

Administrative reimbursement rates for sponsoring organizations of day care homes per home/per month rates in U.S. dollars	Initial 50	Next 150	Next 800	Each additional
Alaska	153	117	91	80
Hawaii	111	84	66	58

¹ These rates do not include the value of commodities (or cash-in-lieu of commodities) which institutions receive as additional assistance for each lunch or supper served to participants under the program. A notice announcing the value of commodities and cash-in-lieu of commodities is published separately in the **Federal Register**.

The changes in the national average payment rates for centers reflect a 3.16 percent increase during the 12-month period, May 2005 to May 2006, (from 192.6 in May 2005 to 198.7 in May 2006) in the food away from home series of the CPI for All Urban Consumers.

The changes in the food service payment rates for day care homes reflect a 0.84 percent increase during the 12-month period, May 2005 to May 2006, (from 190.3 in May 2005 to 191.9 in May 2006) in the food at home series of the CPI for All Urban Consumers.

The changes in the administrative reimbursement rates for sponsoring organizations of day care homes reflect a 4.16 percent increase during the 12-month period, May 2005 to May 2006, (from 194.4 in May 2005 to 202.5 in May 2006) in the series for all items of the CPI for All Urban Consumers, published by the Bureau of Labor Statistics of the Department of Labor.

The total amount of payments available to each State agency for distribution to institutions participating in the program is based on the rates contained in this notice.

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. This notice has been determined to be exempt under Executive Order 12866.

This program is listed in the Catalog of Federal Domestic Assistance under No. 10.558 and is subject to the provisions of Executive Order 12372, which requires intergovernmental consultation with State and local officials. (See 7 CFR part 3015, subpart V, and final rule related notice published at 48 FR 29114, June 24, 1983.)

This notice imposes no new reporting or recordkeeping provisions that are subject to Office of Management and Budget review in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3518).

Authority: Sections 4(b)(2), 11a, 17(c) and 17(f)(3)(B) of the Richard B. Russell National School Lunch Act, as amended (42 U.S.C. 1753(b)(2), 1759a, 1766(f)(3)(B)) and section 4(b)(1)(B) of the Child Nutrition Act of 1966, as amended (42 U.S.C. 1773(b)(1)(B)).

Dated: July 5, 2006.

Roberto Salazar,
Administrator.

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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 nonneedy children in a school or institution which participates in the Special Milk Program for Children. The payments and rates are prescribed on an annual basis each July. 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. These payments and rates are in effect from July 1, 2006 through June 30, 2007.

DATES: These rates are effective from July 1, 2006 through June 30, 2007.

FOR FURTHER INFORMATION CONTACT: Mr. William Wagoner, Section Chief, School Programs Section, Policy and Program Development Branch, Child Nutrition Division, Food and Nutrition Service, USDA, 3101 Park Center Drive, Room

640, Alexandria, VA 22302 or phone (703) 305–2590.

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 nonneedy 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.

For the period July 1, 2006 through June 30, 2007, the rate of reimbursement for a half-pint of milk served to a nonneedy child in a school or institution which participates in the Special Milk Program is 14.5 cents. This reflects a decrease of 6.08 percent in the Producer Price Index for Fluid Milk Products from May 2005 to May 2006 (from a level of 169.4 in May 2005 to 159.1 in May 2006).

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 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. The changes in the national average payment rates for schools and residential child care institutions for the period July 1, 2006 through June 30, 2007 reflect a 3.16 percent increase in the Consumer Price Index for All Urban Consumers during the 12-month period May 2005 to May 2006 (from a level of 192.6 in May 2005 to 198.7 in May 2006). 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.

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.

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.

Revised 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, 2006 through June 30, 2007. Due to a higher cost of living, the average payments and maximum reimbursements for Alaska and Hawaii are higher than those for all other States. The District of Columbia, Virgin Islands, Puerto Rico and Guam use the figures specified for the contiguous States.

National School Lunch Program Payments

Section 4 National Average Payment Factors—In school food authorities which served less than 60 percent free and reduced price lunches in School Year 2004–05, the payments for meals served are: *Contiguous States*—paid rate—23 cents, free and reduced price rate—23 cents, maximum rate—31 cents; *Alaska*—paid rate—37 cents, free and reduced price rate—37 cents, maximum rate—48 cents; *Hawaii*—paid rate—27 cents, free and reduced price rate—27 cents, maximum rate—35 cents.

In school food authorities which served 60 percent or more free and reduced price lunches in School Year 2004–05, payments are: *Contiguous States*—paid rate—25 cents, free and reduced price rate—25 cents, maximum rate—31 cents; *Alaska*—paid rate—39 cents, free and reduced price rate—39 cents, maximum rate—48 cents;

Hawaii—paid rate—29 cents, free and reduced price rate—29 cents, maximum rate—35 cents.

Section 11 National Average Payment Factors—Contiguous States—free lunch—217 cents, reduced price lunch—177 cents; *Alaska*—free lunch—351 cents, reduced price lunch—311 cents; *Hawaii*—free lunch—253 cents, reduced price lunch—213 cents.

Afterschool Snacks in Afterschool Care Programs—The payments are: *Contiguous States*—free snack—65 cents, reduced price snack—32 cents, paid snack—06 cents; *Alaska*—free snack—106 cents, reduced price snack—53 cents, paid snack—09 cents; *Hawaii*—free snack—77 cents, reduced price snack—38 cents, paid snack—07 cents.

School Breakfast Program Payments

For schools “not in severe need” the payments are: *Contiguous States*—free breakfast—131 cents, reduced price breakfast—101 cents, paid breakfast—24 cents; *Alaska*—free breakfast—208 cents, reduced price breakfast—178 cents, paid breakfast—35 cents; *Hawaii*—free breakfast—152 cents, reduced price breakfast—122 cents, paid breakfast—27 cents.

For schools in “severe need” the payments are: *Contiguous States*—free breakfast—156 cents, reduced price breakfast—126 cents, paid breakfast—24 cents; *Alaska*—free breakfast—249 cents, reduced price breakfast—219 cents, paid breakfast—35 cents; *Hawaii*—free breakfast—182 cents, reduced price breakfast—152 cents, paid breakfast—27 cents.

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, Puerto Rico and Guam are those specified for the contiguous States.

SCHOOL PROGRAMS MEAL, SNACK AND MILK PAYMENTS TO STATES AND SCHOOL FOOD AUTHORITIES—EXPRESSED IN DOLLARS OR FRACTIONS THEREOF

[Effective from July 1, 2006–June 30, 2007]

National school lunch program *	Less than 60%	60% or more	Maximum rate
Contiguous States:			
Paid	0.23	0.25	0.31
Reduced price	2.00	2.02	2.17
Free	2.40	2.42	2.57
Alaska:			
Paid	0.37	0.39	0.48
Reduced price	3.48	3.50	3.75
Free	3.88	3.90	4.15
Hawaii:			
Paid	0.27	0.29	0.35
Reduced price	2.40	2.42	2.60
Free	2.80	2.82	3.00
School breakfast program	Non-severe need	Severe need	
Contiguous States:			
Paid	0.24	0.24	
Reduced price	1.01	1.26	
Free	1.31	1.56	
Alaska:			
Paid	0.35	0.35	
Reduced price	1.78	2.19	
Free	2.08	2.49	
Hawaii:			
Paid	0.27	0.27	
Reduced price	1.22	1.52	
Free	1.52	1.82	
Special milk program	All milk	Paid milk	Free milk
Pricing programs without free option	0.145	N/A	N/A
Pricing programs with free option	N/A	0.145	(¹)
Nonpricing programs	0.145	N/A	N/A

Afterschool Snacks Served in Afterschool Care Programs

Contiguous States:		
Paid		0.06
Reduced price		0.32
Free		0.65
Alaska:		
Paid		0.09
Reduced price		0.53
Free		1.06
Hawaii:		
Paid		0.07
Reduced price		0.38
Free		0.77

* Payment listed for Free and Reduced Price Lunches include both section 4 and section 11 funds.

¹ Average cost per 1/2 pint of milk.

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 action is exempted from review by the Office of Management and Budget under 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 7 CFR part 3015, subpart V, and the final rule related notice published at 48 FR 29114, June 24, 1983.)

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 5, 2006.

Roberto Salazar,*Administrator, Food and Nutrition Service.*

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