

Feeling the Pinch:

The Impact of Increasing Food Prices on School Lunch

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Balancing Priorities in School Nutrition Programs



Nutritional Standards



Appealing Choices



Affordable Meals



**Food
Safety**



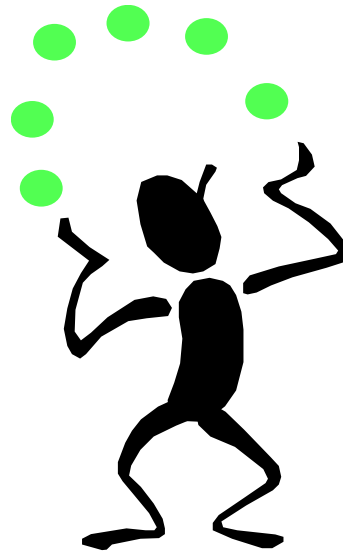
**Health
Related
Concerns**



Cultural Diversity



Perceptions



Student Preferences



**Commercial
Influences**

School Meals – The Facts

School Lunch

Increasing participation in National School Lunch Program

- 4.9 billion lunches served annually
- 29.6 million children served daily

California School Lunch Program

- 564 million children served annually (2007)
- 3.14 million children served daily (2007)
 - 10% growth in 2008

School Meals – The Facts

School Breakfast

Increasing participation in School Breakfast Program

- 1.6 billion breakfasts served annually
- 9.3 million children served daily
- 22% of kids don't eat breakfast on school days

California School Breakfast Program

- 205 million children served annually (2007)
- 1.14 million children served daily (2007)

Commodity and Food Prices

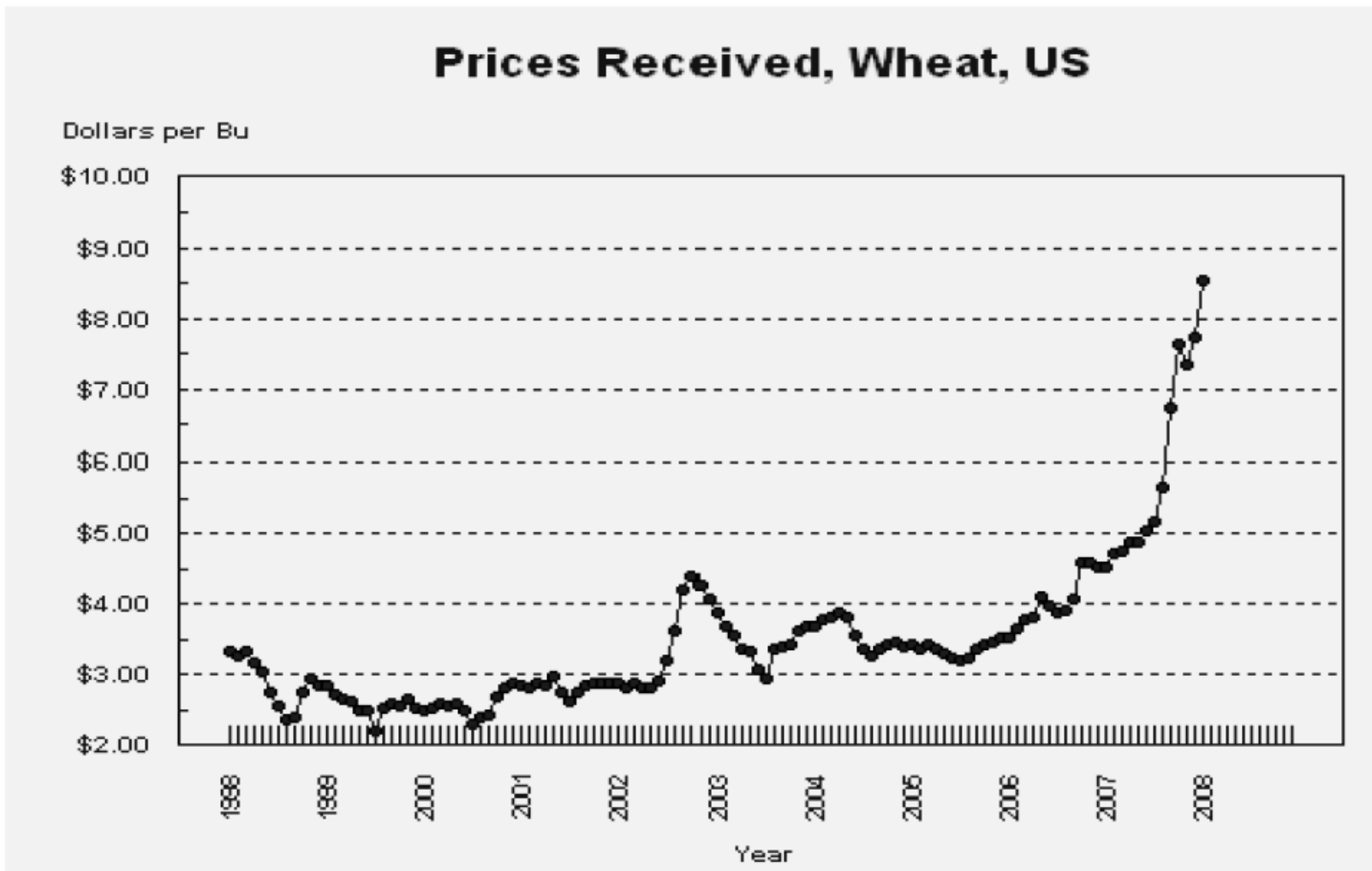
Corn Prices Increasing



Source: NASS, USDA

Commodity and Food Prices

Wheat Prices Increasing



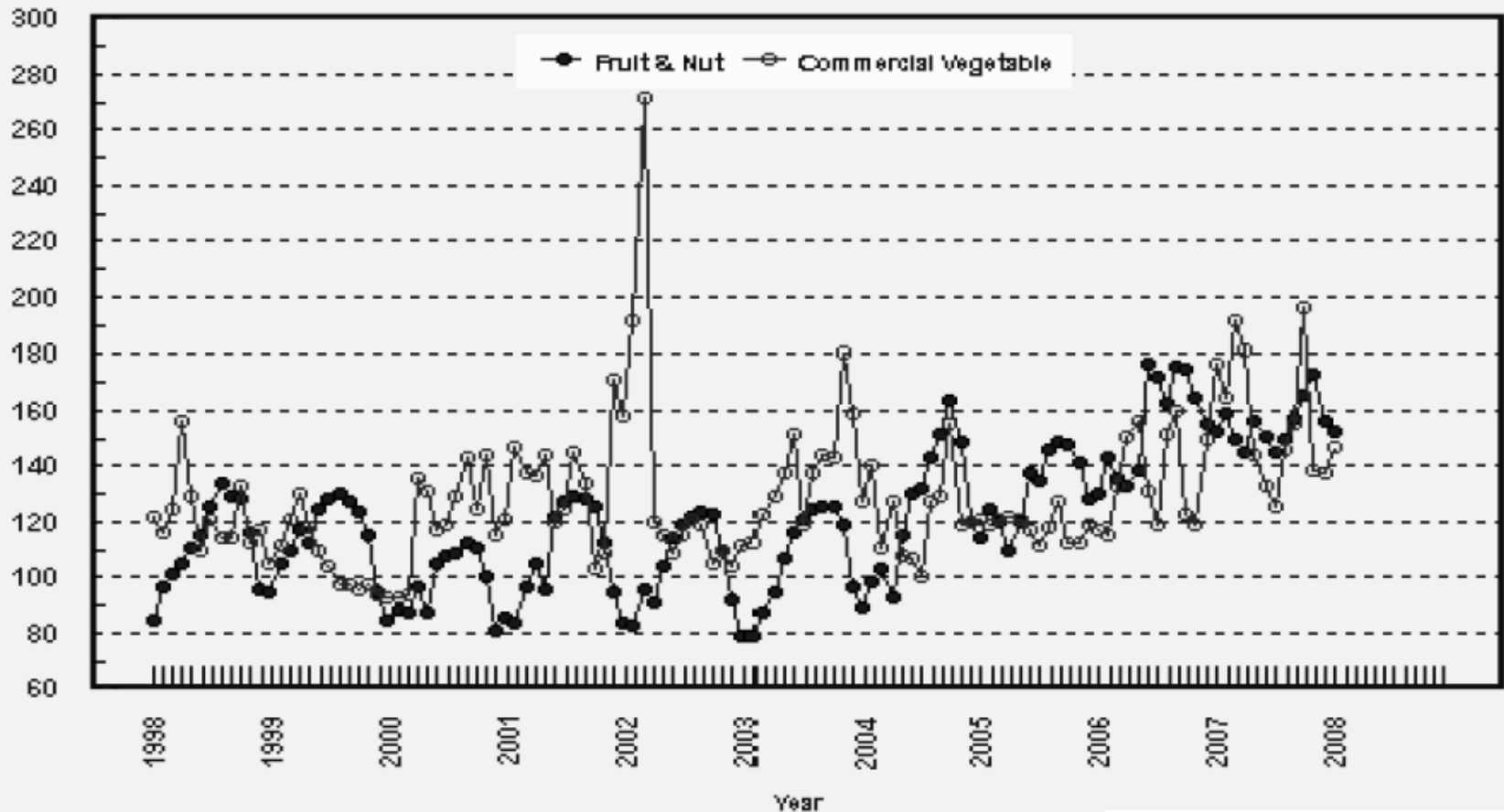
Source: NASS, USDA

Commodity and Food Prices

Fruit and Vegetables Increasing

Prices Received, Fruit and Vegetable Indexes, US

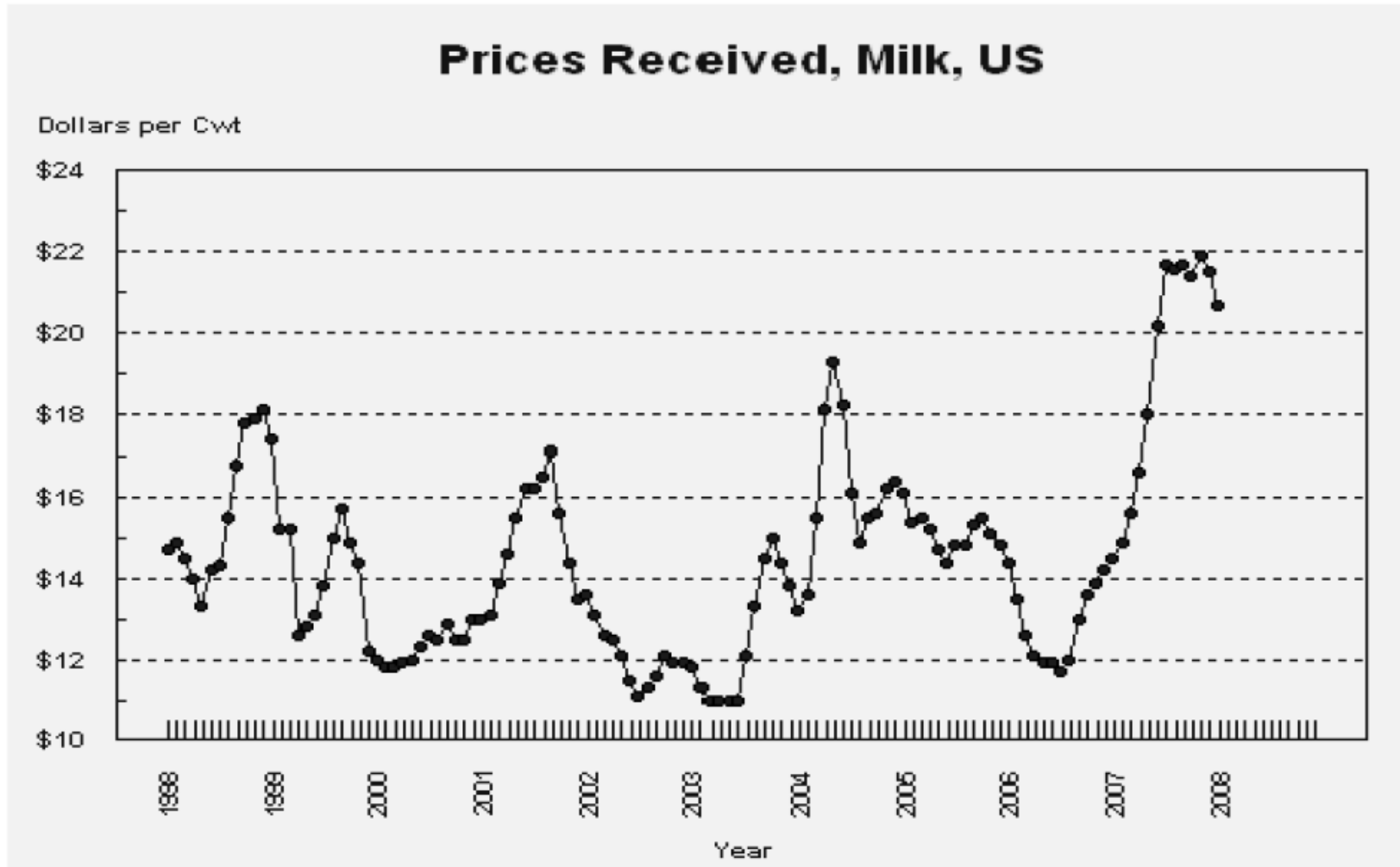
Percent (1990-92=100)



Source: NASS, USDA

Commodity and Food Prices

Milk Prices Increasing



Source: NASS, USDA

On the School Lunch Tray

Bread

Up 12%



Milk

Up 17%



Pasta

Up 13%



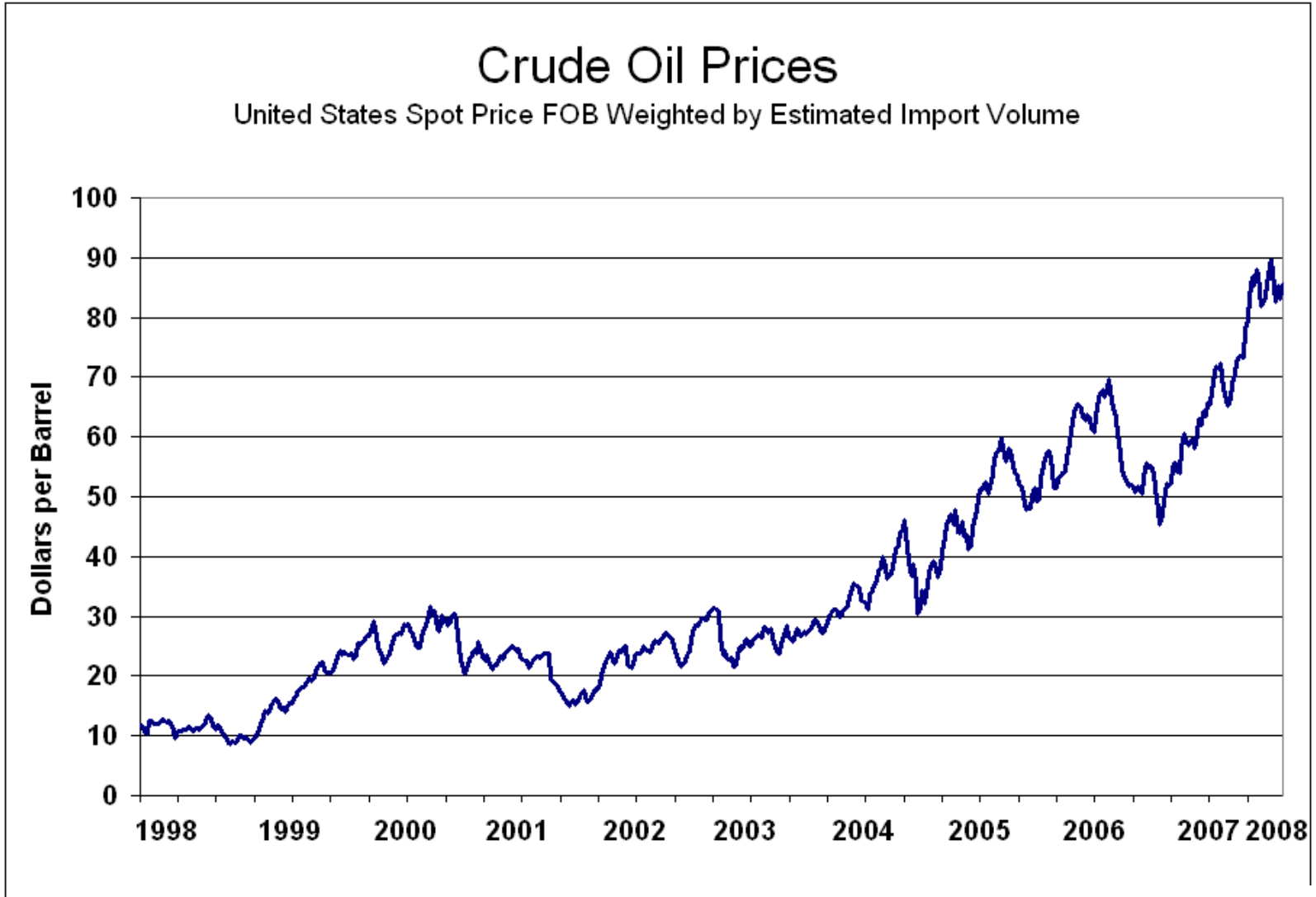
Cheese

Up 15%



Energy Prices

Crude Oil Prices Increasing

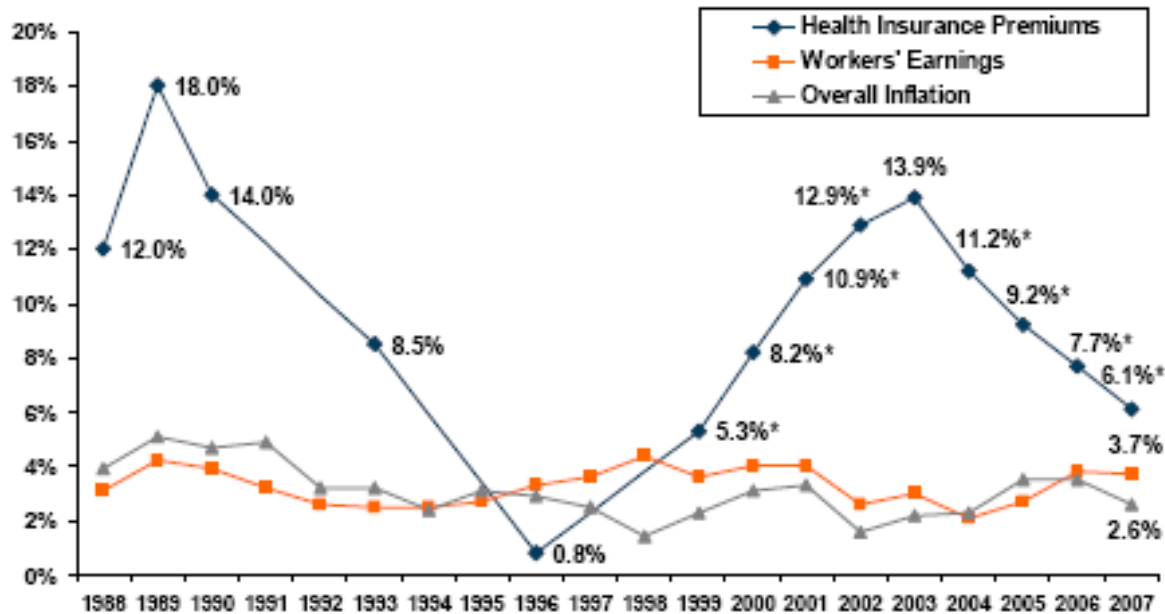


Source:
Energy Information Admin

Benefit & Insurance Costs

Increasing Health Care Premiums

Exhibit 4: Increases in Health Insurance Premiums Compared to Other Indicators, 1988-2007



*Estimate is statistically different from estimate for the previous year shown ($p < 0.05$). No statistical tests are conducted for years prior to 1999.

Note: Data on premium increases reflect the cost of health insurance premiums for a family of four. The average premium increase is weighted by covered workers.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2007; KPMG Survey of Employer-Sponsored Health Benefits, 1993, 1996; The Health Insurance Association of America (HIAA), 1988, 1989, 1990; Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 1988-2007; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1988-2007 (April to April).

School Lunch Meals Reimbursement Rates 2008-2009

	FREE	REDUCED	FULL
FEDERAL	\$2.57	\$2.17	\$0.23
Commodity Value	\$0.1875	\$0.1875	\$0.1875
STATE	\$0.2195	\$0.2195	zero
Local Charge	zero	\$0.40 Maximum	Elementary: 1.89 Middle: \$2.08 High: \$2.13 *SNA Averages
Total	\$2.977	\$2.977	\$2.30 – \$2.54

Average Cost to Prepare a School Meal

<u>Cost Type</u>	<u>Cost</u>	
Food Costs	\$1.33	} <i>**Preliminary Figures**</i>
Non-Food Costs	\$0.20	
Labor Costs	\$1.46	
Indirect Costs	\$0.11	
TOTAL COSTS	\$3.10	

(national school lunch cost average: \$2.60 to \$3.10)

Across the Country

- Of school nutrition directors surveyed:
 - 86.1% saw an **increase** in **food** costs
 - 83.2% saw an **increase** in **labor** costs
 - 84.6% saw an **increase** in **transportation**
 - 46.6% saw an **increase** in **indirect** costs (i.e. gas, electricity, water)

(*SNA 2008 Trends Report*, School Nutrition Association)

Across the Country

- Of school nutrition directors surveyed:
 - 73.1% **increased meal** prices for full price
 - 79.30% saw an **increase** in **free** meals
 - 64.7% saw an **increase** in **reduced** meals
 - 48.1% saw a **decrease** in **full priced** meals

(*SNA 2008 Trends Report*, School Nutrition Association)

Legislative Action Conference Update

- President Obama proposes \$1 billion per year in new spending for 2009
- Funding reforms include
 - Improving access
 - Improving nutritional quality of meals
 - Expanding research and development
 - Improving program oversight
- Presidents goal to eliminate hunger by 2015

Legislative Action Conference Update

What Food Service Directors requested at LAC?

- **.35 cent increase** for each school **lunch** meal
- **.10 cent increase** for commodities for each **breakfast** meal
- **Eliminate** reduced price category
- National Nutrition Standards

USDA Equipment Funding Grants

Under the American Recovery and Reinvestment Act 2009

- \$100 million included for school food service equipment
- Competitive grants
- Preference to schools with 50% free or reduced
- States agencies will award grants

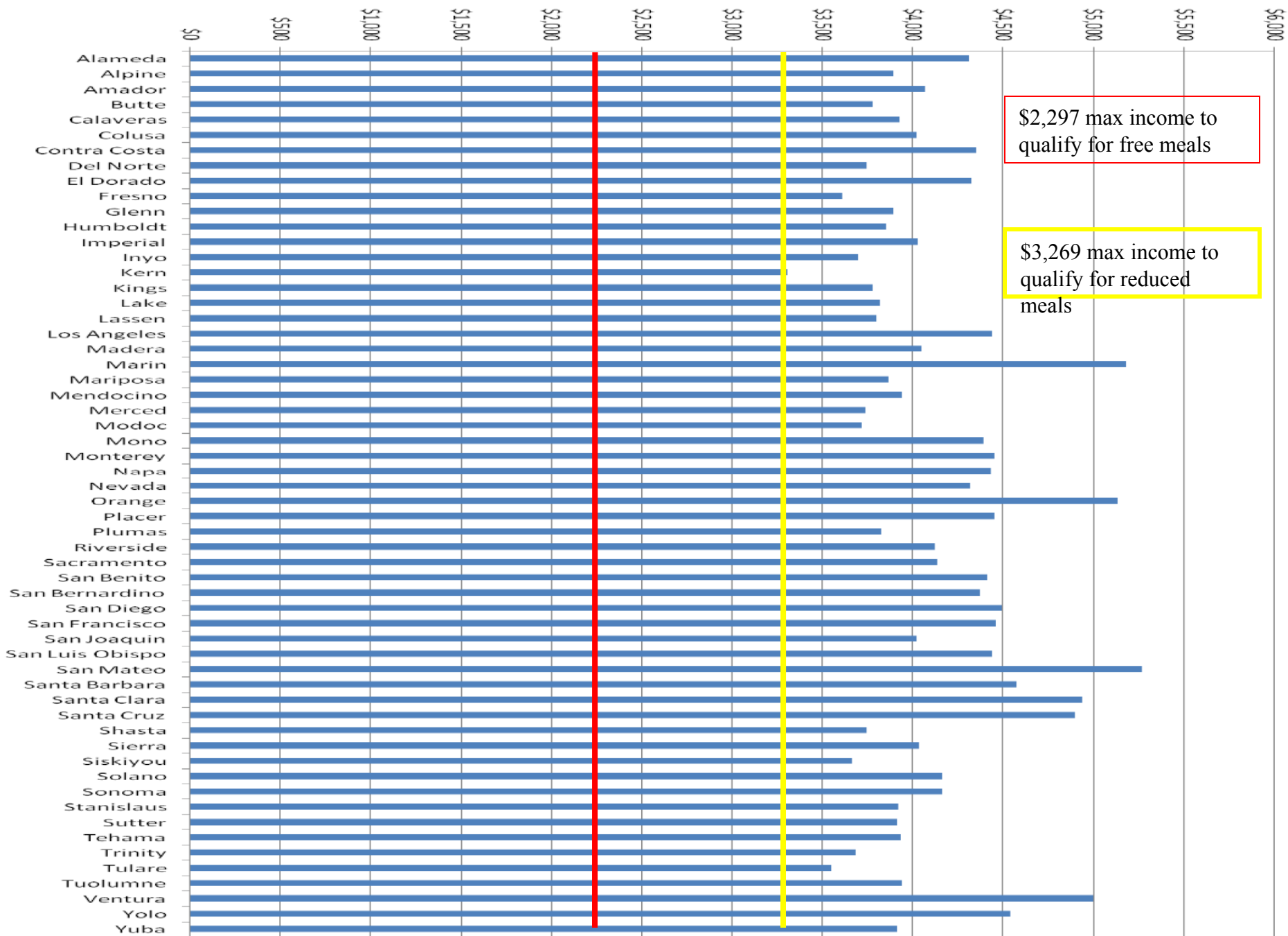
California School Meals Update

- Funding for Free and Reduce meals decreased to .04 from .2195 beginning in May, 2009
- AJR 69, Brownley
 - Approved by State Assembly and Senate, filed Sept 2008
 - Read into Congressional record on March 4, 2009
 - Advocates that federal reimbursement meal rates increased accordingly with region
 - Advocates F\|R eligibility scale reflect cost of living by region

Inequality of: Eligibility Scale –Lunch 08-09

- Students that should qualify free -> DON'T
- Students that should qualify reduced → DON'T

Household size	Free Annual	Reduced Annual	Full Annual
2	\$1,517	\$2,159	>\$2,160
4	\$2,297	\$3,269	>\$3,270



California School Meals Update

- AB 95, Torlakson
 - Advocates for \$19 million emergency meal funding for 08-09
 - Rational: 28 million more meals served in 2008 vs 2007
 - 12% increase in meals in comparison to 2007

How are School Districts Coping?

- Reducing or eliminating labor
- Reducing or eliminating staff development
- Reducing, substituting or eliminating food products
- Reducing, substituting or eliminating supplies
- Reducing or eliminating nutritional services
- Postponing essential equipment purchases
- Postponing essential repairs to equipment
- Increasing student meal prices
- General Fund encroachment

MARIN COUNTY

