



Board of Education

STAFF RECOMMENDATION TO THE BOARD

SUBJECT: MEAL PRICE INCREASES FOR 2018-2019

Board Committee Meeting Date: May 15, 2018 **Executive Committee Lead:** Stephanie Soden

Department: Nutrition Services

Staff Lead: Whitney Ellersick, MS, RDN, Snr. Director

I. ISSUE STATEMENT

The United States Department of Agriculture (USDA) and Oregon Department of Education (ODE) require equity in school meal pricing (Section 12 of the National School Lunch Act). Nutrition Services recommends that meal prices be increased on an annual basis, if necessary, in minimal amounts to both comply with this regulation and keep the increases manageable for families.

II. BACKGROUND

Board Policy **3.60.040-P Nutrition Services, Meal Pricing and Purchasing** requires the Board to establish prices for adult meals and student reimbursable meals.

The Federal equity in school lunch pricing requirements stipulate that meals must be priced to cover the cost of producing them. When meals are priced below the cost of what it takes to make the meal, the result is that federal funds for free/reduced-price meals are being used to fill the gap between what a paid meal costs and what the district receives for it. On average, the paid meal price for lunch must be a weighted average of more than \$2.92 for paid eligible meals.

Nutrition Services is expected to be a self-funded operation relying on the revenue generated by serving meals that receive federal reimbursement and cash payments from families. Approximately 24% of revenue comes from cash sales and 76% from federal reimbursement.

III. RELATED POLICIES/BEST PRACTICES

Nutrition Services monitors meal pricing in Multnomah County and surrounding metro school districts. Data from Council of Great City Schools is used to benchmark the cost of producing meals in large urban school districts. Portland's meal costs are higher due to Farm to School and local food initiatives and meeting higher nutrition standards such as increasing the consumption of fruits, vegetables and whole grains. In addition, the increase in prices will help offset the increased food costs associated with the meal regulations of the *Healthy Hunger Free Kids Act*. For example, the USDA did not provide increased funding to breakfast but doubled the requirement for the fruit portion size offered and required all grains to be whole grain rich, which increased operating costs (and did not result in an increase in participation).

IV. FISCAL IMPACT

The estimated increase in revenue with implementation of a 10 cent price increase for lunch is approximately \$108,296 for 2018-19. The revenue generated will be used to cover increased food, labor and distribution costs. In addition, increased revenue is required to maintain resource conservation project costs of washing reusable school lunch trays and/or the use of compostable trays in schools where permanent trays cannot be implemented due to equipment and/or facility limitations.



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V. COMMUNITY ENGAGEMENT

There is significant community engagement in Farm to School and Resource Conservation efforts. In the past, families involved in these community groups strongly support paying more for meals to fund these initiatives. Historically, the general community has not been involved in the discussion of meal price increases.

VI. BOARD OPTIONS

Nutrition Services requests the School Board approve a 10 cent price increase for lunch as part of FY 18-19 budget process to be effective August 27, 2018. While economic conditions continue to be challenging for families, the small increase is more manageable for families than larger increases that would be required to maintain a self-supported Child Nutrition operation if increases were not made regularly.

The other option to meet the Federal equity in school lunch pricing requirements is to supplement the Nutrition Services budget with other non-federal funds (e.g. general fund) to make up the difference between the cost of free reimbursement and the amount we receive from paying students. This is to ensure that free reimbursement is not subsidizing paid lunches.

VII. STAFF RECOMMENDATION

Nutrition Services recommends the following meal price increases:

	Lunch	Proposed
	<u>2017-18</u>	<u>2018-19</u>
Elementary	\$2.80	\$2.90
6 th -8 th Grade	\$3.05	\$3.15
High School	\$3.30	\$3.40
Adult	\$4.30	\$4.40

VIII. TIMELINE FOR IMPLEMENTATION AND COMMUNICATION PLAN

If approved, meal price increases would take effect August 27, 2018. Nutrition Services will communicate price increases through the printed Menu Calendar, department webpage, cafeteria signage, school handbooks and newsletters, and the Administrators Connection. Meal participation will be monitored and an assessment of the effect on paying students will be reported.

RESOLUTION No.

Resolution to Increase School Lunch Prices for 2018-19

RECITALS

Portland Public Schools Policy 3.60.040-P *Nutrition Services, Meal Pricing and Purchasing* requires the Board of Education to establish prices for adult meals and student reimbursable meals.

RESOLUTION

The Superintendent recommends that the Board of Education approve the price increase. The Board of Education approves the recommended price increase for paid school lunches of 10 cents for all grades and adults for the 2018-19 school year.