



STATE OF HAWAII  
DEPARTMENT OF EDUCATION  
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OFFICE OF THE SUPERINTENDENT

July 19, 2011

TO: The Honorable Donald G. Horner, Chairperson  
Board of Education

FROM: *KMS*  
Kathryn S. Matayoshi  
Superintendent

SUBJECT: Discussion/Recommendation for Board Action on Proposed Revenue-Neutral  
Changes in Meal Prices

1. RECOMMENDATION

It is recommended that meal prices be changed to the amounts shown in the "recommended" column below:

	<u>Current</u>	<u>Recommended</u>
Breakfast – student price		
Elementary students	\$1.00	\$1.00
Secondary students	\$1.00	\$1.10
Breakfast – reduced price	\$0.30	\$0.30
Breakfast – second meal price and adult price	\$2.00	\$2.20
Lunch – student price		
Elementary students	\$2.35	\$2.25
Secondary students	\$2.35	\$2.50
Lunch – reduced price	\$0.40	\$0.40
Lunch - second meal price and adult price	\$4.70	\$5.00

2. RECOMMENDED EFFECTIVE DATE: September 1, 2011.
3. RECOMMENDED COMPLIANCE DATE (if different from the effective date): same.
4. DISCUSSION

a. Conditions leading to the recommendation

Chapter 302A-405 provides that "the price for school meals shall be set by the department to ensure that moneys received from the sale of the meals shall be not less than one-half of the cost of preparing the meals. The prices for school meals may be adjusted annually based on the previous year's costs rounded to the nearest five cents; provided that the department by rule shall provide a lower rate or free meals to children based on their economic need."

The U.S. Department of Agriculture (USDA) recently issued revised regulations on the content of school meals served to elementary and secondary students. An analysis of the food cost of elementary and secondary breakfast and lunch menus shows that there is a food cost differential of 15 cents between elementary and secondary breakfasts and 25 cents between elementary and secondary lunches, due to the greater number of calories required for secondary meals.

Historically, Department of Education (DOE) meal prices have been the same for all grade levels. Prior to a June 2009 amendment to Chapter 8-37, Hawaii Administrative Rules, the rule required meal prices to be the same for all grade levels. The June 2009 amendment now provides that "The price of meals shall be established by the superintendent of education upon approval of the board and in accordance with state and federal laws and regulations."

The proposed prices recognize the difference in food costs between elementary and secondary meals. More elementary meals are served than secondary meals, which is the reason that to maintain revenue neutrality, the reduction in elementary meal prices must be offset by a greater increase in secondary and adult meal prices.

The Department's recommendation to the Committee on Finance and Infrastructure was that the breakfast price for elementary students be reduced from \$1.00 to \$0.95. The committee's recommendation is that breakfast price for elementary students remain at \$1.00. The Department has no objection to this.

The Department's recommendation to the Committee on Finance and Infrastructure was that the effective date be August 1, 2011, the first day of school for students. We have changed our recommended effective date to September 1, 2011 to provide a longer period of notice to parents, some of whom might not learn of the change in prices until after meals are served on the first day of school.

b. Previous action of the Board on the same or similar matter

On July 16, 2009 the Board approved the price increases shown below, effective January 1, 2010 to comply with Chapter 302A-405.

	Prior to <u>1/1/10</u>	Effective <u>1/1/10</u>
Breakfast – student price	\$0.35	\$0.95
Breakfast – reduced price	\$0.20	\$0.30
Breakfast – second meal price and adult price	\$1.50	\$1.90
Lunch – student price	\$1.25	\$2.20
Lunch – reduced price	\$0.20	\$0.40
Lunch - second meal price and adult price	\$4.00	\$4.40

On March 1, 2011 DOE increased the prices to their current levels to comply with Chapter 302A-405.

Chapter 8-37, Hawaii Administrative Rules, provides for the price of student meals to be established by DOE, with the approval of the Board. The Attorney General opined that the Board's approval is not required if the meal prices do not exceed the minimum required by statute.

Chapter 8-37, HAR, does not address the price of adult meals. Historically, the price of adult meals has been set by DOE.

c. Other policies affected

None.

d. Arguments in support of the recommendation

The proposed prices reflect the difference in food costs between elementary and secondary meals.

Lower prices for elementary meals may encourage greater elementary student participation in the school breakfast and lunch programs.

The current prices of reduced price breakfast and lunch are the maximum prices for these meals allowed by USDA to receive a reimbursement from USDA for serving these meals to students.

e. Arguments against the recommendation

Higher prices for secondary students not eligible for free or reduced meal prices will reduce the funds families of such students have for other purposes and may reduce secondary student participation in the school breakfast and lunch programs.

f. Findings and conclusions of the Board committee

The Committee on Finance and Infrastructure voted unanimously at its July 5, 2011 meeting to recommend approval of the price changes shown in the table on the first page of this memorandum.

g. Other agencies or departments of the State of Hawaii involved in the action

None.

h. Possible reaction of the public, professional organizations, unions, DOE staff and/or others to the recommendations

Parents of elementary students not eligible for free or reduced price meals may welcome the small reduction in the prices of school meals for elementary students. Parents of secondary students not eligible for free or reduced price meals will likely understand the rationale for the increase in secondary meal prices, but may nevertheless be unhappy that school meals for their children will cost more.

i. Educational implications

It is possible that elementary student achievement will be affected positively if more elementary students participate in the school meal programs, and it is possible that secondary student achievement will be affected negatively if fewer secondary students participate in the school meal programs.

j. Personnel implications

The number of cafeteria worker positions is based on the number of meals served. It is not likely that the overall number of meals will be affected by the proposed price changes, but it is possible that there will be a slight shift of cafeteria worker positions between elementary and secondary schools.

k. Facilities implications

None anticipated.

l. Financial implications

None anticipated.

5. OTHER SUPPLEMENTARY RECOMMENDATIONS

None.

KSM:RGM:ck

c: Office of School Facilities and Support Services