

CRITERIA AND PROCEDURE

BROAD SUBJECT: MEAL PRICING

NO: MP-09-01

TITLE: Adult Meal Pricing

**EFFECTIVE DATE:
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for implementation SY 2010-2011**

PURPOSE OF THIS CRITERIA/PROCEDURE –

Although the School Nutrition Program (SNP) is designed primarily for students, school staff and visitors may also enjoy the meals that are prepared. Local boards of education receive state school lunch funds for the purpose of keeping sale prices within the reach of paying students. OMB Circular A-87 requires that all expenditures from federal program funds be “necessary and reasonable” for proper and efficient performance and administration of the program. The Local Education Agency (LEA) sets sale prices for reduced-price student meals at or below the maximum allowed by federal regulations. In order to keep sale prices low for students, adult meals must be priced to cover all of the overall costs of their meals.

Sale prices for adult, visitor and other customers must be established to cover the full direct costs of the meal. U.S. Department of Agriculture (USDA) FNS Instruction 782-5, Rev. 1 states the LEA must ensure, to the extent practicable, that federal reimbursements, students’ payments, and other non-designated nonprofit food service revenues do not subsidize program meals served to adults. The purpose of this criteria and procedure is to provide additional guidance on how to set adult meal prices.

KEY TERMS AND DEFINITIONS –

Adult Meals: Meals served to school staff and/or visitors in the school.

Full, Direct Cost: This amount can be calculated by determining the actual food cost per meal and then adding the allocated labor costs, allocated other costs, allocated depreciable equipment cost and allocated overhead costs per meal. There are extra costs associated with purchasing, preparing and serving items specifically for adults. This can affect student meal costs if adults are not charged an appropriate price for their meals. The same effect will result from serving adults food portions that are larger than those served to high school students. An adult sale price covering the full direct cost of adult portions and food selections must be established.

Non-pricing Program: According to 7 CFR Part 226, a non-pricing program is an institution, child care site, or adult day care site in which there is no separate identifiable charge made for meals served to participants. .

Non-reimbursable Meals or Snacks: Meals and snacks that do not meet the federal requirements for reimbursable meals under the National School Lunch Program (NSLP), or School Breakfast Program. Meals or snacks served to adults, second meals or second supplements served to students or contracted meals are non-reimbursable. Students choosing second meals or non-reimbursable meals are frequently charged the adult sales price.

Pricing Program: A pricing program has a separate identifiable charge made for meals served to participants.

Reimbursable Meals or Snacks: Meals or snacks served to eligible recipients under the NSLP, School Breakfast Program or as an after-school supplement and meeting applicable program requirements so that a claim can be filed for federal reimbursement through the Georgia Department of Education (GaDOE).

Program or Other School Employees: Employees directly involved in the operation and administration of the SNP may be provided meals at no charge.

Second Meals/Snacks: Second meals/snacks served to students are non-reimbursable since only one meal/supplement per student may be claimed. Non-reimbursable meals/snacks must be counted at the point of service and reported as such on the DE Form 106. Students sold a second meal/snack should pay the full direct cost of the meal/snack (which is often the adult sale price).

CRITERIA AND/OR PROCEDURES –

1. SNP employees directly involved in the operation and administration of the SNP may be provided meals at no charge. If an employee is not paid from SNP funds but is eligible to be, based on his/her job description, the LEA may (1) elect to serve meals at no charge to these individuals **in direct proportion to work performed** and may (2) elect to attribute the cost of their meals to the nonprofit SNP.
2. The LEA should establish a policy/procedure that addresses this issue of serving meals at no charge, including positions involved and school nutrition related functions that must be included in their job descriptions in order to qualify for a meal without charge.
3. Meals served to program employees may not be claimed for reimbursement or counted towards the donated food entitlement.
4. FNS Instruction 782-5, Rev. 1 requires that the current per-meal value of entitlement and/or bonus donated foods be taken into account when establishing the price of adult meals.
5. At a minimum, the adult price must be at least the amount of the reimbursement received for a free lunch under Section 4 and 11 of the National School Lunch Act, plus the per-meal value of both entitlement and bonus donated foods. For breakfasts, the rate must be established to be at least the rate for free meals under Section 4 of the Child Nutrition Act, plus the value of bonus commodities. FNS Instruction 782-5, Rev. 1 requires adult meals be priced to cover overall cost of the meal, including the value of any USDA commodities allocated or used to prepare the meal.
6. This base price should be compared to actual plate costs. The LEA must charge adults not directly involved in the program at least the cumulative full, direct cost of the meal. When adults are served the same meals as students, with portion sizes equivalent to high school students, the actual plate cost of the meal may be determined by using the School Nutrition Online (SNO) reports. Use the year-to-date data on the April Report of the preceding year of the school level or system level Lunch Participation and Cost Reports (column 30 minus column 28 [optional deduction] plus the value of commodities used found in column 31) and Breakfast Participation and Cost Reports (column 33 minus column 31 [optional deduction] plus the value of commodities used found in column 34). Items contained in these meals or snacks are reported on the school's breakfast, lunch or snack production records. Meal counts are reported on DE Form 0112, Number of Breakfasts Served Daily; DE Form 0118, Number of Lunches Served Daily; and DE Form 0113, Number of Snacks Served Daily and Snack Production Record as non-reimbursable meals or snacks. See attached Meal Pricing Worksheet for an example.

7. If more expensive food items or foods of a higher quality are served to adults, the subtotal meal price on the state SNO reports would be low and the direct price of the meal would need to be adjusted accordingly. Once you have compared the base price to the comparison plate cost price, round off to the nearest even amount, taking into consideration that you will not want to change adult prices annually.
8. Portion sizes for adults must not exceed portions required for high school students. Adults wishing to purchase larger portions may choose to buy two meals or pay an a la carte price for an additional entree. Beverages other than milk may incur an additional cost set by the SNP.
9. If the school provides a meal to adults that is significantly different from that provided to students, there are additional costs associated with purchasing, preparing and serving items for adults. Those meals must be recorded on DE Form 120, for Non-Reimbursable Foods Production Record. In order to recoup the cost of those meals, as required by FNS Instruction 782-5, Rev. 1, the school must calculate the full, direct cost of the meal and maintain documentation for audit and review, and set the sale price accordingly. The GaDOE does not recommend this practice.

AUTHORITY – FEDERAL

Chapter 7, Code of Federal Regulation Parts 210.7

USDA, Food and Nutrition Service FNS-265

FNS Instruction 782-5, Rev. 1, 6/6/88

Office of Management and Budget (OMB) A-87

**Meal Pricing Worksheet
School Nutrition Program
Georgia Department of Education**

Lunch Price

	Section 4 Reimbursement Rate	(+)Value of USDA Commodity Allocation for FY	Base Price of Meal	Plate Cost (Column 30 of SNO Lunch Participation and Cost Report	(-)-Value of Local Support from Column 28 of Lunch Participation and Cost (Optional)	(+) Value of USDA Commodity Allocation for FY	Comparison Plate Cost Price	Final Price
Adult								
Example:	\$2.68	\$.195	\$2.875	\$2.2673	\$.2986	\$.195	\$2.1637	\$3.00

**Meal Pricing Worksheet
School Nutrition Program
Georgia Department of Education**

Breakfast Price

	Section 4 Reimbursement Rate	(+)Value of USDA Commodity Allocation for FY	Base Price of Meal	Plate Cost (Column 33 of SNO Breakfast Participation and Cost Report	(-)-Value of Local Support from Column 31 of Breakfast Participation and Cost (Optional)	(+) Value of USDA Commodities Used	Comparison Plate Cost Price	Final Price
Adult								
Example:	\$1.46		\$1.46	\$1.2641	0	\$0.0458	1.3099	1.50