



**Billing Code: 3410-30-P**

**DEPARTMENT OF AGRICULTURE**

**Food and Nutrition Service**

**National School Lunch, Special Milk, and School Breakfast Programs, National Average Payments/Maximum Reimbursement Rates**

**AGENCY:** Food and Nutrition Service, USDA.

**ACTION:** Notice.

**SUMMARY:** This Notice announces the annual adjustments to the national average payments, the amount of money the Federal Government provides States for lunches, afterschool snacks, and breakfasts served to children participating in the National School Lunch and School Breakfast Programs; to the maximum reimbursement rates, the maximum per lunch rate from Federal funds that a State can provide a school food authority for lunches served to children participating in the National School Lunch Program; and to the rate of reimbursement for a half-pint of milk served to non-needy children in a school or institution that participates in the Special Milk Program for Children. The annual payments and rates adjustments for the National School Lunch and School Breakfast Programs reflect changes in the Food Away From Home series of the Consumer Price Index for All Urban Consumers. The annual rate adjustment for the Special Milk Program reflects changes in the Producer Price Index for Fluid Milk Products. Further adjustments are made to these rates to reflect higher costs of providing meals in Alaska, Hawaii and Puerto Rico. The payments and rates are prescribed on an annual basis each July.

**DATES:** These rates are effective from July 1, 2018 through June 30, 2019

**FOR FURTHER INFORMATION CONTACT:** Jessica Saracino, Branch Chief, Program Monitoring and Operational Support Division, Child Nutrition Programs, Food and Nutrition Service, U.S. Department of Agriculture, 3101 Park Center Drive, Room 640, Alexandria, VA 22302-1594.

**SUPPLEMENTARY INFORMATION:**

**Background**

Special Milk Program for Children - Pursuant to section 3 of the Child Nutrition Act of 1966, as amended (42 U.S.C. 1772), the Department announces the rate of reimbursement for a half-pint of milk served to non-needy children in a school or institution that participates in the Special Milk Program for Children. This rate is adjusted annually to reflect changes in the Producer Price Index for Fluid Milk Products, published by the Bureau of Labor Statistics of the Department of Labor.

National School Lunch and School Breakfast Programs - Pursuant to sections 11 and 17A of the Richard B. Russell National School Lunch Act, (42 U.S.C. 1759a and 1766a), and section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773), the Department annually announces the adjustments to the National Average Payment Factors and to the maximum Federal reimbursement rates for lunches and afterschool snacks served to children participating in the National School Lunch Program and breakfasts served to children participating in the School Breakfast Program. Adjustments are prescribed each July 1, based on changes in the Food Away

From Home series of the Consumer Price Index for All Urban Consumers, published by the Bureau of Labor Statistics of the Department of Labor.

Lunch Payment Levels - Section 4 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1753) provides general cash for food assistance payments to States to assist schools in purchasing food. The Richard B. Russell National School Lunch Act provides two different section 4 payment levels for lunches served under the National School Lunch Program. The lower payment level applies to lunches served by school food authorities in which less than 60 percent of the lunches served in the school lunch program during the second preceding school year were served free or at a reduced price. The higher payment level applies to lunches served by school food authorities in which 60 percent or more of the lunches served during the second preceding school year were served free or at a reduced price.

To supplement these section 4 payments, section 11 of the Richard B. Russell National School Lunch Act (42 U.S.C.1759 (a)) provides special cash assistance payments to aid schools in providing free and reduced price lunches. The section 11 National Average Payment Factor for each reduced price lunch served is set at 40 cents less than the factor for each free lunch.

As authorized under sections 8 and 11 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1757 and 1759a), maximum reimbursement rates for each type of lunch are prescribed by the Department in this Notice. These maximum rates are to ensure equitable disbursement of Federal funds to school food authorities.

Performanced-based Reimbursement – In addition to the funding mentioned above, school food authorized certified as meeting the meal pattern and nutrition standard requirements set forth in 7 CFR 210 and 220 are eligible to receive performance-based cash assistance for each reimbursable lunch served (an additional six cents per lunch available beginning October 1, 2012, and adjusted annually thereafter).

Afterschool Snack Payments in Afterschool Care Programs – Section 17A of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766a) establishes National Average Payments for free, reduced price and paid afterschool snacks as part of the National School Lunch Program.

Breakfast Payment Factors - Section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773) establishes National Average Payment Factors for free, reduced price, and paid breakfasts served under the School Breakfast Program and additional payments for free and reduced price breakfasts served in schools determined to be in “severe need” because they serve a high percentage of needy children.

### **Adjusted Payments**

The following specific section 4, section 11, and section 17A National Average Payment Factors and maximum reimbursement rates for lunch, the afterschool snack rates, and the breakfast rates are in effect from July 1, 2018 through June 30, 2019. Due to a higher cost of living, the average payments and maximum reimbursements for Alaska, Puerto Rico and Hawaii are higher than those for all other States. The District of Columbia, Virgin Islands, and Guam use the figures

specified for the contiguous States. These rates do not include the value of USDA Foods or cash-in-lieu of USDA Foods which schools receive as additional assistance for each meal served to participants under the Program. A notice announcing the value of USDA Foods and cash-in-lieu of USDA Foods is published separately in the *Federal Register*.

Adjustments to the national average payment rates for all lunches served under the National School Lunch Program, breakfasts served under the School Breakfast Program, and afterschool snacks served under the National School Lunch Program are rounded down to the nearest whole cent.

### **Special Milk Program Payments**

For the period July 1, 2018 through June 30, 2019, the rate of reimbursement for a half-pint of milk served to a non-needy child in a school or institution that participates in the Special Milk Program is 20.50 cents reflecting a decrease of 0.25 cents from the School Year (SY) 2017-2018 level. This change is based on the 0.22 percent decrease in the Producer Price Index for Fluid Milk Products from May 2017 to May 2018.

As a reminder, schools or institutions with pricing programs that elect to serve milk free to eligible children continue to receive the average cost of a half-pint of milk (the total cost of all milk purchased during the claim period divided by the total number of purchased half-pints) for each half-pint served to an eligible child.

## **National School Lunch Program Payments**

Overall, payments for the National School Lunch Program and the Afterschool Snack Program either remained the same or increased from last years payments due to a 2.68 percent increase in the national average payment rates for schools and residential child care institutions for the period July 1, 2018 through June 30, 2019 in the Consumer Price Index for All Urban Consumers during the 12-month period May 2017 to May 2018 (from a level of 268.128 in May 2017, as previously published in the Federal Register to 275.307 in May 2018).

These changes are reflected below.

Section 4 National Average Payment Factors - In school food authorities that served less than 60 percent free and reduced price lunches in School Year (SY) 2016-2017, the payments for meals served are: Contiguous States - paid rate – 31 cents (no change from the SY 2017-2018 level), free and reduced price rate – 31 cents (no change), maximum rate – 39 cents (no change); Alaska - paid rate – 51 cents (1 cent increase), free and reduced price rate – 51 cents (1 cent increase), maximum rate – 61 cents (no change); Hawaii and Puerto Rico - paid rate – 37 cents (1 cent increase), free and reduced price rate – 37 cents (1 cent increase), maximum rate – 45 cents (no change).

In school food authorities that served 60 percent or more free and reduced price lunches in School Year 2016-2017, payments are: Contiguous States - paid rate – 33 cents (no change from the SY 2017-2018 level), free and reduced price rate – 33 cents (no change), maximum rate – 39 cents (no change); Alaska - paid rate – 53 cents (1 cent increase), free and reduced price rate – 53 cents (1 cent increase), maximum rate – 61 cents (no change); Hawaii and Puerto Rico - paid rate

– 39 cents (1 cent increase), free and reduced price rate – 39 cents (1 cent increase), maximum rate – 45 cents (no change).

School food authorities certified to receive the performance-based cash assistance will receive an additional 6 cents (adjusted annually) added to the above amounts as part of their section 4 payments.

Section 11 National Average Payment Factors - Contiguous States - free lunch – 3 dollars (8 cents increase from the SY 2017-2018 level), reduced price lunch – 2 dollars and 60 cents (8 cents increase); Alaska - free lunch – 4 dollars and 87 cents (13 cents increase), reduced price lunch – 4 dollars and 47 cents (13 cents increase); Hawaii and Puerto Rico - free lunch – 3 dollars and 51 cents (9 cents increase), reduced price lunch – 3 dollars and 11 cents (9 cents increase).

Afterschool Snacks in Afterschool Care Programs – The payments are: Contiguous States – free snack – 91 cents (3 cents increase from the SY 2017-2018 level), reduced price snack – 45 cents (1 cent increase), paid snack – 8 cents (no change); Alaska - free snack – 1 dollar and 48 cents (4 cents increase), reduced price snack – 74 cents (2 cents increase), paid snack – 13 cents (no change); Hawaii and Puerto Rico - free snack – 1 dollar and 6 cents (2 cents increase), reduced price snack – 53 cents (1 cent increase), paid snack – 9 cents (no change).

## **School Breakfast Program Payments**

Overall, payments for the National School Breakfast Program either remained the same or increased from last years payments due to a 2.68 percent increase in the national average payment rates for schools and residential child care institutions for the period July 1, 2018 through June 30, 2019 in the Consumer Price Index for All Urban Consumers during the 12-month period May 2017 to May 2018 (from a level of 268.128 in May 2017, as previously published in the Federal Register to 275.307 in May 2018).

These changes are reflected below.

For schools “not in severe need” the payments are: Contiguous States - free breakfast – 1 dollar and 79 cents (4 cents increase from the SY 2017-2018 level), reduced price breakfast – 1 dollar and 49 cents (4 cents increase), paid breakfast – 31 cents (1 cent increase); Alaska - free breakfast – 2 dollars and 87 cents (8 cents increase), reduced price breakfast – 2 dollars and 57 cents (8 cents increase), paid breakfast – 46 cents (1 cent increase); Hawaii and Puerto Rico - free breakfast – 2 dollars and 9 cents (6 cents increase), reduced price breakfast – 1 dollar and 79 cents (6 cents increase), paid breakfast – 35 cents (1 cent increase).

For schools in “severe need” the payments are: Contiguous States - free breakfast – 2 dollars and 14 cents (5 cents increase from the SY 2017-2018 level), reduced price breakfast – 1 dollar and 84 cents (5 cents increase), paid breakfast – 31 cents (1 cent increase); Alaska - free breakfast – 3 dollars and 43 cents (8 cents increase), reduced price breakfast – 3 dollars and 13 cents (8 cents increase), paid breakfast – 46 cents (1 cent increase); Hawaii and Puerto

Rico - free breakfast – 2 dollars and 50 cents (7 cents increase), reduced price breakfast – 2 dollars and 20 cents (7 cents increase), paid breakfast – 35 cents (1 cent increase).

### **Payment Chart**

The following chart illustrates the lunch National Average Payment Factors with the sections 4 and 11 already combined to indicate the per lunch amount; the maximum lunch reimbursement rates; the reimbursement rates for afterschool snacks served in afterschool care programs; the breakfast National Average Payment Factors including severe need schools; and the milk reimbursement rate. All amounts are expressed in dollars or fractions thereof. The payment factors and reimbursement rates used for the District of Columbia, Virgin Islands, and Guam are those specified for the contiguous States.

| <b>SCHOOL PROGRAMS</b>   |               |                      |  |                        |  |                                   |   |
|--|---------------|----------------------|--|------------------------|--|-----------------------------------|---|
| <b>MEAL, SNACK AND MILK PAYMENTS TO STATES AND SCHOOL FOOD AUTHORITIES</b> |               |                      |  |                        |  |                                   |   |
| <i>Expressed in Dollars or Fractions Thereof</i>                           |               |                      |  |                        |  |                                   |   |
| <i>Effective from: July 1, 2018 - June 30, 2019</i>                        |               |                      |  |                        |  |                                   |   |
| <b>NATIONAL SCHOOL LUNCH PROGRAM<sup>1</sup></b>                           |               | <b>LESS THAN 60%</b> | <b>LESS THAN 60% + 6 cents<sup>2</sup></b> | <b>60% OR MORE</b>     | <b>60% or MORE + 6 cents<sup>2</sup></b> | <b>MAXIMUM RATE</b>               | <b>MAXIMUM RATE + 6 cents<sup>2</sup></b> |
| CONTIGUOUS STATES  | PAID          | 0.31                 | 0.37                                       | 0.33                   | 0.39                                     | 0.39                              | 0.45                                      |
|  | REDUCED PRICE | 2.91                 | 2.97                                       | 2.93                   | 2.99                                     | 3.08                              | 3.14                                      |
|  | FREE          | 3.31                 | 3.37                                       | 3.33                   | 3.39                                     | 3.48                              | 3.54                                      |
| ALASKA   | PAID          | 0.51                 | 0.57                                       | 0.53                   | 0.59                                     | 0.61                              | 0.67                                      |
|  | REDUCED PRICE | 4.98                 | 5.04                                       | 5.00                   | 5.06                                     | 5.22                              | 5.28                                      |
|  | FREE          | 5.38                 | 5.44                                       | 5.40                   | 5.46                                     | 5.62                              | 5.68                                      |
| HAWAII and PUERTO RICO   | PAID          | 0.37                 | 0.43                                       | 0.39                   | 0.45                                     | 0.45                              | 0.51                                      |
|  | REDUCED PRICE | 3.48                 | 3.54                                       | 3.50                   | 3.56                                     | 3.66                              | 3.73                                      |
|  | FREE          | 3.88                 | 3.94                                       | 3.90                   | 3.96                                     | 4.06                              | 4.12                                      |
| <b>SCHOOL BREAKFAST PROGRAM</b>  |               |                      |  | <b>NON-SEVERE NEED</b> |  | <b>SEVERE NEED</b>                |   |
| CONTIGUOUS STATES  |               | PAID                 | 0.31                                       |                        | 0.31                                     |                                   |   |
|  |               | REDUCED PRICE        | 1.49                                       |                        | 1.84                                     |                                   |   |
|  |               | FREE                 | 1.79                                       |                        | 2.14                                     |                                   |   |
| ALASKA   |               | PAID                 | 0.46                                       |                        | 0.46                                     |                                   |   |
|  |               | REDUCED PRICE        | 2.57                                       |                        | 3.13                                     |                                   |   |
|  |               | FREE                 | 2.87                                       |                        | 3.43                                     |                                   |   |
| HAWAII and PUERTO RICO   |               | PAID                 | 0.35                                       |                        | 0.35                                     |                                   |   |
|  |               | REDUCED PRICE        | 1.79                                       |                        | 2.20                                     |                                   |   |
|  |               | FREE                 | 2.09                                       |                        | 2.50                                     |                                   |   |
| <b>SPECIAL MILK PROGRAM</b>  |               |                      |  | <b>ALL MILK</b>        | <b>PAID MILK</b>                         | <b>FREE MILK</b>                  |   |
| PRICING PROGRAMS WITHOUT FREE OPTION                                       |               |                      |  | 0.2050                 | N/A                                      | N/A                               |   |
| PRICING PROGRAMS WITH FREE OPTION  |               |                      |  | N/A                    | 0.2050                                   | Average Cost Per 1/2 Pint of Milk |   |
| NONPRICING PROGRAMS  |               |                      |  | 0.2050                 | N/A                                      | N/A                               |   |
| <b>AFTERSCHOOL SNACKS SERVED IN AFTERSCHOOL CARE PROGRAMS</b>              |               |                      |  |                        |  |                                   |   |
| CONTIGUOUS STATES  |               | PAID                 | 0.08                                       |                        |  |                                   |   |
|  |               | REDUCED PRICE        | 0.45                                       |                        |  |                                   |   |
|  |               | FREE                 | 0.91                                       |                        |  |                                   |   |
| ALASKA   |               | PAID                 | 0.13                                       |                        |  |                                   |   |
|  |               | REDUCED PRICE        | 0.74                                       |                        |  |                                   |   |
|  |               | FREE                 | 1.48                                       |                        |  |                                   |   |
| HAWAII and PUERTO RICO   |               | PAID                 | 0.09                                       |                        |  |                                   |   |
|  |               | REDUCED PRICE        | 0.53                                       |                        |  |                                   |   |
|  |               | FREE                 | 1.06                                       |                        |  |                                   |   |

<sup>1</sup> Payment listed for Free and Reduced Price Lunches include both section 4 and section 11 funds

<sup>2</sup> Performance-based cash reimbursement (adjusted annually for inflation)

This action is not a rule as defined by the Regulatory Flexibility Act (5 U.S.C. 601-612) and thus is exempt from the provisions of that Act.

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3507), no new recordkeeping or reporting requirements have been included that are subject to approval from the Office of Management and Budget.

This notice has been determined to be not significant and was reviewed by the Office of Management and Budget in conformance with Executive Order 12866.

National School Lunch, School Breakfast, and Special Milk Programs are listed in the Catalog of Federal Domestic Assistance under No. 10.555, No. 10.553, and No. 10.556, respectively, and are subject to the provisions of Executive Order 12372, which requires intergovernmental consultation with State and local officials. (See 2 CFR 415.3-415.6).

**AUTHORITY:** Sections 4, 8, 11, and 17A of the Richard B. Russell National School Lunch Act, as amended, (42 U.S.C. 1753, 1757, 1759a, 1766a) and sections 3 and 4(b) of the Child Nutrition Act, as amended, (42 U.S.C. 1772 and 42 U.S.C. 1773(b)).

Dated: July 13, 2018.

Brandon Lipps,

Administrator,

Food and Nutrition Service.

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