
Groton-Dunstable Regional School District

Memorandum

To: Groton-Dunstable Regional School Committee
From: Sherry Kersey
RE: FY 24 Lunch Prices
Date: May 31, 2023

Every year, a contract amendment must be prepared with Whitson's Culinary Group to reflect updated financial projections for the upcoming year. This is a DESE requirement and must be approved by them before signing the amendment. This year, the draft projections do not look very good. I wanted to bring this to your attention and discuss our options.

To lay some groundwork, it was predicted that the food service program was going to produce a loss of (\$13,223) this fiscal year (FY23). This was under the assumption that the program would return to the National School Lunch Program (NSLP) model; however, the state decided during the summer to fund Universal Free Lunch Program (UFLP). Thus, our food service program is on pace to finish the year with a profit. Good news!

The estimates for the upcoming fiscal year (FY24) fluctuate depending on whether we assume that Universal Free Lunch Program is funded once again or we return to the NSLP model.

- If we assume UFLP will occur, we are predicted to have a profit of \$41,370 for FY24.
- If we assume we will return to NSLP, and our lunch prices stays the same, we are projected to have a loss of (\$118,614).
- If we assume we will return to NSLP, and our lunch prices increase by \$0.25, we are projected to have a loss of (\$82,856).
- If we assume we will return to NSLP, and our lunch prices increase by \$0.50, we are projected to have a loss of (\$47,814).

Increasing the price of lunch will never be a popular decision. However, there are other factors that will dictate that the price should be changed. Every year, DESE requires us to prepare the USDA Paid Lunch Equity Tool to ensure we are charging at least the Minimum Weighted Average Price Requirement (Monthly Revenue in October divided by the number

of paid lunches served). For FY22-23, that price is \$3.30. Groton-Dunstable's weighted average price is only \$3.12. That means we are currently out of compliance.

What are the current lunch prices?

Elementary	\$3.00
Middle	\$3.25
High	\$3.25
Adult	\$3.75

When was the last time that the lunch price was increased? My research went back to 2015 and the prices were the same as current prices.

What does this mean? When our food service program is selected to have an Administrative Review (our last one was in 2019) this calculation will be performed. We anticipate that we will be selected in FY24 for an Administrative Review. There will be a finding that we are out of compliance with this requirement and asked for a corrective action. The corrective action will be to raise the lunch price.

Why do this now? There is conflicting messages that UFLP will be funded in the Massachusetts state budget for FY24. In the event this initiative does not come to fruition, the school district needs address not only the anticipated deficit of (\$118,614) but also the inevitable non-compliance finding for not meeting the minimum price requirement. Also, if the UFLP is approved, students will only be charged the lunch price if they purchase a second lunch.

What is the fund balance in the Food Service Revolving Fund? As of May 31st, the fund balance is \$176,364. This is largely due to the UFLP being in place for the last few years. It should also be noted that equipment repairs and replacements are above and beyond Whitson's projections as the equipment is district owned and managed.

What about the price of adult lunches? This should also be addressed. The current cost of preparing an adult lunch is almost break even to the \$3.75 we charge.

What is recommended? In consultation with Whitson's in order to be in DESE compliance, it would be advantageous to set new rates at:

Elementary	\$3.50
Middle	\$3.75
High	\$3.75
Adult	\$4.75

What is required? The School Committee would need to vote the new prices effective July 1, 2023.

Thank you!