting the exemption has been certified as meeting the meal pattern requirements and can demonstrate that the required increase to paid lunch prices or revenue contributions would cause the SFA to exceed the 3-month operating balance limit or has a positive account balance on or before January 31st 2019?

In making an exemption determination, the State agency, in addition to the three requirements, will also use a list of USDA determined factors to consider whether there are other necessary or appropriate uses for the SFAs funds. In some instances, those funds might be better used to operate or improve the program, to meet program requirements and goals, or to address deficiencies in program operations.

If you need further assistance or you have any questions please contact me at (907) 465-8709 or at Elizabeth.seitz@alaska.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Elizabeth Seitz". The signature is fluid and cursive, with the first name "Elizabeth" written in a larger, more prominent script than the last name "Seitz".

Elizabeth Seitz
NSLP Program Coordinator

Cc: Katie Parrott, Business Manager
Cc: Madonna Brock, Food Service Manager
Cc: Jo Dawson, Child Nutrition Programs Manager



National School
Lunch Program
Paid Lunch
Equity Notice

***Child Nutrition
Programs***

*Finance & Support
Services*

*801 West 10th Street,
Suite 200*

P.O. Box 110500

*Juneau, Alaska 99811-
0500*

Phone (907) 465-8709

Fax (907) 465-8910

School District Name: Ketchikan Gateway Borough School District

Please return this form by May 31, 2019

Child Nutrition Programs has reviewed your district's school meal rates and audit data for the purpose of Paid Lunch Equity (PLE) Compliance. Please indicate if you agree, by signing and return to our offices to confirm PLE status.

_____ CNP has reviewed your school districts PLE and determined that paid lunch prices do not need to be increased because the paid meal price currently charged by your district meets the USDA requirement for school year 2019-2020.

_____ CNP has reviewed your school districts PLE and determined that paid lunch prices do not need to be increased because the district has provided non-federal program funds that meet or exceed the USDA PLE requirement (current or prior year carry-over).

X CNP has reviewed your school districts PLE and determined you need to increase your paid lunch price by a minimum of \$.10 cents. Attached you will find the PLE calculation worksheet showing the required minimum amount to be charged for compliance with the PLE requirements. *Districts required to increase paid meal rates may request an exemption if the district is in a strong financial position, if selecting this option please submit documentation to CNP with this form showing equal or greater financial gains on or before Jan. 31st, 2019.*

Your school district is exempt from the PLE requirement as you are on provision and/or operates a non-pricing program.

Please return this form signed by May 31, 2019

Concur Disagree

Signature of Authorized School Representative

Date

SY 2019-20 Price Adjustment Calculator

[Go to Instructions](#)

SY 2019-20 Weighted Average Price Requirement	
Requirement price to the nearest cent	Optional price requirement ROUNDED DOWN to nearest 5 cent
\$ 4.48	\$ 4.45
<small>Note: Above prices are based on adjusting SY 2018-19 price requirement by the 2% rate increase plus the Consumer Price Index (2.68%)</small>	

SY 2018-19 Weighted Average Price Calculator			
Enter the paid prices and number of paid lunches sold at each price for October 2018 .			
Monthly # of Paid Lunches	Paid Lunch Price	Monthly Revenue	SY 2018-19 Weighted Average Price
1.	5,110 \$ 3.35	\$ 17,118.50	
2.	996 \$ 3.60	\$ 3,585.60	
3.		\$ -	
4.		\$ -	
5.		\$ -	
6.		\$ -	
7.		\$ -	
8.		\$ -	
9.		\$ -	
10.		\$ -	
TOTAL	6,106	\$ 20,704.10	\$ 3.39
<small>Note: SY 2018-19 Weighted Average Price equal to or above the target price of \$3.00 are compliant for SY 2019-20. \$3.00 is the difference between the Free and Paid reimbursement rates for SY 2018-19.</small>			

Total Price Increase for SY 2019-20
\$ 1.06

Required price increase for SY 2019-20 (with 10 cent cap)
\$ 3.49

Remaining increase carried forward to SY 2020-21
\$ 0.96

Remaining credit carried forward to SY 2020-21
\$ -

[Go to SY2019-20 Report](#)

Step 3 (Optional)

Pricing Estimation Calculator			
Below is a tool allowing users to manipulate prices to achieve the required new weighted average price.			
Monthly # of Paid Lunches	Paid Lunch Price	Monthly Revenue	Weighted Average Price
1.		\$ -	
2.		\$ -	
3.		\$ -	
4.		\$ -	
5.		\$ -	
6.		\$ -	
7.		\$ -	
8.		\$ -	
9.		\$ -	
10.		\$ -	
TOTAL	-	\$ -	\$ -

Note: This tool is created to allow the user to only enter the number of paid lunches and the related prices. If any other parts of the tool are modified, the user runs the risk of calculating an incorrect new average price. Users should not modify the tool's current functionality. March 2019