

All States Except Alaska and Hawaii—Continued

Free	1.8900
Reduced	1.4900
Supplements:	
Paid .....	.04
Free .....	.5175
Reduced .....	.2600

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. Notices announcing the value of commodities and cash-in-lieu of commodities are published separately in the **Federal Register**.

	Tier I	Tier II
Meals Served in DAY CARE HOMES—Per Meal Rates in Dollars or Fractions thereof:		
Breakfasts .....	.88	.33
Lunches and Suppers	1.62	.98
Supplements .....	.48	.13

Administrative Reimbursement Rates for Sponsoring Organizations of Day Care Homes—Per Home/Per Month Rates in Dollars:	
Initial 50 day care homes	75
Next 150 day care homes	57
Next 800 day care homes	45
Additional day care homes	39

Pursuant to Section 12(f) of the NSLA (42 U.S.C. 1760(f)), the Department adjusts the payment rates for participating institutions in the States of Alaska and Hawaii. The new payment rates for Alaska are as follows:

Alaska

Meals Served in Centers—Per Meal Rates in Dollars or Fractions thereof:	
Breakfasts:	
Paid .....	.29
Free	1.6575
Reduced	1.3575
Lunches and Suppers: ¹	
Paid .....	.29
Free	3.06
Reduced	2.66
Supplements:	
Paid .....	.07
Free .....	.8400
Reduced .....	.4200

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. Notices announcing the value of commodities and cash-in-lieu of commodities are published separately in the **Federal Register**.

	Tier I	Tier II
Meals Served in Day Care Homes—Per Meal Rates in Dollars or Fractions thereof:		
Breakfasts	1.40	.51

	Tier I	Tier II
Lunches and Suppers	2.63	1.58
Supplements .....	.78	.21

Administrative Reimbursement Rates for Sponsoring Organizations of Day Care Homes—Per Home/Per Month Rates in Dollars:

Initial 50 day care homes	121
Next 150 day care homes	92
Next 800 day care homes	72
Additional day care homes	64

The new payment rates for Hawaii are as follows:

Hawaii

Meals Served in Centers—Per Meal Rates in Dollars or Fractions thereof:

Breakfasts:	
Paid .....	.22
Free	1.2125
Reduced .....	.9125
Lunches and Suppers: ¹	
Paid .....	.21
Free	2.21
Reduced	1.81
Supplements:	
Paid .....	.05
Free .....	.6075
Reduced .....	.3025

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. Notices announcing the value of commodities and cash-in-lieu of commodities are published separately in the **Federal Register**.

Meals Served in DAY CARE HOMES—Per Meal Rates in Dollars or Fractions thereof:

Breakfasts	1.02	.38
Lunches and Suppers	1.90	1.14
Supplements .....	.56	.15

Administrative Reimbursement Rates for Sponsoring Organizations of Day Care Homes—Per Home/Per Month Rates in Dollars:

Initial 50 day care homes	88
Next 150 day care homes	67
Next 800 day care homes	52
Additional day care homes	46

The changes in the national average payment rates for centers reflect a 2.83 percent increase during the 12-month period May 1996 to May 1997 (from 152.0 in May 1996 to 156.3 in May 1997) 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 food service payment rates for day care homes reflect a 3.21 percent increase during the 12-month period May 1996 to May 1997

(from 152.6 in May 1996 to 157.5 in May 1997) in the food at home series of the Consumer Price Index for All Urban Consumers.

The changes in the administrative reimbursement rates for sponsoring organizations of day care homes reflect a 2.23 percent increase during the 12-month period May 1996 to May 1997 (from 156.6 in May 1996 to 160.1 in May 1997) in the series for all items of the Consumer Price Index 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.

Authority: Sections 4(b)(2), 11a, 17(c) and 17(f)(3)(B) of the 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 9, 1997.

William Ludwig,

Administrator.

[FR Doc. 97-18521 Filed 7-11-97; 8:45 am]

BILLING CODE 3410-30-P

DEPARTMENT OF AGRICULTURE**Food and Consumer Service****National School Lunch, Special Milk, and School Breakfast Programs; National Average Payments/Maximum Reimbursement Rates**

AGENCY: Food and Consumer Service, USDA.

ACTION: Notice.

SUMMARY: This Notice announces the annual adjustments to: (1) the "national average payments," the amount of money the Federal Government provides States for lunches, meal supplements and breakfasts served to children participating in the National School Lunch and School Breakfast Programs; (2) 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 (3) 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. Pursuant to Pub. L. 104-193, this Notice also implements a change in the methodology for computing the annual adjustments to the "national average payments" for meals and supplements served to nonneedy children. 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, 1997 through June 30, 1998.

EFFECTIVE DATE: July 1, 1997.

FOR FURTHER INFORMATION CONTACT: Robert M. Eadie, Chief, Policy and Program Development Branch, Child Nutrition Division, FCS, USDA, Alexandria, Virginia 22302, (703) 305-2620.

SUPPLEMENTARY INFORMATION: 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. §§ 3501-3518), no new recordkeeping or reporting requirements have been included that are subject to review by the Office of Management and Budget.

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

These programs are listed in the Catalog of Federal Domestic Assistance under No. 10.553, No. 10.555 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.)

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 which 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 (Code 0231), published by the Bureau of Labor Statistics of the Department of Labor.

For the period July 1, 1997 to June 30, 1998, 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 12.50 cents. This reflects an increase

of 1.19 percent in the Producer Price Index for Fluid Milk Products (Code 0231) from May 1996 to May 1997 (from a level of 133.8 in May 1996 to 135.4 in May 1997).

As a reminder, schools or institutions with pricing programs which 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 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 meals and supplements served to children participating in the National School Lunch 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, 1997 through June 30, 1998 reflect a 2.83 percent increase in the Price Index during the 12-month period May 1996 to May 1997 (from a level of 152.00 in May 1996 to 156.3 in May 1997).

Section 704(b) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. 104-193, enacted August 22, 1996, amends § 11(a)(3)(B) of the National School Lunch Act (42 U.S.C. 1759a(a)(3)(B)) and changes the method for computing the annual adjustments to the national average payment rates for meals and supplements served to nonneedy children. Effective July 1, 1997, the annual adjustments to the payment rates for *paid* meals under Section 4 of the National School Lunch Act (42 U.S.C. 1753), and *paid* supplements under Section 17(c) of the National School Lunch Act (42 U.S.C. 1766(c)), authorized under Section 11(a)(3)(B) of the National School Lunch Act, will be rounded down to the nearest whole cent. The annual adjustments to the Section 4 payments for free and reduced price meals and to the Section 17(c) payments for free and reduced price supplements, were unchanged by Pub. L. 104-193 and are rounded up or down to the nearest one-fourth cent.

Lunch Payment Levels—Section 4 of the 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 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 National School Lunch Act 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 National School Lunch Act (42 U.S.C. 1757, 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.

Meal Supplement Payments in Afterschool Care Programs

Section 17A of the National School Lunch Act (42 U.S.C. 1766a) authorizes elementary and secondary schools to be reimbursed for meal supplements as part of the National School Lunch Program if they meet the following requirements: (1) operate school lunch programs under the National School Lunch Act; (2) sponsor afterschool care programs; and (3) were participating in the Child and Adult Care Food Program as of May 15, 1989. The reimbursement rates for supplements served in Afterschool Care Programs under the National School Lunch Program are the same as the rates for supplements served in centers under the Child and Adult Care Food 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 after-school supplement rates and breakfast rates are in effect from July 1, 1997 through June 30, 1998. 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 1995–96, the payments for meals served are: *Contiguous States*—paid rate: 18 cents; free and reduced price rate: 18.25 cents; maximum rate: 26 cents; *Alaska*—paid rate: 29 cents; free and reduced price rate: 29.50 cents; maximum rate: 40 cents; *Hawaii*—paid rate: 21 cents; free and reduced price rate: 21.25 cents; maximum rate: 30 cents.

In school food authorities which served *60 percent or more* free and

reduced price lunches in School Year 1995–96, payments are: *Contiguous States*—paid rate: 20 cents; free and reduced price rate: 20.25 cents; maximum rate: 26 cents; *Alaska*—paid rate: 31 cents; free and reduced price rate: 31.50 cents; maximum rate: 40 cents; *Hawaii*—paid rate: 23 cents; free and reduced price rate: 23.25 cents; maximum rate: 30 cents.

Section 11 National Average Payment Factors—*Contiguous States*—free lunch: 170.75 cents; reduced price lunch: 130.75 cents; *Alaska*—free lunch: 276.50 cents; reduced price lunch: 236.50 cents; *Hawaii*—free lunch: 199.75 cents; reduced price lunch: 159.75 cents.

Meal Supplements in Afterschool Care Programs—The payments are: *Contiguous States*—free supplement: 51.75 cents; reduced price supplement: 26.00 cents; paid supplement: 4 cents; *Alaska*—free supplement: 84.00 cents; reduced price supplement: 42.00 cents; paid supplement: 7 cents; *Hawaii*—free supplement: 60.75 cents; reduced price supplement: 30.25 cents; paid supplement: 5 cents.

School Breakfast Program Payments

For schools "not in severe need" the payments are: *Contiguous States*—free breakfast: 104.50 cents; reduced price breakfast: 74.50 cents; paid breakfast: 20 cents; *Alaska*—free breakfast: 165.75

cents; reduced price breakfast: 135.75 cents; paid breakfast: 29 cents; *Hawaii*—free breakfast: 121.25 cents; reduced price breakfast: 91.25 cents; paid breakfast: 22 cents.

For schools in "severe need" the payments are: *Contiguous States*—free breakfast: 124.50 cents; reduced price breakfast: 94.50 cents; paid breakfast: 20 cents; *Alaska*—free breakfast: 197.75 cents; reduced price breakfast: 167.75 cents; paid breakfast: 29 cents; *Hawaii*—free breakfast: 144.50 cents; reduced price breakfast: 114.50 cents; paid breakfast: 22 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 meal amount; the maximum lunch reimbursement rates; the reimbursement rates for meal supplements 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.

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SCHOOL PROGRAMS MEAL AND MILK PAYMENTS TO STATES AND SCHOOL FOOD AUTHORITIES Expressed in Dollars or Fractions Thereof Effective from July 1, 1997 - June 30, 1998				
NATIONAL SCHOOL LUNCH PROGRAM *		LESS THAN 60%	60% OR MORE	MAXIMUM RATE
CONTIGUOUS STATES	PAID	\$.18	\$.20	\$.26
	REDUCED PRICE	1.4900	1.5100	1.6600
	FREE	1.8900	1.9100	2.0600
ALASKA	PAID	\$.29	\$.31	\$.40
	REDUCED PRICE	2.6600	2.6800	2.9250
	FREE	3.0600	3.0800	3.3250
HAWAII	PAID	\$.21	\$.23	\$.30
	REDUCED PRICE	1.8100	1.8300	2.0075
	FREE	2.2100	2.2300	2.4075
SCHOOL BREAKFAST PROGRAM		NON-SEVERE NEED		SEVERE NEED
CONTIGUOUS STATES	PAID	\$.20		\$.20
	REDUCED PRICE	.7450		.9450
	FREE	1.0450		1.2450
ALASKA	PAID	\$.29		\$.29
	REDUCED PRICE	1.3575		1.6775
	FREE	1.6575		1.9775
HAWAII	PAID	\$.22		\$.22
	REDUCED PRICE	.9125		1.1450
	FREE	1.2125		1.4450
SPECIAL MILK PROGRAM		ALL MILK	PAID MILK	FREE MILK
PRICING PROGRAMS WITHOUT FREE OPTION		\$.1250	N/A	N/A
PRICING PROGRAMS WITH FREE OPTION		N/A	\$.1250	Average cost 1/2 pint milk
NONPRICING PROGRAMS		\$.1250	N/A	N/A
SUPPLEMENTS SERVED IN AFTERSCHOOL CARE PROGRAMS				
CONTIGUOUS STATES	PAID	\$.04		
	REDUCED PRICE	.2600		
	FREE	.5175		
ALASKA	PAID	\$.07		
	REDUCED PRICE	.4200		
	FREE	.8400		
HAWAII	PAID	\$.05		
	REDUCED PRICE	.3025		
	FREE	.6075		

* Payments listed for Free & Reduced Price Lunches include both sections 4 and 11 funds.

Authority: Sections 4, 8, 11 and 17A of the 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 9, 1997.

William E. Ludwig,
Administrator.

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