

**Testimony of Susan K. Neely  
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**Senate Committee on Agriculture, Nutrition & Forestry**

**“Beyond Federal School Meal Programs: Reforming Nutrition for Kids in Schools”**

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## **Introduction**

Good morning, Mr. Chairman, Ranking Member Chambliss, and members of the Committee. Thank you very much for the invitation to appear before the Committee to discuss reauthorization of the Child Nutrition Act.

I am Susan K. Neely, President and CEO of the American Beverage Association (ABA). As a representative of the nation's beverage industry and the mother of two elementary school children, I applaud the committee for holding a hearing on child nutrition, particularly as it relates to programs involving foods and beverages sold in our nation's schools. I also want to thank the Chairman and Ranking Member for your continued leadership on this issue over the years.

The American Beverage Association has been the trade association for America's non-alcoholic refreshment beverage industry for almost 90 years. Founded in 1919 as the American Bottlers of Carbonated Beverages and renamed the National Soft Drink Association in 1966, ABA today represents hundreds of beverage producers, distributors, franchise companies and support industries. ABA's members employ more than 220,000 people who produce U.S. sales in excess of \$110 billion per year.

ABA members market hundreds of brands, flavors and packages, including diet and full calorie carbonated soft drinks, energy drinks, ready-to-drink teas and coffees, bottled waters, enhanced waters, 100 percent juices, fruit drinks, dairy-based beverages, and sports drinks.

According to John Dunham and Associates, Inc., direct, indirect and induced employment in the beverage industry means 2.9 million jobs that generate \$448 billion in economic activity. The beverage industry's firms pay more than \$27 billion in federal taxes and more than \$21 billion in taxes to state governments. And the beverage industry and its employees have generously contributed more than \$1.4 billion to charities across the country.

### **Implementation of National School Beverage Guidelines is Nearly Complete**

The American Beverage Association agrees that the obesity crisis is a complex, national challenge that requires us to re-examine old practices and find new solutions. All of us – policymakers, parents, educators, industry and community leaders – have a responsibility to help teach children how to live a healthy lifestyle. I am proud to report that the American beverage industry is doing its part.

We agree with parents and educators that schools are special places and play a unique role in shaping our children's health. So in May 2006, the American Beverage Association, The Coca-Cola Company, PepsiCo, and Cadbury Schweppes (now the Dr Pepper/Snapple Group) teamed up with the Alliance for a Healthier Generation (a joint initiative of the William J. Clinton Foundation and the American Heart Association) to

develop new School Beverage Guidelines that significantly reduce the calories available from beverages during the school day.

The guidelines provide students with a broad array of lower- and no-calorie options along with nutritious and smaller-portioned beverages to help kids build healthy habits as they learn to balance the calories they consume with the calories they burn. The guidelines are designed to provide the help parents asked for while balancing children's hydration needs with appropriate caloric levels for their age.

Implementing the national School Beverage Guidelines has not been easy.

Since we signed the Memorandum of Understanding (MOU) with the Alliance for a Healthier Generation (Alliance), our member companies have spent hundreds of hours training their marketing and sales teams about the guidelines. These teams have worked with the 125,000 schools across the country that have vending machines. Our companies have reformulated products, and created new package designs and sizes to meet the smaller portion requirements in the guidelines. And, they are retrofitting vending machines to accommodate the new package sizes. These changes have come at a significant cost to the industry in both financial and human resources.

We are already seeing the benefits of the hard work by beverage companies and their school partners to institute the Alliance's calorie-based national standard.

In just two years since we began implementing the national School Beverage Guidelines, there has been a 58 percent decrease in beverage calories shipped to schools and nearly 80 percent of schools under contract with bottlers are in full compliance – exceeding the 75 percent two-year standard called for in the MOU.

This puts the industry close to completing its agreement with the Alliance to reach full implementation of the School Beverage Guidelines by the beginning of next school year.

President Clinton, co-lead of the Alliance for a Healthier Generation, recognized the industry's significant accomplishments at a news conference to announce the guidelines second-year progress report. There he said, "These results show that the commitment made by the beverage industry has been surpassed and the beneficial consequences to our schools are far greater than what was estimated two years ago. And they deserve a lot of credit for that. They did better than they said they'd do, and the results they delivered surpass where we thought we'd be. And that is profoundly important."

And our partners in the health care community also appreciate our success. Dr. Tim Gardner, president of the American Heart Association, and co-lead of the Alliance for a Healthier Generation, said, "This is an important step in ending childhood obesity. The Alliance applauds the role the American Beverage Association and these companies are playing in helping to improve the health of our nation's children."

The Robert Wood Johnson Foundation echoed that sentiment when they praised the implementation of our School Beverage Guidelines saying that our work, “represent[s] measurable success in creating healthier school environments for millions of students...[The Robert Wood Johnson Foundation is] heartened to see how [the School Beverage Guidelines’] progress to date is meeting, even exceeding, the threshold that the Alliance, ABA and individual companies set two years ago.”

As the industry implements the beverage guidelines, the school beverage landscape continues to change, shifting to more waters, portion-controlled sports drinks and diet drinks. In fact, shipments of full-calorie soft drinks have decreased by nearly two-thirds with the volume shipped to schools down by 65 percent, showing industry is well on track for meeting that component of the commitment.

And while implementing the beverage guidelines has not been easy, neither was their development. The industry took great pains to work with credible partners and establish a science-based, balanced set of guidelines that taught children the importance of calorie control and met the concerns of parents and the health care community, while mitigating the financial losses to schools that rely on vending revenue.

### **Guidelines Developed Using Nutrition Science**

The School Beverage Guidelines were created in collaboration with policy experts at the Clinton Foundation and nutrition scientists at the American Heart Association. Using the principles of energy balance as well as the current Dietary Guidelines, we were able to develop guidelines that are responsive to school wellness programs that are striving to have a meaningful impact on children’s health.

The beverage guidelines provide an important tool for parents and caregivers who are helping their growing children manage caloric intake within their caloric expenditure through unstructured play and organized exercise programs and sports. The guidelines also provide portion control, taking the age of the student and therefore, his or her caloric needs into account.

### **Parents Support This Common Sense Approach**

In addition, we are very proud that parents agree we’ve struck the right balance by limiting calories and increasing nutritious offerings in schools with our guidelines. A nationwide survey showed that 4 out of 5 parents support our School Beverage Guidelines. In fact, they supported our School Beverage Guidelines over more restrictive alternatives.

When asked to choose between the School Beverage Guidelines and a policy that provided only bottled water, 100 percent juice and low-fat milk to *all* students from K-12, parents supported our guidelines by a margin of 56 to 42 percent. And when asked

whether they preferred our guidelines or a complete vending ban in schools, they chose the guidelines by a margin of 82 to 14 percent.

Some of the reasons parents gave for supporting the guidelines include:

- They appreciate the age-appropriateness of the policy.
- They like that it limits choices for younger students.
- Most feel that high school students are old enough to make choices.

This poll was conducted among 700 parents (59% female/42% male) by the highly respected Public Opinion Strategies firm, which is the research firm for the NBC News/Wall Street Journal polls.

The parents responding to the survey reaffirm that our policy makes good sense and it reflects the reality of how most of us live. Like grown-ups, kids want to drink both nutritious and enjoyable beverages. As a result of the beverage guidelines, schools can help our children learn to choose beverages that are lower in calories and/or higher in nutrition.

### **The National School Beverage Guidelines**

For elementary and middle schools, we limit the beverage offerings to water, milk and juice because parents believe, and we agree, that younger children need more guidance to choose foods and beverages appropriate for their nutrition and caloric needs.

By the time students reach high school, parents believe children should have more freedom to choose their food and beverages during the school day. These guidelines provide more options for older children, while still capping calories and portion-sizes. No full calorie soft drink products are offered in any grade.

We hope the Committee appreciates the extraordinary steps our member companies are taking with these guidelines. They are removing their signature and most popular brands from elementary, middle and high schools throughout America – an unprecedented move by any member of the broader food and beverage industry. They're also reducing the portion sizes of many beverages and capping the calories of products offered in schools. This does not come without real costs and risk to the industry.

The School Beverage Guidelines are:

#### **Elementary School**

- Bottled water
- Up to 8 ounce servings of milk and 100% juice
  - ✓ Low fat and non fat regular and flavored milk and nutritionally equivalent (per USDA) milk alternatives with up to 150 calories/8 ounces

- ✓ 100% juice with no added sweeteners, up to 120 calories/8 ounces, and with at least 10% daily value of three or more vitamins and minerals

### **Middle School**

- Same as elementary school except juice and milk can be sold in 10 ounce servings
- As a practical matter, if middle school and high school students have shared access to areas on a common campus or in common buildings, then the school community has the *option* to adopt the high school standards

### **High School**

- Bottled water
- No or low calorie beverages with up to 10 calories/8 ounces (e.g. diet soft drinks, diet and unsweetened teas, fitness waters, low calorie sports drinks, flavored waters, seltzers)
- Up to 12 ounce servings of milk, light juice, 100% juice and certain other drinks
  - ✓ Low fat and no fat regular and flavored milk and nutritionally equivalent (per USDA) milk alternatives with up to 150 calories/8 ounces
  - ✓ 100% juice with no added sweeteners, up to 120 calories/8 ounces, and at least 10% daily value of three or more vitamins and minerals
  - ✓ Other drinks with no more than 66 calories/8 ounces (e.g. light juices and sports drinks)
  - ✓ At least 50 percent of beverages must be water and no or low calorie options

The School Beverage Guidelines MOU requires full implementation of the guidelines by the beginning of the 2009 – 2010 School Year. Dr. Robert Wescott, an independent economist and member of the Clinton administration, is overseeing the process to gather and evaluate both sales volume and contract data from thousands of bottlers and schools across the country. Additionally, both the Alliance for a Healthier Generation and the industry are continuing outreach efforts with schools and national education groups to garner their support to implement the guidelines. And the Alliance offers a web-based product catalog so that schools can more clearly understand what beverages fit the guidelines when they enter into or amend contracts.

### **Bold Steps on Marketing to Children**

Another example of our commitment to healthy children is demonstrated by the industry's recent adoption of guidelines on marketing to children. In 2008, the International Council of Beverages Associations, the worldwide trade association representing the non-alcoholic beverage industry, of which ABA is a member and current Secretariat, adopted Guidelines on Marketing to Children.

These far reaching guidelines represent a voluntary commitment by companies within the beverage industry not to market non-alcoholic beverages other than water, fruit juice and dairy-based beverages to children under 12.

The guidelines are applicable to broadcast television and radio, print, digital media such as Internet and phone messaging, and cinema, including product placement.

By the close of 2009, the guidelines call for a review of other forms of marketing practices, including the use of licensed characters, sponsorships and other forms of marketing communications in channels which are predominantly viewed by children under 12. Additionally, an implementation report will be issued by the end of 2009.

These global guidelines were developed within the framework of a wider food and drinks industry commitment to help implement the 2004 World Health Organization Global Strategy on Diet, Physical Activity and Health.

### **Conclusion: The Industry Supports Codification of the School Beverage Guidelines**

The American Beverage Association welcomes the opportunity to work with Congress to provide guidelines for schools that offer more lower-calorie and nutritious beverages.

We believe that our guidelines are strong and meet the goals of balancing calories and promoting health education among our nation's students. And no reasonable person can question our success. To reiterate – after just two years, nearly 80 percent of schools under contract are already in compliance with the guidelines, and we've cut beverage calories shipped to schools by 58 percent.

In fact, our commitment to implementation was clearly demonstrated last year when we worked with you, Mr. Chairman, during Farm Bill reauthorization to forge agreement on an amendment establishing nutrition standards for foods and beverages sold in schools outside of the reimbursable meal program. And while we were disappointed that Senate procedures precluded consideration of your bi-partisan amendment, we will continue to work with you and House Education Chairman George Miller to ensure a commonsense calorie-based standard continues to be applied to schools throughout the country.

And Mr. Chairman, I'd also like to take this opportunity to congratulate you on introducing S.634, the "FIT Kids Act" which focuses on the other key component of this issue – the "calories out" side. The importance of physical activity cannot be overstated, not just as a means to manage energy balance, but also as a means to improve learning, development and overall good health.

It is indeed unfortunate that too often physical activity gets overlooked, and we know that a sedentary lifestyle plays a major role in weight gain and obesity. We applaud your leadership in this area and wholeheartedly endorse your bill. Legislation like the FIT Kids Act, along with continuing to fund PEP grants, are important components in the nation's fight against obesity.

Thank you Mr. Chairman. We look forward to continuing our work with this Committee.