Date: March 20, 2024

Memo code: SP 14-2024

Subject: Paid Lunch Equity: Guidance for School Year 2024-2025

To: Regional Directors, Child Nutrition Programs, All Regions

State Directors, Child Nutrition Programs, All States

Purpose

The purpose of this memorandum is to provide guidance to State agencies and school food authorities (SFAs) on the paid lunch equity (PLE) requirements for school year (SY) 2024-2025. This memorandum explains the PLE exemption provided in the Consolidated Appropriations Act, 2024 (Public Law 118-42) (the Appropriations Act). This memorandum also provides guidance for SFAs that do not qualify for the exemption.

Guidance for Paid Lunch Pricing for SY 2024-2025

Under Section 748, of Division B of the Appropriations Act, for SY 2024-2025, only SFAs that had a negative balance in the nonprofit school food service account as of June 30, 2023, shall be required to establish a price for paid lunches according to the PLE provisions in Section 12(p) of the Richard B. Russell National School Lunch Act (NSLA) (42 U.S.C. 1760(p)) and implemented in the National School Lunch Program (NSLP) regulations at 7 CFR 210.14(e). Consistent with the terms of the Appropriations Act, this memorandum provides notice that any SFA with a positive or zero balance in its nonprofit school food service account as of June 30, 2023, is exempt from paid lunch equity pricing requirements found at 7 CFR 210.14(e) for SY 2024-2025. Therefore, the guidance that follows is separated into two categories: SFAs that qualify for the exemption and SFAs that do not qualify for the exemption.

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SFAs Qualifying for the SY 2024-2025 PLE Exemption

For SY 2024-2025, SFAs with a positive or zero balance in the nonprofit school food service account as of June 30, 2023, are exempt from PLE pricing requirements found at 7 CFR 210.14(e).

Because the Appropriations Act affects one school year only, FNS recommends that State agencies maintain documentation that includes which SFAs are using the PLE exemption for SY 2024-2025 in order to demonstrate State agency oversight of this provision. This documentation should include a record that each SFA implementing the exemption had a positive or zero balance in the nonprofit school food service account as of June 30, 2023. This record could include documents such as a financial ledger or an attestation provided by the SFA. This documentation may be reviewed by FNS upon request.

While not required, exempt SFAs may still use the PLE tool to complete the steps necessary to determine their target SY 2024-2025 paid lunch price, consistent with Program regulations at 7 CFR 210.14(e), and adjust their paid lunch prices accordingly. Please note, the SY 2024-2025 PLE tool and instructions will be provided in a separate communication.

SFAs Not Qualifying for the SY 2024-2025 PLE Exemption

SFAs that had a negative balance in the nonprofit school food service account as of June 30, 2023, must follow PLE requirements according to 7 CFR 210.14(e) when establishing their paid lunch prices for SY 2024-2025. SFAs may use the forthcoming SY 2024-2025 PLE tool, or an equivalent procedure, to determine their required paid lunch prices.

In the PLE tool, or via the equivalent procedure, SFAs may use the prices they last charged students as the basis for their SY 2024-2025 paid lunch price calculation, even if those prices were charged during a year the SFA was not required to comply with PLE requirements. For

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example, SFAs that were exempt based on the FY 2023 Appropriations Act[1] may use prices charged during SY 2023-2024 to determine their PLE requirement for SY 2024-2025.

If an SFA did not charge for meals during SY 2023-2024, such as an SFA that operated the Community Eligibility Provision, Provisions 2 or 3, or a State funded non-pricing option and is returning to standard counting and claiming in SY 2024-2025, it may use the most recent paid lunch price data as the basis for its SY 2024-2025 paid lunch calculation. If an SFA is unable to find documentation of the last paid meal price charged to students, then it must follow FNS guidance for new schools found in *Guidance on Paid Lunch Equity and Revenue from Nonprogram Foods | Food and Nutrition Service (usda.gov)*.

Consistent with 7 CFR 210.14(e)(4)(i), SFAs are not required to raise their paid lunch price by more than 10 cents for SY 2024-2025 from the last year they charged for paid lunches. SFAs can still choose to raise the price by more than 10 cents.

Reporting

As a reminder, while SFAs that meet the Appropriations Act's criteria are exempt from the PLE pricing requirements, all State agencies and SFAs must continue to report paid lunch prices for SY 2024-2025, as required in regulations at 7 CFR 210.14(e)(7) .

[1] On March 3, 2023, FNS issued SP 06-2023, CACFP 05-2023, SFSP 02-2023 - Consolidated Appropriations Act, 2023: Effect on Child Nutrition Programs, notifying States that as required by the 2023 Appropriations Act, any SFA with a positive or zero balance in its nonprofit school food service account as of June 30, 2022, was exempt from PLE pricing requirements found at 7 CFR 210.14(e) for SY 2023-2024. Consolidated Appropriations Act, 2023: Effect on Child Nutrition Programs | Food and Nutrition Service (usda.gov).

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State agencies are reminded to distribute this memorandum to Program operators. Program operators should direct any questions concerning this guidance to their State agency. State agencies with questions should contact the appropriate FNS Regional Office.

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Child Nutrition Programs

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