



**United States  
Department of  
Agriculture**

Food and  
Nutrition  
Service

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Alexandria, VA  
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**DATE:** February 9, 2015

**MEMO CODE:** SP 19-2015

**SUBJECT:** Paid Lunch Equity: Guidance for School Years 2015-16 and 2016 -2017

**TO:** Regional Directors  
Special Nutrition Programs  
All Regions

State Directors  
Child Nutrition Programs  
All States

This memorandum extends, through School Year (SY) 2016-17, the availability of an exemption to the Paid Lunch Equity (PLE) requirement for certain School Food Authorities (SFAs) in strong financial standing, as described below. The Food and Nutrition Service (FNS) provided an exemption to this requirement in SY 2013-14 in memorandum SP 34-2013 “Paid Lunch Equity: Guidance for SY 2013-14” and in SY 2014-15 in memorandum SP 28-2014, “Paid Lunch Equity: Guidance for SY 2014-15”. State agencies have received a number of requests for the exemption and for SY 2013-14 provided FNS with information on those requests and the circumstances in which such exemptions have been granted. Extending the PLE exemption for another two years will allow FNS to continue to gather feedback and experience with the exemption in order to inform future policy considerations, including a final rule.

In SY 2015-16 and SY 2016-17, State agencies should exempt an SFA 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. For example, when evaluating financial documentation provided by an SFA, the State agency may determine that, because the SFA consistently carries a 2-month operating balance, failure to provide the PLE exemption would cause the SFA to exceed the 3-month operating balance limit.

In making an exemption determination, a State agency, using the attached list of Factors for Consideration, must also consider whether there are other necessary or appropriate uses for the SFA’s 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. Examples of ways SFAs can use extra funds include improvements to the quality of meals and improvements to cafeteria equipment.

Regional Directors

State Directors

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Because the financial standing of a school food service account may change from year to year, those SFAs that were exempted in SY 2013-14 or SY 2014-15 must request a new exemption annually for SY 2015-16 or SY 2016-17 and must provide their State agency with the proper documentation to be considered for the exemption. State agencies must evaluate all aspects of food service operations including meal costs, nonprogram food revenue and compliance with all requirements, including the Smart Snacks in Schools standards, when determining whether to grant each exemption request for SY 2015-16 and SY 2016-17.

Regional Offices will continue to work with State agencies to assist them in, as needed, in evaluating the PLE exemption requests submitted by SFAs. State agencies are reminded that they must maintain documentation (including how the State agency evaluated all factors for consideration) for all SFAs that are granted a PLE exemption and that this documentation may be reviewed upon request, and during a Management Evaluation.

State agencies are asked to distribute this Memorandum to program operators immediately. SFAs should contact their State agency for additional information. State agencies may direct any questions concerning this guidance to the appropriate Regional Office.

A handwritten signature in dark ink, appearing to read "Angela Kline". The signature is written in a cursive, flowing style.

Angela Kline

Director

Policy and Program Development Division

Attachment

## **Attachment**

### **PLE Exemption – Factors for Consideration**

Below are factors State agencies must consider when evaluating school food authority (SFA) requests for an exemption from the paid lunch equity requirement. State agencies must use these questions as a guide when assessing whether there are necessary or appropriate uses for funds which would otherwise contribute to an excess operational balance to address deficiencies in Program operations and meet new program requirements. Additionally, the State agency must review other aspects of program operation with the SFA to assess whether overall program quality is high enough to justify an exemption. The list is not intended to be exhaustive; the State agency may assess other relevant aspects of program operation at their discretion. States should consider the totality of an SFA's responses and overall program operation when granting exemptions.

At a minimum, the following questions must be answered in the affirmative.

#### **Meal Standards**

Is the SFA certified as meeting the updated meal pattern requirements?

Is the SFA financially prepared to meet future meal pattern requirements (e.g. future sodium targets)?

#### **Competitive Foods**

Is the SFA taking specific steps toward meeting the new Smart Snacks in Schools standards for items sold from the school food service account, and does it have any projected financial considerations associated with these changes?

#### **Administrative Reviews**

Has the SFA corrected all deficiencies, implemented all corrective actions and complied with any fiscal action identified in the most recent Administrative Review Report?

## **Additional Considerations**

The State agency should also consider the questions below to determine whether overall program quality is high enough to warrant approving the exemption request.

### **Meal Service and Participation**

Are there simple menu improvements that could be made that would encourage students to select healthier meals and make the program more appealing? For example, has the SFA considered expanding offerings of fresh fruit and vegetables, and/or expanded variety of fruit and vegetables? Does the SFA use salad bars?

Is student acceptance/participation strong? Has the SFA made efforts to engage students in meal planning, taste-testing, etc?

Has the SFA established and implemented a wellness policy with the required elements? Does the SFA comply with all requirements and follow best practices with regard to preventing overt identification?

Does the SFA utilize adequate signage, food placement and other marketing techniques effectively to promote the selection of reimbursable meals?

### **Resource Management**

Has the SFA previously met all paid lunch equity requirements?

If applicable, is the SFA currently meeting all non-program food revenue requirements?

### **Professional Support**

Does the SFA have all child nutrition staff vacancies filled? (If vacancies are primarily due to lack of funding, rather than other factors, an exemption should typically **not** be approved, since the funds that would be provided to the SFA through the PLE requirement could be used to fund staff)

### **Cafeteria and Kitchen Equipment**

Does the SFA have necessary cafeteria and kitchen equipment for storing, preparing, and serving healthy meals and competitive foods?

If the SFA has applied for federal grants to purchase equipment needed to serve healthier meals but has not received funding, did the SFA use its own funds to accomplish the proposed activities?

### **Free/Reduced Price Eligibility Determinations**

Has the SFA done everything within its ability to improve the certification process to increase access to the program (e.g., maximize use of direct certification including homeless, runaway, migrant and foster children, etc)?