

**Testimony of Susan K. Neely
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**Senate Committee on Health, Education, Labor and Pensions
Subcommittee on Children and Families**

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Introduction

Good morning, Mr. Chairman and members of the Committee. Thank you very much for the invitation to appear before the Committee to discuss current efforts to explore meaningful solutions to the nation's childhood obesity problem.

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 an issue that is critical to the health of our children. 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 more than 85 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 211,000 people who produce U.S. sales in excess of \$88 billion per year.

According to John Dunham and Associates, Inc., direct, indirect and induced employment in the beverage industry means 2.9 million jobs that create \$448 billion in economic activity. At the state and federal level, beverage industry firms pay more than \$27 billion in federal taxes and more than \$21 billion in taxes paid to state governments. The beverage industry and its employees are active members of their communities throughout America who have generously contributed at least \$1.4 billion to charities across the country. In fact, we are leading the way when it comes to doing ones part to help children achieve a balanced lifestyle.

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

Adoption of School Beverage Guidelines

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 do our part to help teach our children how to have a healthy life style. I am proud to report that the American beverage industry is doing just that.

In May of 2006, the American Beverage Association, Cadbury Schweppes Americas Beverages, The Coca-Cola Company and PepsiCo 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 limit calories and increase nutritious beverages in schools.

We agree with parents and educators that schools are special places and play a unique role in shaping our children's health. 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 balance children's nutritional and hydration needs with appropriate caloric consumption for their age.

The Guidelines

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 non-milk beverages must be water and no or low calorie options

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 will be offered in any grade.

We hope the Committee appreciates the extraordinary steps our companies are taking with these guidelines. Our companies are removing full-calorie soft drinks from elementary, middle and high schools throughout America – an unprecedented move by a 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 is all happening right now in schools across America. And this change does not come without real cost and risk to the industry.

Guidelines Developed Using Nutrition Science

The American Heart Association wielded great influence in the development of the School Beverage Guidelines along with the Clinton Foundation and the beverage industry.

The guidelines were designed using nutrition science, including the *Dietary Guidelines for Americans, 2005* as well as the *American Heart Association's Dietary Guidelines for Healthy Children* and *2006 Diet and Lifestyle Recommendations* in order to balance children's nutritional needs with the requirement to manage caloric consumption. The guidelines are also developmentally appropriate, taking the age of the student into great account. They balance children's nutritional and hydration needs with appropriate caloric consumption.

By using nutrition science, along with parental concerns, we were able to develop guidelines that are responsive to concerns about school wellness and that will make a meaningful impact on our children.

Parents Support this Commonsense Approach

We are very proud of these guidelines and are happy to report that parents think we've struck the right balance by limiting calories and increasing nutritious offerings in schools. A nationwide survey showed that 82% of parents surveyed support our school beverage guidelines. In fact, they clearly support our school beverage guidelines over more restrictive alternatives.

When asked to choose between the School Beverage Guidelines and a policy that provided bottled water, 100 percent juice, and low fat milk for K-12, parents supported our guidelines by a margin of 56% to 42%. And when asked if they preferred our guidelines or a complete vending ban in schools, they chose the guidelines by a margin of 82% to 14%.

Some of the reasons parents gave for supporting the guidelines:

- 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.

Additionally, 88% of health professionals surveyed, including pediatricians, family physicians, dieticians, and nutritionists, support the School Beverage Guidelines.

This poll was conducted of 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 poll.

The parents responding to the survey reaffirm that our policy makes good sense. It is based on sound nutrition and 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 these guidelines, schools can help our children learn to choose beverages that are lower in calories and/or high in nutrition.

Committed to Implementation

The beverage industry is working hard to implement these guidelines. Since we signed the Memorandum of Understanding with the Alliance for a Healthier Generation, our companies have spent hundreds of hours training their marketing and sales teams about the guidelines. These teams have reached out to school contract partners to educate them. Our companies have reformulated products. They have created new package sizes to meet the smaller portion sizes required in the guidelines. And, they are retrofitting vending machines to accommodate the changes in package sizes.

In addition, both the Alliance for a Healthier Generation and the industry are continuing our outreach efforts with schools and national education groups to garner their support to implement the guidelines. The Alliance offers a web-based educational tool kit and product catalog so that schools can more clearly understand what beverages fit the guidelines when they enter into or amend contracts.

The School Beverage Guidelines MOU requires full implementation of the guidelines by August 2009. 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. This is not a simple process, but the work is well underway.

Our first year report showed a 41% decline in beverage calories shipped to schools. We believe this was a tremendous step forward.

The goal for our second year of implementation is to have 75 percent of school contracts in compliance – nationwide. As we speak, Dr. Wescott is analyzing the data for his next report which is due out in September. I am optimistic that we will meet that goal and be well on our way to full implementation next year.

In fact, our commitment to implementation was clearly demonstrated last year when we worked with Senate Agriculture Committee Chairman Tom Harkin 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.

In addition, we were strong supporters of the Harkin-Murkowski School Nutrition Amendment. That amendment included beverage standards that closely mirrored the Guidelines, however Senate procedures precluded the amendment's consideration. As that Committee considers reauthorization of the Child Nutrition Act next year, we will continue to work with Senator Harkin and Chairman George Miller in the House to demonstrate our commitment to this commonsense approach that balances good nutrition with the practical needs of schools.

In fact, the ABA and our member companies would propose and support codification of our School Beverage Guidelines. Whether that is done in the Child Nutrition Act – or in another form – we believe, and many parents agree, that the School Beverage Guidelines should be the law of the land.

This would help our member companies, school administrators and parents move forward knowing what the federal government expects – in a way that is based in sound science and appropriate public policy.

Bold Steps on Marketing to Children

Another example of our commitment to healthy children is demonstrated by the recent adoption of a new policy on marketing to children.

Earlier this year the International Council of Beverages Associations (ICBA), the worldwide trade association representing the non-alcoholic beverage industry, adopted a global policy to not market many of their products to young children.

Under the Global Policy on Marketing to Children, ICBA members will not market carbonated soft drinks, ready-to-drink teas and coffees, sports drinks and energy drinks to any audience comprised 50% or more of children under the age of 12. The

comprehensive policy will cover broadcast television and radio, print, digital media such as Internet and phone messaging, and cinema, including product placement. Our companies are also beginning a comprehensive review of other forms of marketing practices, including the use of licensed characters, sponsorships and other forms of marketing communications on channels which are predominantly viewed by children.

Our largest global beverage companies have agreed to fully implement this policy by the end of 2008. Additionally, the ICBA intends to issue its first report on the global advertising commitment by the end of 2009.

This global policy was developed within the framework of a wider food and drinks industry commitment to collaborate with the World Health Organization (WHO) and other stakeholders to help implement the 2004 WHO Global Strategy on Diet, Physical Activity and Health. This agreement is the first, sector-specific step in a broader movement that will include a variety of initiatives and a large number of food and beverage partners.

Physical Activity

And no discussion of child health would be complete without talking about the need for physical activity. Reports are that children are spending upwards of six hours a day in front of a screen. Whether it's a television, computer, or the latest video game entertaining distractions have taken the place of sports, exercise, and physical play.

Weight gain, is at its root, an excess of calories consumed over calories burned. And without the necessary physical activity, we will continue to see overweight children. We must not allow the calories burned portion of this equation to be lost. It is equally as important as calories consumed and deserves equal attention from lawmakers, parents, schools, communities and industry.

I appreciate and thank the representative from the YMCA for being here. It is organizations like theirs that can make safe places for children to be more physically active. As an industry, we also support more physical education in schools and more opportunities for physical activity like recess.

The beverage industry supports Senator Harkin's FIT Kids Act, which would integrate physical education into the regular school curriculum through the No Child Left Behind Act.

Conclusion

The American Beverage Association welcomes the opportunity to work with the Alliance for a Healthier Generation and with Congress to provide guidelines for schools that offer more lower-calorie and nutritious beverages. While we applaud this Committee's efforts to find new ways to address childhood obesity, we hope that it will recognize and support

the significant effort by this industry to change the beverage offerings in schools that is already well underway. Mr. Chairman, our industry is providing the impetus for change in our communities and we will continue to seek to lead on this issue. Limiting calories in schools is a sensible approach that acknowledges our industry's long-standing belief that school wellness efforts must focus on teaching kids to consume a balanced diet and get plenty of exercise. Our industry will continue to do its part to help our kids learn how to lead a healthy life.

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