

Joint Informational Hearing

SENATE COMMITTEE on FOOD and AGRICULTURE

Senator Dean Florez, Chair

and

SENATE COMMITTEE on HEALTH

Senator Elaine Kontominas Alquist, Chair

Food and Beverages: Strategies to Recoup the Health Costs of Excessive Sugar Consumption

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SENATOR DEAN FLOREZ: It's a busy day here at the Capitol with regular voting occurring, and so, I will tell you ahead of time that we may make a pause here and there so I can vote in the numerous committees that are going on. I'm going to try to make it logistically easier for folks by giving some folks some notice of when we're going to leave.

Thank you for coming. This is the Senate Food and Agriculture Committee along with the Senate Health Committee. Today's topic is "Strategies to Recoup the Health Costs of Excessive Sugar Consumption." Obviously, if anybody gets really thirsty, just come on up and grab whatever your choice is in front of you in the room.

I would like to thank those who have traveled here to the State Capitol today. Obviously, today we're with medical professionals, soda industry representatives, and community health advocates to address the role that sugar sweetened drinks, like sodas and energy drinks, sports drinks, sweetened teas, etc. play in our overall diet, and, of course, we're going to be talking about its link to obesity.

I would like to thank my colleagues Senator Padilla and Senator Alquist. This is very much part of a continuing discussion that we began in Los Angeles. Today, we'd like to carry that discussion on a little further to talk about the effects of raising revenue to offset what is a \$41 billion health care cost to the State of California and to talk about diabetes and type 2 diabetes as well today.

At the hearing, obviously, we had not introduced Senate Bill 1210, which is our bill coming up in a few weeks, to tax sugar sweetened beverages at a rate of one penny per teaspoon of sugar to fund programs. Some of those programs, of course, deal with physical education and nutrition programs in the State of California.

A lot has transpired since the L.A. hearing. Of course, President Obama and Michelle Obama's move to get our children more active in the Let's Move campaign, obviously, is very, very important. And, again, adding more calorie content information to the front of beverage containers and vending machines, fountain equipment is an important step as well.

We'd like to recognize PepsiCo announced that it would also remove sugary drinks from primary schools worldwide, and I think that is, obviously, an industry heading in the right direction, so we're very thankful for that.

I can tell you that as we meet, states like New York, New Mexico, Colorado, Mississippi, Kansas, Washington State, and even cities like Philadelphia, are proposing very similar taxes and the question is why would California be any different? And what we're seeking is indeed something somewhat different. We're not seeking this as General Fund relief; what we're trying to do is find the relief in the right measure in terms of additional monies for after school programs and physical education programs.

I can tell you that from my view of the last hearing, the sweetened beverages were and are the single largest source of added sugar in the American diet. It's estimated that Americans consume 300 additional calories, more than it did three decades ago; roughly about half of that coming from sweetened beverages. And, of course, in the district that I represent, Fresno County, we have 53 percent plus children drink one or more sodas a day; in Kern County, 55 percent of children do; and in some counties, over 70 percent of adolescents drink one or more sodas per day. I would be talking about Tulare County. So even in the Central Valley, it seems to be one of the epicenters where we have a lot of childhood obesity, type 2 diabetes. These statistics are very alarming but the goal here is not to wait for these numbers to blossom; it's to have an open, frank discussion about the role of sugary drinks in this, what I would call, epidemic, at least in my district and, of course, in California.

We know that we are going to have some divergent views today. We know that there are various thoughts on how to achieve the goals that we're trying to achieve

here in California. But the purpose of today is the kind of hearing that I like; it is not an up or down vote on anything; it is a discussion. It is an opportunity to provide the consumers and the public with information on our current health crisis and what over consumption of sugary drinks does in terms of contributing to that particular crisis we have in California.

Let's go ahead and begin the hearing. We have some panels. And we'd like to start with Gail Woodward Lopez and Harold Goldstein as panel one. We're going to be speaking about the link between sugar and obesity. I do have some questions for both of you, but I'd like you to be able to make your presentation, and then, we'll hear from the industry and a few folks as well, who would like to make a few comments.

GAIL WOODWARD LOPEZ: Chair Florez, Members, thank you inviting me here today to share findings on the relationship between sweetened beverages and obesity. I'm the associate director of the Dr. Robert C. and Veronica Atkins Center for Weight and Health at the University of California, Berkeley, and author of a recent book on the dietary determinants of obesity.

The Center for Weight and Health is well known for its work in the area of child obesity prevention and particularly for evaluating programs and policies in synthesizing research to inform policy and action.

We all know that we are in the midst of an obesity epidemic that will have catastrophic consequences if not addressed. We also know that calorie intake has increased dramatically over the same time period that obesity rates have risen and this increase in calories alone is more than enough to account for the rise in obesity we have observed in recent decades. But obesity is not merely the result of eating too much of everything, it is also influenced by what we eat. Therefore, it is critical to identify the dietary factors that are contributing most to excess weight gain.

At the Center for Weight and Health we conducted an extensive, systematic literature review and found that sweetened beverages were the single dietary factor with the strongest evidence linking it to obesity.

Let me share with you the four lines of evidence demonstrating the link between obesity and sweetened beverage consumption:

The first line of evidence compares secular trends in dietary intake and obesity. The parallel rise in sweetened beverage intake in obesity is quite striking. Between 1977 and 2002 when obesity rates were climbing most steeply, Americans more than

doubled their intake of sweetened beverages (and this is not a coincidence). Sweetened beverage intake accounted for 43 percent of the increase in overall calorie intake during this time period. By 2004, Americans were consuming between 9 and 13 percent of their total calories just from sweetened beverages alone. Among food and beverage items consumed by Americans in recent decades, soft drinks are the number one contributor to our calorie intake.

The second line of evidence addresses biological feasibility and answers the question, how do sweetened beverages contribute to excess weight gain? How are they different from other foods? Researchers found that when we consume calories in liquid form compared to solid foods, we don't compensate with an equivalent reduction in the intake of other foods and beverages. One analysis of over 40 studies concluded that 91 percent of liquid calories are not compensated for; they're just added to the rest of our intake. Several well conducted studies have found a significant association between sweetened beverage intake and calorie intake. These extra calories will lead to weight gain if there is no equivalent increase in energy expenditure.

The third line of evidence includes over 50 studies that looked at the direct relationship between sweetened beverage intake and some measure of body fat or body weight. The majority of these studies, especially those of more rigorous design, found that higher levels of sweetened beverage intake were associated with higher weight. These results were consistent across all age ranges and ethnic groups examined and were especially strong for children.

The fourth and final line of evidence is the most powerful. These findings are from nine experimental studies where sweetened beverage intakes were either increased or decreased and the resulting change in weight is measured. Studies of strongest design, the majority of which were randomized controlled trials, showed that reducing intake of sweetened beverages resulted in measurable and significant decreases in body fat. Conversely, when sweetened beverage intake was increased, subjects gained weight, up to 3.5 pounds in just ten weeks.

So do sweetened beverages cause excess weight gain? The evidence is quite compelling. There are several well established criteria that must be met to establish causation. The evidence we reviewed meets all of these criteria and therefore supports a causal link between sweetened beverage intake and obesity. Compared to other dietary components, sweetened beverages stand out as a major contributor to the

obesity epidemic. The evidence therefore suggests that reduction in the intake of sweetened beverages alone could have a measurable impact on obesity rates and this impact could be quite large.

An analysis we conducted revealed that the increase in sweetened beverage intake between 1977 and 2002 was equivalent to 43 percent of the total increase in calories over that time period. Given that it is unlikely that more than 50 percent of that increase in calories from sweetened beverages was compensated for by reduction in other foods, we estimate that at least 22 percent of the weight gained over that time period was due to the increase in intake of sweetened beverages.

In conclusion, it is clear that not all calories are equal when it comes to obesity. The same number of calories provided in different foods has a different impact on how full or satisfied we feel and therefore how likely we are to continue eating. Further, most Americans have little room in their diets for empty calories such as those that come from sweetened beverages that do not provide any additional naturally occurring nutrients. These beverages, therefore, are either consumed in addition to healthier options, thereby leading to obesity, or they replace those healthy options, thereby reducing intake of other needed nutrients.

Some may claim that sweetened beverage sales are essential for funding services and programs and institutions such as our schools. However, our studies conducted at over 100 schools found that the profits were less than \$400 per year per vending machine, indicating that the schools are getting a very small portion of the dollars that students were spending on these unneeded and potentially harmful beverages.

So what can we do? Committees convened by the Institute of Medicine and the Centers for Disease Control and Prevention, as well as reviews conducted by our center and others, suggest that alterations in pricing and access are among the most promising strategies for changing dietary intake. Therefore, policies that increase the price and/or reduce access to sugar sweetened beverages are merited.

Thank you very much.

SENATOR FLOREZ: Thank you. We'll also have some questions for both of you.

HAROLD GOLDSTEIN: Mr. Chairman, my name is Dr. Harold Goldstein. I'm the executive director of the California Center for Public Health Advocacy, a non-

partisan, nonprofit organization dedicated to protecting the health of all Californians. Thank you for inviting me to speak here today.

In 1985, when obesity was first measured, less than 9 percent of Californians were obese. Today, that number has skyrocketed to 24.3 percent in just 25 years, almost triple. Overweight obesity and physical activity, as you mentioned, Senator, costs California \$41 billion annually. And as you just heard, sugar sweetened beverages have been the single largest contributor to the obesity epidemic in the United States.

So how did sodas become such a big part of the problem? Well, those little 8 ounce soda bottles from the 1960s have become 12 ounce cans and then 20 ounce bottles and now 33 ounce bottles as if they've been on steroids. Six packs have become 24 packs. Small cold glasses at restaurants have been replaced by free massive refills at every fast food outlet. And until recently, soda was widely available in California public schools, a change that was vigorously opposed for many, many years by the beverage industry.

And remember that one 20 ounce soda has 17 teaspoons of sugar. It's like drinking a piece of chocolate cake every time you're thirsty. Imagine putting 17 little packs of sugar in your coffee; how would it taste?

Now when I was a kid in the 1970s, back then soda was a treat for kids. Today, one-third of children aged two through five, one-third of children age two through five in California drink a soda or more a day. Children consume on average 175 calories of soda a day. The average adult in the United States drinks 50 gallons of sugar sweetened beverages a year—the equivalent of 39 pounds of sugar; that's the amount of sugar sitting right over there.

Having reviewed the overwhelming research linking sodas and obesity, the nation's leading health organizations have called for strategies to reduce consumption; organizations like the Centers for Disease Control, the USDA, the American Academy of Pediatrics, and the American Medical Association. About the only organizations that don't agree are the ones that make money selling these products. The beverage industry has responded with a script that's now very well known, much of which is quite similar to what the tobacco industry said when they were fighting public health interventions.

So I can't completely predict what industry is going to say today, but I'm guessing you're going to hear about ten things: two of which are going to be true, eight of which are going to be false.

First, industry is probably going to say that there are many things that contribute to the obesity problem and that's true, but that's not an argument to do nothing. We have to start where the science is strongest, and the science is without question, strongest on sugar sweetened beverages.

Second, they're probably going to say that just reducing sugar sweetened beverage consumption isn't going to solve the obesity problem. That even here in California there are studies that have shown that half of the people who are overweight don't drink soda. That's true as well. But the half that do drink soda are 27 percent more likely to be overweight. Again, there is no magic bullet. But that doesn't mean that you ignore the biggest culprit.

Then the industry is probably going to suggest that sugar sweetened beverages are not a significant portion of calories that people consume, and that's false. Sodas are the single largest source of discretionary calories in the American diet. They're far and away the biggest source of added sugar. And as Dr. Woodward Lopez just said, they've been the single largest source of new calories in the American diet over the last 30 years.

The industry is probably going to claim that sodas make up something like 5 percent of calories, including food supply data, which isn't what people report consuming (which is more like double or triple that amount).

Now industry, as they said in the Los Angeles hearing, is likely going to say again that a calorie is a calorie. That it's unfair to single out one product. Now that's false in two different ways:

First, unlike other foods, sodas provide no nutritional benefit. We drink soda like it's water, but it's not. And more importantly, there is poor compensation for calories consumed in liquid form. When you go out to lunch, you don't feel more full if you drink a regular Coke instead of a diet Coke like you would if you had an extra half sandwich, say. As mammals, we evolve consuming only two beverages: mother's milk as infants and water as adults and children. So here's the problem: It turns out that our bodies are not biologically equipped to recognize or respond to liquid calories.

Next, industry is likely to falsely claim that the science showing the link between soda consumption and obesity is unclear, as if the Centers for Disease Control and the American Medical Association, the World Health Organization have all been duped. They'll quote a few studies that show contrary results, many of which they paid for themselves, and they'll bring experts to testify who are or have been on industry payrolls.

Next, they're likely going to say that raising the price of sugar sweetened beverages is not going to lower consumption. Now that too is false. A scientific review of the literature has shown that for every 10 percent increase in soda prices, there's a 7.8 percent decrease in consumption. The beverage industry's own data suggest that the relationship is actually even stronger. I provided the committee with a copy of this November 2008 report from Beverage Digest which says, "Industry sources have long said that carbonated sweetened drinks are highly price elastic, meaning that price increases depress volume." The report also showed that consumers are very flexible. When one bottler raise prices and the other one didn't, consumers quickly switched products.

The beverage industry is also fond of citing a recent Rand study showing that current state taxes averaging 4 percent have no impact on children's consumption. But most of these are sales taxes and, of course, sales taxes don't reduce consumption. Consumers don't even see a sales tax until after they make their purchase and even then, they could never figure out how much of the sales tax is due to one product instead of another. As for the paper's conclusion that soda taxes have to be sufficiently high to see an effective consumption, as you well know, SB 1210 would impose a tax of a penny per teaspoon of added sugar; an excise tax averaging about 15 percent, four times the average rate considered in the Rand study.

Next, the beverage industry is probably going to say that soda taxes won't have the desired public health benefit. This too is false. They may point to places like West Virginia and Arkansas as examples where tiny taxes haven't solved their obesity problem. Well, here in California we proved beyond any doubt that taxing a harmful product is a critical component of a successful public health campaign. In 1988, California put an excise tax of 25 cents on each pack of cigarettes. Ten years later, smoking rates have gone down 30 percent, and lung cancer rates have gone down 19

percent—in ten years. The key was for revenues to go right back to schools and communities to fund prevention programs, just as SB 1210 would guarantee.

Next, the beverage industry is likely going to say that consumers don't want a soda tax, especially during a recession. This too is false. A public opinion poll conducted by the reputable Field Research Corporation was released today showing strong support among registered voters—56 percent compared to 43 percent if the monies go to support children's health. And while the beverage industry sometimes sounds like they're fighting soda taxes on behalf of poor people, this public opinion poll showed that low-income Californians support the soda tax by almost 2 – 1.

Next, industry will likely claim that government shouldn't interfere with the market price of their products. It sounds good, but it too is false. The government is already interfering with the price of soda by subsidizing corn and keeping high fructose corn syrup prices, and therefore, soda prices artificially low. You may not know that two-thirds of all high fructose corn syrup in the United States is consumed in beverages. You sure don't hear the beverage industry arguing to end their government subsidies.

Finally, industry will likely argue that efforts to reduce soda consumption are going to hurt business. This too is false. I know of not a single study suggesting that either tobacco or alcohol taxes have ever resulted in job losses. And certainly no studies have shown job losses in places like Arkansas and West Virginia resulting from their soda taxes. Once again, industry is crying wolf. Instead, a tax on sugary beverages will create a market mechanism to encourage people to buy beverages without all that sugar, beverages that are produced by these same companies. On the table on this side, beverages produced by the industry that have calories. On this side, beverages that consumers, given a higher price on one, will lean toward consuming instead; all to a public health benefit; all of which will have no impact whatsoever on industry profits.

In conclusion, for decades Coke and Pepsi have been waging a soda war, competing for customers as if one would win and one would lose. Well, it turns out, they both won. They both got more customers, evidently including a lot of two to five-year-olds. And we've all lost. Their products became the single greatest contributor to the obesity epidemic, and a unique contributor to that epidemic because our bodies are not biologically equipped to compensate for liquid calories.

So a soda tax would accomplish two important things. It would provide needed funding for schools and communities to counteract the harmful effects of sugar sweetened beverages by supporting healthier school food, more PE teachers, and clean drinking fountains. And, it would, once and for all, hold beverage companies accountable for the portion of the obesity epidemic for which they are responsible.

Thank you.

SENATOR FLOREZ: Just a couple of questions. You've pretty much covered a good amount of ground. But maybe you can both give me your perspective on the issue of liquid calories, again, versus, if you will, the solid food. We do have a reference point here where the difference between a slice of pizza or desert versus a Coke or a Pepsi or something sugary and not liquid form. What can you tell us in terms of that debate that we constantly are having here?

MS. WOODWARD LOPEZ: Well, I think the research is fairly clear that liquid calories, especially from sweetened beverages but probably from other liquids also, just are not as filling. To put it in layman's terms; not as filling as a solid. I think we kind of know that all intuitively, but the research has confirmed it. It's probably somewhere between only 9 to 50 percent are compensated for it. The research does vary in terms of the exact amount. But it appears like 50 would be kind of an upper limit for the amount that's compensated. So that's 50 percent of the calories—you're adding them to your normal intake. And we see this—researchers who study what we call satiation and satiety (that's the sense of fullness or soon to resume eating again), show that many different things effect how full you are, so this is not a new concept but has been in the literature for a long time. Things that have protein are more filling, so milk would be more filling than something that doesn't—a beverage that doesn't have protein. It's just an example.

SENATOR FLOREZ: Okay. And how much sugar is recommended as part of a balanced diet for children on a daily basis?

MS. WOODWARD LOPEZ: There is no recommendation for sugar. That's the beauty of eliminating sugar sweetened beverages; you have no biological need to take in sugar that's been extracted from cane or beets. There is a recommendation for discretionary calories, and those are those kind of empty calories—added fats, added sugars, or foods naturally high in those substances. That usually tends to be anywhere from about 200 to 300 calories depending on the age and the energy. Of

course, if you are very physically active you could do more. So that one 12 ounce beverage would take up half of that. For girls, I think that would take up more than half of it, so that means they couldn't have a steak; they couldn't have a hamburger; they couldn't have any foods—or cheese, which is high in fat. So probably sweetened beverages is the worst place to get those extra calories because it's not providing anything else like those other foods I've mentioned which actually do provide some other nutrients. Sugar sweetened beverages provide none.

DR. GOLDSTEIN: I should say, the American Heart Association came out with their report last year that suggested that Americans consume 5 to 9 teaspoons of sugar a day, whereas we're now consuming 22 teaspoons of sugar a day. You subtract 5 from 22, you get 17—that's the soda a day that Americans are consuming.

I should also say that as Dr. Woodward Lopez is describing, calories consumed as liquids contribute differently to weight gain. The evidence of juice consumption is somewhat different. While juice has a lot of sugar in it, the public health research shows that juices are not being consumed at the level, at anything close to the level of other sugar sweetened beverages in large part because they're so expensive.

Is there anything else you want to add to that?

MS. WOODWARD LOPEZ: The research has not shown the relationships. So the lines of evidence I looked at—we actually looked at those for juices. We have not updated it. It was a few years ago. And we only found on—two-year-olds with apple juice was the only juice product that we could find that had any relationship to obesity, so we actually dropped pursuing that. And, we were perfectly open-minded. The evidence just isn't there for juice and it makes sense because juice does have other nutrients. Juice is more expensive and it has other substances that make...

SENATOR FLOREZ: And what is the group that seems to consume the most sweetened beverages—age group?

MS. WOODWARD LOPEZ: That would be teenagers, especially teenage boys. But it is startling; some of the biggest increases have come in the two to five-year-old age range. Although they drink less in absolute quantities, I think it's very startling how much they are drinking; that they're drinking sugar sweetened beverages at all at age two.

DR. GOLDSTEIN: As part of the bubbling over study that we released last year, it showed again that 41 percent of two to eleven-year-olds drink a soda or more a

day. Among two to five-year-olds it's 33 percent. Among Latino two to five-year-olds it's 42 percent who drink a soda or more a day.

SENATOR FLOREZ: Wow! Obviously, the bill doesn't do much on the side of trying to legislate some strict guidelines for the age group of two to five. Which seems to me, that's a lot of sugar if a small kid is downing one Dr. Pepper, for example. And I've seen that. Obviously, all of us have seen that at some point.

What does, from your perspective, the pushing of this tax on sweetened drinks do, and why is it important in California now? I know you both kind of alluded to that. But in the end, that's really the question of the day. Is what will it really accomplish; what will it really do from your on-the-ground perspectives?

DR. GOLDSTEIN: Well, again, I think it does two very important things. I think it uses a market mechanism to shift people from buying the products on the left to the products on the right in a way that is—there is no reason to believe it's going to impact company profits at all. The same company make the same—the whole range of products. And at the same time, it holds the beverage industry accountable for its portion of the obesity epidemic and uses that revenue to address the problem that's been caused. At the very least, all of these calories that our kids are consuming have to be burned off and yet California public schools, by-and-large, are not providing physical education. They don't have the funding for PE teachers; for equipment. At the very least, we should be taking revenue from this tax so that we can hire the PE teachers we need so that kids can burn off all of those soda calories—at the very least.

SENATOR FLOREZ: Just lastly: In terms of the switch, from your perspective, of sugary drinks to another product. For example; Coke is talking about the new formula or the reformula that tastes just like regular Coke—it's a zero product—is that something that you support? I know water would be the preference, correct? More water would probably be the preference.

DR. GOLDSTEIN: Coke Zero.

SENATOR FLOREZ: Yeah, and some of the alternative products that, in essence, may taste exactly the same now. I assume that's the marketing edge here; it tastes just like Coke. I just saw a commercial on it the other day. It tastes exactly like it but with zero effects. Is this something you see that's a positive, the reformulization of some of these items? Just your perspective.

MS. WOODWARD LOPEZ: Well, I would ideally like to see people switch to water, and, especially for children, milk, and that those should be the primary beverages.

In terms of obesity, zero calorie, artificially sweetened drinks may help/don't hurt _____ from the literature. But there are ongoing concerns about artificially sweetened beverages, and especially we're concerned with children. So it's not a highly desirable alternative, but in terms of obesity, it would be neutral...

DR. GOLDSTEIN: As you're suggesting, the beverage industry is coming up with new products all the time; stevia sweetened beverages. My wife and son came home the other day with a mint flavored water. Great! You know, again, I have complete faith in our friends from the beverage industry that they're going to come up products that have no calories; that aren't going to be subject to the tax. And in that way, again, this legislation is going to push the market in a way to help Californians live healthier lives.

SENATOR FLOREZ: Thank you both. Appreciate it. Thank you for your testimony.

Let's have panel 2 come up. That would be the "Industry and Economic Perspective." We have Danielle Greenberg; Robert Achermann; Julian Canete; and Samantha Dabish. Who would like to start?

DANIELLE GREENBERG: I guess I'm first on the list, so I'll start.

SENATOR FLOREZ: Thank you.

DR. GREENBERG: Good afternoon, Chairman Florez, Committee Members. My name is Dr. Danielle Greenberg. I'm a nutritionist with PepsiCo, where I've worked for the past nine years. Prior to joining PepsiCo, I served on the faculty of Cornell University Medical College for 15 years, doing research in obesity and the control of food intake.

I want to thank you for the opportunity to be here today.

We can all agree that obesity is a serious health issue. As a leading food and beverage manufacturer, PepsiCo knows we have an essential role to play in helping to find solutions to this complex problem. We have worked for decades now to reduce calories in our products and help consumers to make healthier choices. Let me give you a few examples:

In the past five years, the average number of calories in the beverages we sell in the United States have decreased by 11 percent. This is a significant achievement and a notable statistic in light of the backdrop of increasing obesity rates and we want to ensure that there's a continued trend towards lower calories. In this line, PepsiCo announced a significant commitment last month, which is that in our global beverage portfolio we are going to reduce sugar content by 25 percent by the year 2020. We also made a similar commitment on our food products, to reduce sodium by 25 percent, and to reduce saturated fat by 15 percent. And, we're going to report the progress on these initiatives on our websites to make sure that we have transparency and accountability.

We've also taken significant steps to help raise consumer awareness about the calories in our beverages. For many years now, as you noted, we have shown the calorie counts for both the full container and the 8 ounce serving on the back panel (that is on the "nutrition facts" panel) for portion sizes smaller than a liter. And, we've provided complete nutrition, ingredients, every information you could possibly want, on our website, *pepsiproductfacts.com*.

Now, in support of the initiative you mentioned, Michelle Obama's Let's Move; we have committed to the Clear on Calories initiative, where we're going to display the calories on the package on the front of all of our beverage containers and on vending machines and on fountain equipment at restaurants. And these sweeping changes are being coordinated with the White House and the FDA and will be implemented, importantly, in the next two years, which for something this large is really a huge commitment.

The groundbreaking Clear on Calorie labeling initiative is a good example of the progress that can be made through collaborations between industry and government. At PepsiCo we strongly believe in the power of such collaborations and we work hard to find opportunities to join with other industry members, government, and non-governmental organizations. For example, as you also mentioned, we collaborated with the American Heart Association and the Clinton Foundation, to completely change the beverages available in schools. Through this effort we have voluntarily removed full-calorie soft drinks from schools throughout the U.S. and now offer a range of lower calorie, smaller portion size drinks which resulted in an 88 percent decrease in the calories available in schools since the year 2006. And in another

example, PepsiCo's chairman and CEO, Indra Nooyi, is playing a pivotal role in the Healthy Weight Commitment Foundation, a collaboration of more than 60 retailers, food and beverage manufacturers, non-governmental organizations, and educators who are working to develop solutions to help reduce obesity, particularly among children.

We are a company that continues to encourage nutritionists and scientists, like myself, to make a difference; a place where my colleagues and I are proud to work; a company that seeks to partner in efforts to find common sense solutions to complex problems like obesity. We hope that sound science and common sense will prevail as industry, governments, and non-governmental agencies work together to change American habits not only in what we eat and drink, but also in the calories we expend in physical activity.

In troubled economic times like these, we can understand the appeal of attacks that produces revenues and purports to promote health. However, there is no scientific or medical evidence that a beverage tax will reduce obesity. There is ample reason to believe that such attacks would have dire economic consequences to local retailers and residents, putting hundreds of well paying jobs at risk and saddling the middle class working people with yet another tax burden at a time when they can least afford it.

Thank you very much.

SENATOR FLOREZ: Okay. Next.

ROBERT ACHERMANN: Mr. Chairman, I'm Bob Achermann on behalf of the California/Nevada Soft Drink Association. Our member bottlers produce and distribute a wide variety of non-alcoholic beverages, including carbonated soft drinks, water, juices, teas, and isotonic beverages among others. We appreciate the opportunity to make comments this afternoon.

A tax on soft drinks, juices and other beverages, in our view, unfairly lays the blame for the complex problem of obesity on the consumption of one particular type of product and perpetuates the myth that taxing those products will make a difference in fighting obesity. The only two states with an excise tax are Arkansas and West Virginia. How are those states doing in their fight against obesity? Arkansas has the tenth highest obesity rate and West Virginia has the third highest rate in the country,

according to a 2009 report by the Trust for America's Health and the Robert Wood Johnson Foundation.

The problem of obesity is an important one for our society to overcome. But this type of tax focuses only on soft drinks as a cause for obesity and not on total diet and exercise or other possible factors, be they environmental, genetic, or others which may contribute to obesity and require a broader response than a beverage tax.

I'd like to briefly tell you about some of the initiatives that the bev industry has committed in order to make an impact on the problem of obesity. Some of those have been discussed already this morning and I won't belabor them. The School Beverage Guidelines, which have been adopted nationwide, have now resulted in the removal of full-calorie soft drinks from schools; replaced them with other beverages that provide healthier alternatives in the school environment. Those guidelines have been implemented this year in all 123,000 public and private schools in the United States. A final report will be issued later this month.

In 2008, the beverage industry implemented our Global Marketing Policy. The policy applies to all non-alcoholic beverages other than water, juices, and dairy-based beverages. Our commitment is to not advertise or market these beverages to audiences primarily comprised (50 percent or more) of children 12 years and younger. This advertising and marketing applies to the following media: television, radio, print, internet, phone messaging, and cinema, including product placement. It is the first industry specific global marketing standard of its kind.

The School Beverage Guidelines and global guidelines are an example of our commitment to be responsible to our consumers and to others. Another example is our member participation in the Healthy Weight Commitment Foundation. The goal of the Healthy Weight Commitment Foundation is to help reduce obesity, particularly childhood obesity, by 2015, by helping people achieve healthy weight through energy balance—calories in and calories out.

The work of the foundation focuses on three critical areas where people spend their time: the marketplace, the workplace, and in schools. In schools, the foundation's Healthy Schools Partnership integrates nutrition education and physical education in a school-based curriculum to help children develop healthy habits. The partnership successfully piloted the curriculum in schools in Kansas City, Missouri, and will expand to schools in other cities this year.

Companies in our industry also engaged in numerous health and wellness initiatives with local, state, and national nonprofit organizations, like the Boy's and Girl's Clubs of America and the YMCA. These initiatives are designed to teach children and adults the importance of making good decisions regarding nutrition and health. The companies are also engaged in other initiatives to highlight the importance of making informed choices, like Coke's front-of-pack-labeling and Pepsi's Smart Spot program.

But we continue to step up to be part of the solution to obesity, reaching beyond America's schools. We now, as earlier indicated, supported First Lady Michelle Obama's Let's Move anti-obesity campaign; committed to fully display calories on our beverage products in a variety of formats, including on the container, on vending machines and fountain machines. The Clear on Calories initiative will provide consumers with clear and easy to understand information on their beverage choices. We are closely coordinating with FDA to implement this initiative, which goes well beyond what's required by the agency's food labeling regulations. It means within two years, every time consumers touch one of our beverages they will have the calorie information at their fingertips.

In her remarks in at the launch of her Let's Move initiative, the First Lady acknowledged our industry stating, "This is exactly the kind of vital information parents need to make good choices for their kids."

We offer a wide range of products, some of which are displayed thoughtfully on the tables behind me, including zero-calorie and low-calorie sodas, to 100 percent juices and beverages with varying ranges of calories. The fact is that today more and more Americans are drinking our no- and lower-calorie beverages than they did 10 or 15 years ago, resulting in a 21 percent decrease in the calories per ounce produced from 1998 – 2008; that's across our entire beverage portfolio. Yet, obesity and overweight continue to be an epidemic in this country. That's why we as an industry are working to educate consumers about the importance of living an active, healthy, and balanced lifestyle. Our industry is committed to being part of the solution to the issues of obesity, particularly childhood obesity. We welcome the opportunity to continue this work with members of the committee and propose solutions to educate, inform, and benefit Californians of all ages and backgrounds.

In our view, a soft drink tax is not the solution to combat obesity and will only lead to higher prices for consumers, an additional tax burden for residents of the state, and potentially lost jobs.

We appreciate the opportunity to discuss these issues and I'm happy to answer any questions.

SENATOR FLOREZ: Thank you.

JULIAN CANETE: Good afternoon, Mr. Chairman. Thank you for the opportunity to present our comments. My name is Julian Canete. I'm the executive director of the California Hispanic Chambers of Commerce.

As you know, the State Hispanic Chamber represents the interests of over 700,000 Hispanic owned businesses here in California. Through our network of more than 65 Hispanic chambers and business associations, we are the largest regional Hispanic organization in the nation. Our members provide hundreds of thousands of jobs across the state and are acutely attuned to the critical issues of economic development, employment, education, and health care here in California. The issue of obesity and how we as a state and a nation approach the challenges it presents, has implications in all of these arenas.

Our members agree that obesity is a serious issue in California and throughout the nation. It is one that particularly affects the Latino community.

If we are truly to reduce obesity, however, a tax on soft drinks and other beverages in California isn't the answer as it simply won't work. A tax will not make Californians healthier. In fact, it could have an adverse effect on small businesses. If you consider two other states that have such excise taxes in place on soft drinks (West Virginia and Arkansas), you'll see that they have among the ten highest rates of obesity in the nation.

Our communities do not want our elected officials using the tax code to tell them what to eat or drink. An example: A couple of years ago in Maine, the government imposed a tax on beverages to pay for state health care programs. A few months later, the Maine voters rejected the tax by a 2 - 1 margin.

In today's economy, small business owners and retailers, just like our hard working families, are struggling. They work hard to provide food and beverages at an affordable price to their consumers, and as well, provide food for their families at a

price they can afford. Adding the additional burden of a tax to items in people's grocery carts hurts businesses and families alike.

Taxing certain products to solve our state's obesity problem will do nothing to teach us how to live a healthy lifestyle. A better approach to solving this problem is through widespread education about balancing our calories and getting regular exercise.

The State Hispanic Chambers support the work of the beverage industry in developing and implementing the national School Beverage Guidelines as part of a broader effort to teach our children about the importance of a balanced diet and exercise. These guidelines remove full-calorie sodas from all schools and provide more low-calorie, nutritious and smaller portion beverages. The results are reverberating through our communities nationwide. In the past five years, beverage calories available in schools nationwide have dropped by 88 percent, while shipments of full-calorie soft drinks are down 95 percent in all schools. These are the quantifiable results that have meaningful impact in our schools and with our kids and families across the country.

As California policymakers seek solutions to the obesity issue, the California Hispanic Chambers of Commerce encourage you to adopt policies that are based in both science and common sense. We simply cannot tax our way to better health.

I thank you for this opportunity today to discuss this serious issue about obesity.

SENATOR FLOREZ: Thank you.

SAMANTHA DABISH: Good afternoon, Chairman Florez and other Members of the Committee. My name is Samantha Dabish. I'm the vice president of Government Relations and Community Outreach for the Neighborhood Market Association. For those of you unfamiliar with our group, the NMA is a nonprofit trade association dedicated to empowering the independent retailers throughout the west coast and we represent over 2,000 retailers in the grocery food industry in the state of California.

The NMA serves all independent retailers and believes strongly that they are the cornerstones of the entrepreneurial spirit and the backbone of the economy. This innovative spirit and drive comes from many family operated independent businesses that employ over 20,000 people. The NMA proudly represents them and we do

everything that we can to help them succeed. That is why I'm here to speak to you today and to be the voice of the independent retailer.

Taxing soft drinks, juices, and other non-alcoholic beverages alone will not solve the very serious problem of obesity. However, in this very touch economic climate, it will only make it harder for consumers and retailers to make ends meet. Not to mention, we are concerned with any tax proposal that would require retailers and the clerks that they employ, to calculate a tax based on the amount of sugar in a beverage. This is a nearly impossible task that would both be burdensome and costly.

Many consumers rely heavily on our members for the basic food needs and for their refreshment beverages that they enjoy. A beverage tax will increase costs to retailers and consumers and cause severe economic hardship to independent retailers across the state, which can very realistically lead to loss of jobs. Furthermore, consumers can't afford another tax on beverages on top of CRV and the recently increased sales tax. It will hurt lower income families the most because percentage wise more of their income is spent on food.

The majority of our customers don't want a tax on their juice drinks, sodas and teas. They understand that we can't tax our way to better health and nobody wants government in their grocery cart or at their kitchen table. California families are already struggling in this difficult economy. There could not be a worse time to ask them to pay more for the products they consume by raising the grocery prices.

If we as Californians really want to have a significant effect on the state's obesity rates and financial challenges, we need to look at a comprehensive solution that will truly have an impact on our citizens, not simplistic approaches targeting one portion of the items in the grocery cart for additional taxation.

On behalf of California's independent retailers, thank you for giving me the opportunity to express our concern about addressing obesity and doing so without causing unnecessary harm to the industry.

Thank you.

SENATOR FLOREZ: Thank you. Okay. This is one of those break times where I need to go take a bill up. But let me just ask a couple of questions and then, if we could, we'll just rehuddle in about 15 minutes. Is that okay?

I'd like you to think about something on the break and that is when I come back I'd like you to tell me what your comprehensive solution is in detail and not a

simplistic reading of prose that in essence sometimes doesn't really get us to any sort of solution. Let me give an example for one: Were all of you in favor of taking sodas out of schools?

UNIDENTIFIED: Absolutely.

SENATOR FLOREZ: You were? So if I read the analysis, the beverage industry was in support of that, I doubt that.

MR. ACHERMANN: I feel like I want to respond to that.

SENATOR FLOREZ: Sure. You're touting it today and so I'm just wondering how supportive of that—I mean, in hindsight, I guess, it sounds really good, but were you, at that time, in support?

MR. ACHERMANN: We did oppose legislation dealing with high schools. We thought there were better ways to approach that. We thought local control was a better option. The world is a different place than it was five years ago.

SENATOR FLOREZ: It is because the Legislature moved.

MR. ACHERMANN: And the industry moved collectively without the threat of legislation throughout the country.

SENATOR FLOREZ: You were drug. You were drug through that. You didn't move ahead of us. We're looking for proactive solutions. And after we did remove, and let me use some of your statistics, an 88 percent decrease in calories available in schools and by 2020 reduction of sugar of 25 percent. I mean, this all sounds like lofty goals going forward, but I'm trying to understand—how many jobs did we lose due to the fact that we took sodas out of schools? This was the Chambers' argument, "we're going to lose a lot of jobs." So, how many jobs did we actually lose when we took sodas out of the schools?

MR. ACHERMANN: I don't have anything definitive to give to you but I can probably show you some numbers...

SENATOR FLOREZ: Well, that's a pretty important stat if you're coming into a committee arguing that this is going to cost jobs, lose jobs, make the job situation worse, make the economic climate worse, when indeed we moved to an 88 percent decrease or are moving towards this massive change in our schools. We took a lot of products out of schools. That means a lot of folks that should have lost jobs. What were the jobs? I mean, you're the Chamber; what are they?

MR. CANETE: On the break I'm going to call our offices and see where we were.

SENATOR FLOREZ: I'd like to know how many jobs were lost due to one of the most far reaching initiatives by a Republican governor to take Cokes and Pepsis and some of these items out of our school.

DR. GREENBERG: That was a voluntary effort. That was not in response to the governor. That was something that was done by the beverage industry.

SENATOR FLOREZ: Shall we bring in Senator Escutia to talk about her bill?

MR. ACHERMANN: Senator, you're correct. We did have concerns with that approach. She's talking more on a national basis.

DR. GREENBERG: I'm sorry. I'm not from California.

SENATOR FLOREZ: Just so you know; it was California led and everybody kind of read—it's kind of hard when you have a mega-celebrity saying that this is something that's really important for our kids. And my very good friend and colleague, one of my best friends, Senator Escutia, pushed this bill for years and years and years. So we're glad the governor adopted that, but it seemed to me that with such a far reaching move to take all of these beverages out of schools, that we should have lost just tons of jobs. I mean, this just should have, sort of, devastated the industry.

MR. CANETE: Well, I know one of the concerns on that bill was the removing of vending machines. And the loss wasn't necessarily a job related loss, but it was more of a loss of school income to the student activities funds, etc.

SENATOR FLOREZ: Since you're speaking about that, you've mentioned earlier, your words were "common sense" and "science." What should we do to, in essence, implement some of the things you've mentioned? You said, "exercise" and "more student education." How do we pay for that?

MR. ACHERMANN: Do you want that answered now or after the break?

SENATOR FLOREZ: Rather than me asking you a million questions, I've allowed you to make statements, so I'm just kind of circling key words that some of you have mentioned, like "simplistic approaches," "common sense," "science," a very laudable diatribe about how important it is that we have now moved with Ms. Obama, who I think is great, to move to this new standard, and we're talking about all the schools that are pulling this out. We've talked about a whole host of proactive measures. But it seems that hindsight was that the Legislature, at least here, really

had to drag you folks over the line to get you to participate. And here we have a bill that's trying to drag you over the line to participate again, and so, I don't know, in ten years we look back and we go, "No, in fact we think this tax will actually reduce consumption." I mean, at what point do you proactively give us a solution that isn't just based on some of the things that we're already doing, in essence? There are things that we're already doing, correct?

MR. ACHERMANN: Well, you've asked a series of questions. I think, first of all...

SENATOR FLOREZ: So think about them and I will come back in 15 minutes. We'll start the panel again when we reconvene with you giving us your comprehensive solution to this problem—comprehensively. And if you're going to talk about education and programs, I'd like you to tell us where we get the money to do that—that would be kind of key. And if you can tell us how many jobs we've lost when we pulled all these cokes out of schools, that would be a good statistic, as well, since we're talking about job losses. And then we'll come back and talk a little bit about your view in terms of what is healthy for a child in terms of their allowable sugar. I'd like to get your perspective. And what is the industry doing for those two to five-year-olds that are popping those Dr. Peppers? Where do you stand on that?

So we'll come back in 15 minutes and more discussion.

Okay, let's reconvene. I'm sorry, 15 minutes turned into almost an hour-and-a-half plus. Let's go ahead and pick up where we left off with the panel for industry.

I left with a couple of questions: How many jobs did we lose?

MR. ACHERMANN: Let me talk a little bit about that issue. We didn't do any hard and fast calculations; we just talked to a few people. It was probably a couple of hundred jobs in the two major brands. That's a very small percentage of the overall soft drink industry, so it's not that huge.

SENATOR FLOREZ: What was the impact of the jobs lost versus the amount of calories decreased?

MR. ACHERMANN: I wouldn't be able to make that estimate. Most of the products, I would assume almost all the products on the counter behind us, were not available at the time that transition was made except for maybe the diet...

SENATOR FLOREZ: But you guys pointed earlier to a reduction in—is it due to the fact that they're selling water now and so, therefore, you weren't selling it in your product mix earlier?

MR. ACHERMANN: I think you're selling less volume; you're not selling the same range of products. There were people that were in that channel of sales in terms of servicing the school customers, and so, those jobs were not necessary because the volume wasn't there.

SENATOR FLOREZ: But volume is up for the industry or not up for the industry? Coke—Coke's earnings came out today. How did they do on Wall Street?

MR. ACHERMANN: I was too busy preparing for the hearing, but I think that ...

SENATOR FLOREZ: Up. They were up. Even in a down economy, so I'm must wondering...

MR. ACHERMANN: Soft drink sales in general are down.

SENATOR FLOREZ: Are down?

MR. ACHERMANN: Are down.

SENATOR FLOREZ: How about your zero-calorie drinks and your water sales; are they up?

MR. ACHERMAN: Water is down. I mean, I can get you something more precise. I know in general that those sales numbers are down. They're impacted by the economy. Consumers are not making purchases they made before.

SENATOR FLOREZ: Okay. Has that accounted for job loss much more so than when we pulled drinks out of the schools?

MR. ACHERMANN: Well, in the context of what you're proposing in your legislation, that would be a substantial tax on our product and that would impact, we think, the sales. That's going to impact jobs. You're going to sell less product and you're going to have less people involved in producing and distributing it.

SENATOR FLOREZ: What would be the industry's position in terms of the amount of calories—the less calories coming out of your factories versus the amount of jobs lost? In other words, if you could actually produce product and you see a market moving towards zero-calorie products—you're moving in those directions, correct, anyway.

MR. ACHERMANN: I think we follow the consumer and as consumers demand different types of products, you see the proliferation of different types of alternative beverages. So, we are consumer driven. I mean, you could make the argument we drive consumers; we don't. We market our products. We make a variety available.

SENATOR FLOREZ: Price drives consumers, correct?

MR. ACHERMANN: Well, in terms of product substitution, speaking as a loyal regular soft drink consumer, I don't switch to diet based on price, and I think people are pretty loyal in terms of the products they like.

SENATOR FLOREZ: I'm very pleased with where the industry is heading. I'd really like to see more commercials. I don't see them in Spanish, unfortunately. There doesn't seem, at least if you're watching Univision, which a lot of my family is, you're not seeing the zero products being pushed as heavily as you are in major prime time types of events. Sports events seem to have more of the zero feel to them, starting to move in that direction. And even in some of the sports drinks, you know, the lite products, Gatorade Lite and some of these others. I mean, I think that's a great trend. And, clearly, it seems the trend is for a reason. And, of course we'll always argue whether it's the consumer driving the companies or whether it's the company's market driving the consumer.

Do you feel that the companies have—you can't speak for all the companies—a moral obligation try to move consumers a bit through your marketing to products that are more zero-based, less calorie driven? You mentioned some salt reductions as well. What's the industry's role in that marketing mix in terms of getting consumers to buy more? If I saw Kobe Bryant with a zero product in his hand versus Dr. Dre saying, "Drink more Dr. Pepper," I mean, they're speaking to certain types of consumers, certain types of—adolescents, for example, is our biggest issue. I do know that Dr. Dre isn't talking to my father because he doesn't know who Dr. Dre is. I do. And so, when you're saying, "Drink more Dr. Pepper," like the doctor, I get that. My kids get that. My teenage son gets that. My daughter probably wouldn't get it. It's probably out of her realm as a nine-year-old.

But I'm just wondering what role do you see the industry is moving in if it isn't moving in a tax direction (which, of course, you oppose)? We're going to have a big hearing on that in a week or so. We're going to have a lot of up or down vote on it. But what do you see the industry doing in order to—there's a reason all these states

are doing this. You've mentioned some of them being the catch-up on the General Fund type things. Our particular bill is not trying to catch up with the General Fund, but trying to put more money into programs that voters support. So if you saw the field poll and agree with it or not, 84 percent of the folks liked physical education; 84 plus percent of people like the types of programs that we'd all nod our heads and say we need more of. I think it was the Chamber who said, "We need more of these types of programs but we can't pay for them." And so, we're trying to figure out a way to pay for those. What does the industry weigh in on those types of efforts?

MR. ACHERMANN: Well, I think that we would respond in terms of adequate funding on a variety of programs that are the comprehensive solution, which include physical education and education of consumers, parents. Your question about two to five-year-olds: two to five-year-olds are not walking into stores purchasing products; it's their parents who are doing that for them. We don't market to children. We believe that people should be more aware of what they're purchasing and how it impacts their diet overall. I think that's what the kind of thing we've done in terms of the Clear on Calories initiative in labeling.

SENATOR FLOREZ: On labeling, for example, you would never put on your can, "Children five years and younger, not recommended," would you—on the front of your can? "Not recommended for children five and under"—a big warning.

MR. ACHERMANN: There's a lot of things consumer products could contain. I don't think we'd go there. We don't ...

SENATOR FLOREZ: Well, why not?

MR. ACHERMANN: We don't buy into the argument that there's anything inherently dangerous.

SENATOR FLOREZ: You don't believe that? You think it's okay for kids two to five to drink 17 spoonfuls of sugar?

DR. GREENBERG: On certain occasions; at a birthday party or something like that, I don't think it's something that I would say is alarming. But I certainly don't think that it's something that would be part of an everyday diet either. I think there's a real difference. But I think that's where educating the parents as to where discretionary calories fit in the diet; how they are; how much they are; and what's appropriate for a kid?

SENATOR FLOREZ: Got it. Let me ask a broader policy question. I mean, this is probably—do you believe, as the industry, from your perspective, that there should be some sort of limit to the amount of sugar a person, an individual, should have in their diet? Just as a threshold question; is there a limit?

MR. ACHERMAN: I don't think you can look at beverages in isolation. And when we're talking about caloric intake, that's one segment of what you put into your body everyday. Consumers, if they're dieting, consumers, if they're watching their weight, have to be conscious of food and beverages. So I mean, I think where we probably disagree with you is focusing on this product exclusively in the equation as a solution. And I think the industry has done a lot to educate consumers. We keep saying that word; I know it's been overused, but that's what we're doing. So you make better decisions about what you do. And if you are over-consuming it's a better solution too.

SENATOR FLOREZ: I understand. So you're saying, looking at the mix of things, is an approach that you would support. But, obviously, looking at these sugary drinks, which you heard in some of the studies were a good percentage of the new caloric intake—the 300 extra calories we're all taking in is a huge part of that. I mean, how would you refute some of the medical studies that have said this? I mean, you have medical studies as well, right? So, I mean, how do we get to some balance in terms of trying to get consumers to switch over to some of your other products; the ones right behind you; not to your left, but to your right?

DR. GREENBERG: I think we're doing that. I mean, you know, not just through marketing, but also through developing new products. That's how there's been a decrease in the number of calories produced. I mean, an 11 percent decrease in six years, that's really quite substantial. And we are, without legislation, moving further in that direction. Our commitment to reducing sugars by another 25 percent across the portfolio, that's a substantial commitment. This is something that we are looking to do and we are moving in that direction. And we're looking for broad-based solutions, that not just focusing on one product.

The weight loss industry is a \$30 billion industry. Pharmaceutical companies have invested enormous amounts of money trying to develop products that would help people with weight management. To date, it's very difficult. Obesity is a very complex

issue. Even Weight Watchers, which is the most successful weight loss program, the recidivism rate is something like 92 – 93 percent.

SENATOR FLOREZ: No, I understand. But in all of those programs and all of those diets and all of those various weight loss reduction programs, is there anyone you can point to that says it's okay to drink a can of Coke?

MS. GREENBERG: Yes, absolutely. Weight Watchers.

SENATOR FLOREZ: Really? Weight Watchers you can drink a can of Pepsi?

MS. GREENBERG: Absolutely. Yes, you can.

SENATOR FLOREZ: Interesting.

DR. GREENBERG: As your points, absolutely. You most definitely can. And furthermore ...

SENATOR FLOREZ: So what are you trading off for your can of Coke? A whole meal?

DR. GREENBERG: You're trading off exercise.

SENATOR FLOREZ: A whole meal?

DR. GREENBERG: No. You need to get your base nutrition first. But even in your base nutrition ...

SENATOR FLOREZ: And your base nutrition is based on solid food or liquid?

DR. GREENBERG: Both.

SENATOR FLOREZ: Really?

DR. GREENBERG: Yeah.

SENATOR FLOREZ: Sugary liquids?

DR. GREENBERG: No. No. No. That's not the base foods.

SENATOR FLOREZ: Okay. What's the base foods?

DR. GREENBERG: The base foods are things that fall into the fruits and vegetables, whole grains, other grains, and milk. Let's see, what did I leave out? I'm sorry. Protein is part of your—that's your legumes, your meats, fish, etc.

SENATOR FLOREZ: Alright.

DR. GREENBERG: So, you have those. If you have those, that comes out and you have the adequate amount that most people need, that comes out to about 1,200 calories a day; maybe 1,100. You have, even on a weight loss program, a few more hundred calories. On Weight Watchers, those are your points, you exchange them. If you exercise more you get more points.

There are studies. For example; there was a study done by Christine Williams, who is a professor of pediatrics at Columbia University, where she looked at inner city adolescents. Everyone got 1,500 calories a day. One group was permitted 150 calories as a treat type food. The other group had all nutritious food only. They all lost the same amount of weight. This was a weight loss program. In the weight loss program, the people drinking the Pepsi or the Coke were able to lose as much weight. That is where it's how many calories you're having. You definitely need to have the nutrients. No one would suggest otherwise. But there is room in the diet for treat foods, whether it's a soda, a cookie, a donut, a bagel, a glass of wine. Those are foods that are not meeting very many nutritional needs, but they are part of the pleasure of food.

SENATOR FLOREZ: Right. But getting back to the example that started this; the two-year-old, the five-year-old category, do they understand the Weight Watcher caloric tradeoffs?

DR. GREENBERG: Even the two-year-olds could have some. You wouldn't expect ...

SENATOR FLOREZ: Oh, don't go there. Don't say a two-year-old can have a Pepsi. I think you're going to lose ...

DR. GREENBERG: No. A two-year-old could go to a birthday party once a year and be given this much soda as a treat.

SENATOR FLOREZ: Right. But they don't give that much. Do you sell them that small?

DR. GREENBERG: A two-year-old? Who's going to give—I mean, what are you going to give ...

SENATOR FLOREZ: I've seen two to five-year-olds drinking one ...

DR. GREENBERG: Well, those are parents that need to be educated.

SENATOR FLOREZ: The statistics that were just mentioned earlier by the prior panel points to a group of two to fives ...

DR. GREENBERG: That's educating the parents.

SENATOR FLOREZ: Right. How do you do that in your marketing campaign? In every commercial I see, how are you educating those parents that may be drinking this whole can is probably not the best solution to future type 2 diabetes which is increasing substantially now? In California, particularly, more kids with

type 2 diabetes coming in at freshman year than at any other time probably in our history. How do you educate—what’s your role there in terms of giving those parents that type of education?

DR. GREENBERG: Well, I think that’s something that we could do more on. And I think that that’s something where that’s an opportunity for a public/private partnership where the not just—it’s not just a matter of giving a kid a soda; it’s also giving them french-fries; it’s also giving them cookies or donuts or cake if having that everyday. I mean, there’s ...

SENATOR FLOREZ: I agree with you.

DR. GREENBERG: There’s education that’s needed. And I do think the industry could play more of a role there.

SENATOR FLOREZ: Right. That’s good to hear because I think, obviously, we’re trying to figure out what role industry can play—bigger role. And, of course, the efforts that you mentioned earlier and the trend—I mean, we like the trend in the sense of where the industry is going, we just haven’t kind of caught up with people in my district that drink one can a day and that’s the—In the old days in my agricultural district everyone urged everyone to eat one can of almonds a day. Just one can a day is all we ask. And today in my district, which is, I think, one of the epicenters of type 2 diabetes, one of the largest statistics. And it’s interesting because if you look at the poll that’s been mentioned earlier, it’s really a disconnect, if you think the education is so important, because most people in my district, in this poll, don’t favor any sort of tax on sodas but yet it is a district that has—I think it’s Coke or Pepsi or soft drink capital of California. It gets the highest rates of drinking these items. And a lot of it is the fact that it’s so abundantly there and it seems to be kind of the drink of choice. And I’m just kind of wondering how does one turn that around from an industry perspective? I know Coke and Pepsi do marketing battle, but it just seems, from my perspective, that more could be done.

DR. GREENBERG: I think the one thing I can point to is the schools initiative. I don’t know if they’re playing these commercials here but on the east coast there is a commercial that the beverage industry put out that shows rivals and how we all got together to get full-calorie soft drinks out of schools. Is there a possibility for doing more? Absolutely. But I think that we as an industry have tried to step up to the plate here and I think we’re continuing to do that. And I think that looking for

education opportunities and marketing opportunities where through the marketing we're educating, I think that's something that, certainly, my company would be very interested in and my guess is that the other companies would be as well.

SENATOR FLOREZ: Okay. And a lot of it is the marketing we see on television at the same time. You mentioned labeling and I asked you—the sizes seem to get bigger. I never see cans getting smaller.

MR. ACHERMANN: There is some of that going on now. Coke is coming out with a reduced size.

SENATOR FLOREZ: Are they?

MR. ACHERMANN: Yeah.

SENATOR FLOREZ: Is it for airlines?

DR. GREENBERG: No. No.

SENATOR FLOREZ: To save costs or what? It's going down in size.

MR. ACHERMANN: To consumer available package. To bring it down to 90 calories.

SENATOR FLOREZ: Because we went to a 20 ounce. I mean, that's an amazing amount of sugar if you think about—from Big Gulps to—and I know consciously people make choices to do that. And I guess the point of the bill is to say to some folks, my perspective, that if you're making that choice, you're not just making a choice for yourself, you're making a choice to, in many cases, increase the load for every taxpayer on the health care side—\$41 billion for it. So it isn't just you that's drinking that, so in my world you ought to be paying premium for that. People who are not doing that ...

DR. GREENBERG: Shouldn't they be paying the same premium for donuts, and shouldn't they be paying the same premium for the 1,500 calorie Big Mac, and the 1,700 calorie lunch at the Cheesecake Factory, and the other sources?

SENATOR FLOREZ: But are they doing that every day? Are you going to buy that every day?

DR. GREENBERG: Big Macs, etc.?

SENATOR FLOREZ: Every day? Is that an every day?

DR. GREENBERG: For some people.

SENATOR FLOREZ: Yeah. But when you have a Big Mac you normally don't have a Big Mac and a water. I mean, this is the discretionary calorie that's sold

together. It complements, right? There's a reason that—you guys support value meals, I suppose, right? In other words, you sell a Coke, french-fries and a Big Mac together; if not, we would sell them separately. It's kind of a lower cost ...

MR. ACHERMANN: Those are decisions made by people other than us in terms of how they market their products and how they package them. I mean, we're interested in the beverage business.

SENATOR FLOREZ: No. No. I get it. I mean, you do the bev. I'm just saying in general I think we are all moving towards, in many cases, those types of environments where it becomes very difficult to reduce. And in one sense, your companies that are getting to zero products, you're getting to smaller serving sizes, I mean, those are all good trends. I don't know if I've ever seen a Coke or Pepsi product I could pick up in a can that says, "7 teaspoons of sugar in it – no more." I think ...

MR. ACHERMANN: There is nutritional labeling in there. But to your point; you do have restaurant labeling now. You have fast food restaurants that will have menu labeling that will have both food and beverage calorie content there.

SENATOR FLOREZ: I get it. But you guys weren't for that bill either, right?

MR. ACHERMANN: We didn't oppose that.

SENATOR FLOREZ: Okay. I'm just saying; all of these efforts sometimes—we're trying to drag you across the line and there's nothing wrong with it. And I see you're moving somewhat in the right direction, but the bill is really about trying to challenge, in many cases, the industry to come up with—have you ever thought of pricing your own products differently in order to encourage some of the zero products?

MR. ACHERMANN: It's a very competitive marketplace, as you know, for beverages. And you see, especially with new products being introduced, very competitive pricing being used in order to encourage people to try the product, so I think that does go on. Do we look at distinguishing between full-calorie and diet products? I mean, consumers make that decision in terms of price points.

SENATOR FLOREZ: Right. That's why we're trying to put a tax on it—exactly our point.

MR. ACHERMANN: Yeah, but raising the tax on regular soft drinks that dramatically, is going to drive those sales down, not necessarily drive other sales up. And at the end of the day what's to stop—This is a very competitive marketplace for beverages. I think prices are pretty low compared to other consumer products. This

is going to drive them up. You may think that's a good idea; we don't think it is a good idea.

SENATOR FLOREZ: Well, yeah. Lower priced products on sugary drinks means more people buy them, so, no, I don't think it's a good idea. You do because you'll sell more volume. I get that. But I'm just trying to figure out why we are encouraging more consumption unless there are zero products. And I don't know how we do that.

Look, let me put it this way. We took Cokes out of schools, right. But if we were to go back and put Cokes and Pepsis and Sprites in schools that were zero calorie products, I mean, wouldn't you do better?

MR. ACHERMANN: Well, we actually have suggested that it's time for the Legislature to look at those list of permissible beverages. I mean, all those products back there for the most part, are not allowed on school campuses. And I think that's another good part of education, is letting students see that there are other things to drink.

SENATOR FLOREZ: Right. Or to get them used to a taste that's somewhat different than what their thought might be in terms of a diet Coke—taste and differential. I want you to know, we're not, like, against, I, personally, I'm not necessarily against the product as a brand; I'm more worried about the amount of teaspoons of sugar in a particular product.

So what would be the argument for the Legislature if you were to come back and say, "All of our products are all zero-based; none of them have any sugar in them; and we'd like to see them back in schools?"

MR. ACHERMANN: Well, we actually had the discussion with Senator Padilla (who has a bill on sports drinks), who wants to ban sports drinks and we've said there are now no calorie and very low-calorie sports drink options; don't you want to include that? And the comment back has been that, "No, we don't want to have high school students taste something artificially sweet because it's the equivalent of a gateway drug to sugar." I think that's kind of a silly argument to make, quite frankly, but that's ...

SENATOR FLOREZ: Well, you might have my support on that. I mean, if indeed we're being realistically talking about the amount of sugar in these things ...

MR. ACHERMANN: Right. It's about calories.

SENATOR FLOREZ: Right. But wouldn't it be an easier argument from the gateway type of argument to say that one costs more than the other so therefore you're incentivized to buy the product that actually costs less and it's a zero product? It seems to me that would solve it right there from a marketing mechanism perspective.

MR. ACHERMANN: Well, that's above my pay grade in terms of making decisions for the companies. But I assume they spend a lot of time and money researching the marketplace in terms of what works. It may be something they're thinking about.

SENATOR FLOREZ: And I get it. And the analyze everything we do here to figure out how we will impact their sales. So I mean, I'm sure every time there's another state or another legislator or another mayor that puts another opportunity to tax a product that one sees as non-beneficial, then the industry responds accordingly. I mean, in the marketplace government also and government regulation is part of the marketplace; it's what they react to. And a lot of what we're trying to do with this bill is to get the industry to continue to move in a direction (which you are, I believe) that says maybe we should move to products that are in essence zero-based and try to keep the taste, with those wonderful scientists that we have, exactly the same. I think it's a very interesting thing to watch. I think it's fascinating that the new marketing for Coke, for example, is "it tastes exactly the same." And I think it will be challenging to see if people will actually take that dive. And if they do, great. The question simply is, how do we get to the fact that right now we have kind of an epidemic going? I think, in my view, and I know you may blame other items, but I think this is the discretionary calorie that a lot of folks continue to partake in, and I'm just trying to figure out the best mechanism for that to occur.

Do you think, from what you heard earlier, to get your perspective, is there any sort of proof that there's a link between obesity and sugary drinks? Do you need anything more to tell us that there is a link or are you completely saying that there's not?

DR. GREENBERG: I think that to do the correct type of science you would need to do a different type of study than the ones that have typically been done. Because the ones that have typically been done have said, "Okay, I'm asking you how much soft drinks you eat and then I'm looking at how much you weigh." And if you ask the same question of how much Big Mac or how much (I'm sorry, I don't know the

name of the equivalent Burger King thing is) how many donuts you eat; how many cookies you eat; how many french-fries you eat? and did the same analysis, you would then be saying that french-fries are the major cause of obesity. The types of studies that would be needed to do this would involve some statistical kinds of looking at something that I would call “a factor analysis,” where you would essentially look at all food products and see whether or not one pops out. Those types of studies have not been done, at least to date.

SENATOR FLOREZ: But it seems to me given that that’s your approach, I mean, you’re the industry, I can imagine you doing those studies every week. Why hasn’t the industry put out these additional studies that show the link? I mean, gosh, you come in here with ten studies that say ...

DR. GREENBERG: Those kinds of studies are not easy to do. They would require a great deal of data and they’re not simple. But, my statements would be—to me if it was so simple that soft drinks were specific—everyone wants to be thin. No one wants to be fat. People would stop drinking soft drinks and that would be it. You go to a diet doctor, “Okay, no more soft drinks. That’s it.” It’s just too simplistic. The problem is extremely complex. It’s not a matter of one type of food or beverage and that eliminating that one type of food or beverage is going to solve the obesity situation.

SENATOR FLOREZ: Right. And so, why do you think we started with schools and why didn’t we pull out other items out of our schools when we have a captive audience? Why didn’t we ban certain foods on certain days, or certain types of foods that our cafeterias are feeding our kids? Why did we choose soft drinks and then now you guys have embraced it and said, “Man, this is something we really believe in?” Why did we make a choice there that you support that they not be in schools?

MR. ACHERMANN: I think that was a more comprehensive approach. There were also food and beverage centers that were part of Senator Escutia’s bills. So I think it did address the food side. Unfortunately, the funding for the School Lunch program was insufficient to provide a lot of the healthier alternatives and they’re still struggling with that.

SENATOR FLOREZ: Maybe if we took some of this tax and actually made our school lunches even healthier so it would be a comprehensive approach, as you mentioned, both drinks and food in our schools and then we capture everything. We

provide a little more than the National School Lunch Program in terms of better foods and salad bars and things of that sort in our schools. That's comprehensive.

MR. ACHERMANN: Well, we don't think it's fair, again, to target one product to solve this larger problem. Why did we do the beverage restrictions in schools? Because schools were a special place; less parent involvement. There was a desire that we eventually did embrace that that is something where you should look at caloric content more specifically. And to our earlier discussion and conversation, we think that should be revisited in terms of what's available, again, focusing on caloric content, not specific types of beverages.

SENATOR FLOREZ: Okay. Just to close a little more discussion on the industry marketing, then; so you see yourself maybe moving in a different direction? How about in minority communities, non-English speaking communities, in terms of some of the marketing that's occurring from the industry, do you see—I don't know what the statistics are, but I mean, are there diet products being marketed more so on television and radio than the current standard products that may not be zero-based types of products?

MR. ACHERMANN: I don't know specifically. I'll try to certainly get you more information about it. I mean, certainly the diet beverages are being promoted. I don't know how that cuts across different ethnic lines in terms of marketing, but we'd be happy to share what data is available.

SENATOR FLOREZ: Yeah.

MR. CANETE: I know, Senator, we've had some discussions with Coke and Pepsi in regards to their use of advertising in our Hispanic communities through our network of publications. There's more educational type material being printed and distributed out of the Hispanic communities as well.

SENATOR FLOREZ: Let me just ask a few more questions if I could. Talk to me about the—somebody mentioned earlier being the regressiveness of this; that's it's regressive on poor folks. Are we still arguing that in this day and age? Is this one argument of the bill? Do you stand by that? Explain that to me.

MR. ACHERMANN: Well, the less money you have in terms of disposable income, the more those taxes impact you. Food and beverages are discretionary. You could certainly argue that soft drinks might be more discretionary, but there's a

variety of products that contain sweetener, and so, you do impact people's ability to pay for their groceries and I think it hits you in the pocketbook.

SENATOR FLOREZ: And again, if we were trying to reduce the amount of sugary drinks people would partake, this would probably be one of those discretionary products they would leave out of the basket in other words, correct? They're not going to pick a six-pack of Pepsi over bread and baloney, right? I mean, if they are poorer folks are they going to say, "Well, we're not doing bread, baloney, whatever; we're going to do these two six-packs of Pepsi."

MR. ACHERMANN: Well, I think our response again would be, "Why are you focusing on one beverage product in this effort? If you really want to encourage a healthier lifestyle it's got to be broader than that. And I know this is somewhat repetitive but that's our answer there. And you know, we're already subject to sales tax, unlike other food and beverage products; we're already subject to CRV, which a consumer, like me, who uses my curbside collection bin, donates five cents for every 12 ounce can I buy. I think there's a significant tax burden already in terms of other positive influence in terms of solid waste management and in terms of sales tax revenue that the industry actually embraced when the whole snack tax was repealed.

SENATOR FLOREZ: Okay. One of the other questions before I let you all go: I also mentioned to give me your overall comprehensive plan for funding, if you will, or finding better ways for obesity prevention programs. How would we do that without this tax?

MR. ACHERMAN: I think the industry's response is that we are doing our part. It's not just our part that's a solution here. There is no silver bullet to this. If you look at us and say, "Well, what else could you do and why can't we raise taxes on your product to do better things?" Our response is, those are more General Fund obligations. Having properly funded schools, having a school lunch program that works is a bigger societal burden than just the beverage industry. I think that's how we would respond.

SENATOR FLOREZ: So how do we fund not just your industry, but other folks participating in this? So in other words, more taxes on other things that are—no tax at all? Then we can't fund anything, so how does it ...

MR. ACHERMANN: Well, we're not arguing against taxation. I would think a better approach—our industry would say a better approach to this is a broad-based

sales tax is a better approach than demonizing one product in this process. So if you want to fund ...

SENATOR FLOREZ: Doesn't that hurt the poor more? It seems to me it would. That's the Chamber argument. So I'm just kind of wondering why every time we want to do a targeted tax on maybe some folks that might be making triple digit net profits the argument is, let's do a broad general sales tax so therefore everyone pays. And so, when we do a bill that targets something and people argue, well, that's unfair because you're targeting folks and everyone should pay. The general sales tax seems to hit poor folks harder, particularly if they're making good choices, like they're saying, "Hey, the sales tax went up and I'm really not going to buy your product, but now I've got enough money to buy staples."

MR. ACHERMANN: Well, you made that decision from a policy point of view by not taxing food. It's not subject to sales tax. Our product is and any fruit juice less than 100 percent is taxable, so you're already generating sales tax revenue for that. The whole concept of taxation is probably broader than what I could respond, but I mean, it's one of the arguments people make about value-added taxes. That you could do a lot to eliminate the tax code, discrepancies in income (what's reported/what's not reported), and look at value-added taxes in terms of purchase, which is equivalent to sales tax. It has some merits.

SENATOR FLOREZ: Okay. That's good to know. Anyone else who would like to add anything? Thank you. We'll go onto the next panel. Appreciate it. We'll see you in committee when our bill is up. I'm sure we'll hear a lot of the same arguments.

Let's have panel 3, if we could; Michael Goran and Lisa Katic.

A very easy threshold question as you're coming up, since this deals with the biological consequences of sugar sweetened beverages. It's the same question I've asked just about everyone and that is, what's the daily allowance of sugar people should be having, particularly kids? And I don't know if you can base your presentations, at some point, at the end of that to that question. I think it's something we're interested in.

Thank you for joining us.

We can start with Michael, if that's okay.

MICHAEL GORAN: Thank you for the opportunity to continue this dialogue. I'm going to talk today a little bit about the actual metabolic and healthy facts of sugar

in the body beyond the argument of whether sugar causes obesity or not. I'd like to kind of turn away from the emotional baggage of that issue and focus more on the actual biological and metabolic effects of sugar on the body.

Obesity by itself affects multiple organ systems in the body. I had a picture of this, but it ranges from effects on the liver and the pancreas, the cardiovascular effects, and some of those effects are the results obesity itself, so the very effect of carrying excess body fat in your body does cause, through a range of metabolic mediating factors does lead to those diseases. But in addition, there are some effects of the obesity and some of the effects of the dietary factors, the nutrients itself, that directly affect obesity, so the combination of obesity itself and dietary factors may exacerbate each other. There's also the issue at play, I believe, that the effect of sugar in the body is probably exacerbated in the obese state, so no longer looking at the effect of increased sugar intake on a healthy body, we're now looking at the effect of increased sugar on top of an unhealthy body, or an overweight or obese body, where the effects are really exacerbated. And there's a couple of examples of that that I can tell you about.

One is the fact that as you become more overweight or more obese, you become more insulin resistant. That means it's harder for insulin to do its job of clearing glucose from the circulation. And the harder it is for insulin to be cleared from the circulation, the harder the pancreas has to work, and the pancreas has to work exponentially harder with the increased obese state. And on top of that, and this all becomes additive, there are other factors affecting minority populations specifically independent of obesity minority populations for reasons we don't quite yet understand and are more insulin resistant to begin with. So, all these factors make it harder and harder for the pancreas to do its job of clearing glucose from the circulation. So the more glucose that's coming into the circulation makes it harder and harder and that's the path to diabetes, because eventually the pancreas can no longer do its job. So in the lean state it's not as difficult for the pancreas to its job, but that becomes harder.

There's been some talk whether or not high sugar consumption in and of itself is damaging and causes disease. There are several large—thousands of subjects studied over decades and longer. There is a health study, for example, and other population-based epidemiological studies, have shown clearly that there are independent effects of soda intake on long-term risk for both type 2 diabetes and

cardiovascular disease independent of other nutrients, and independent of the effects of obesity. So again, these things are kind of synergistic in a sense, or at least additive.

We do know there are mechanisms, biologically, that link soda over the long-term. This is a long-term phenomenon but there are short-term effects. We know that consuming high amounts of sugar under laboratory conditions leads to things like high blood pressure, high circulating lipid concentrations, insulin resistance, and so on. These are the mediating variables that eventually contribute to those disease states.

I also want to talk a little bit about fructose and glucose, and particularly high fructose corn syrup which has been mentioned, because there is a distinctive difference between fructose and glucose which are very similar structurally. Chemically, they're both six-carbon sugars that look very similar but yet are handled by the body very, very differently. For example, fructose is much sweeter. Fructose is absorbed through a very specific mechanism in the gut, whereas glucose is more generally absorbable. Fructose also is metabolized almost exclusively in the liver where it can be a substrate. And again, especially in the overweight state it can be a substrate for what's called "de novo lipogenesis," which means new fat synthesis in the liver. So if you have an excess of fructose in the system and your fat stores are already saturated and you have an excess substrate coming in, that fructose will be reconfigured and packaged as fat in the liver.

And fatty liver disease is another emerging problem. In fact, the numbers for fatty liver disease are more frightening than pediatric type 2 diabetes. That's an increased deposition of fat in the liver which eventually leads to liver disease and liver dysfunction. That is directly attributable to increased fructose consumption, in particular; not exclusively fructose, but other sugars as well.

Just so that everybody knows, high sucrose, which is table sugar, is a disaccharide of a glucose molecule connected to a fructose molecule; whereas high fructose corn syrup is still a mixture of fructose and glucose, but it's a synthetic mixture of glucose and fructose derived from glucose, which is blended, typically, in a mixture of 55 percent fructose and 45 percent glucose.

But another issue at play here, I think, in this story, is the fact that since fructose is really the more damaging sugar, we need to have better information on

what the actual fructose content is. At the moment, we don't really know what the blend or the mixture of sugars is. The label just says, "sugars." We have to make an assumption that the blend is 55/45, but we really don't know that.

A typical can of soda has about 50 grams of sugar. Some people may argue that apples contain just as much sugar. I had a graphic to show you that an apple does have 15 grams of fructose versus a can of soda which has about probably double the amount of fructose and probably no other nutritive value, whereas an apple, of course, comes with lots of other beneficial things.

There has also been some discussion today about whether the effects of sugar in the body are reversible. I'd like to just briefly address those. We know from various intervention studies and trials, and we've done some studies ourselves looking at the question of whether you can reverse these effects, and the answer is that education and behavioral intervention alone is not going to be sufficient. You can't just educate or tell people that sugar should be reduced and expect it to be reduced. There are many other factors at play in the environment that are overpowering such as motivation, peer pressure, marketing, cultural norms and other factors that we've talked about. However, we do know that if you do reduce sugar that you can get the metabolic benefits of reduced risk for some of these things that we've talked about. So we have to look beyond education and information to really make a change.

Just to summarize: Sugar has detrimental effects on the body at various organ levels. Primarily, the things we're talking about are the pancreas: eventually leading to type 2 diabetes in the liver; contributing to fatty liver and fatty liver disease, and these effects, I believe, are more damaging against the background of obesity. So these are things we might not have used to worry about 20 or 30 years ago when obesity wasn't prevalent in the population, but because it is now, we have double reason to be really concerned about the effect of these things on the body.

Fructose has more damaging effects than glucose probably, and levels of its intake are really going unchecked at the moment and very difficult to determine.

Third, the effects of high sugar intake are reversible but it takes more than simple education, it takes a multi-level integrated approach, so we need a combined approach to tackle this problem.

So those are my main key points. I want to thank you again for the opportunity to discuss this with you and for the leadership here on this issue.

SENATOR FLOREZ: I appreciate the testimony. Thank you.

LISA KATIC: Good afternoon. My name is Lisa Katic. I'm a registered dietician and principle of a practice based in D.C., K Consulting. I specialize in food policy, communications, and education. And I just want to start out by saying that I've been working with the food and agricultural industries for most of my career. I've thought about and have been involved in developing strategies to combat obesity for most of my career. And, actually, I was prepared to come today to talk more about some of the programs that I think we're seeing put in place right now as opposed to some of the metabolic effects of sugar, but we can certainly talk about that after the fact.

But I think what's important to focus on is what I've seen in the past five years with respect to the programs and strategies that have been implemented to address this problem is really remarkable. What I saw ten years ago when I embarked upon trying to help companies and consumers with respect to obesity, we really were nowhere close to where we are today. We're seeing government, industries, schools, communities, health professionals; all of these groups are collaborating on these programs to try to reduce obesity rates in this country.

And I want to talk a lot about the most recent program that's already been mentioned, which is the First Lady's program. I think a couple of the things that are important to mention about that is it was, of course, launched in February. This is really the first time that I have seen a program as comprehensive. This program involves every one of the president's cabinet members. This is unprecedented for a comprehensive government program. It involves everyone from USDA, Health and Human Services, Housing and Urban Development, the Labor Department, the Education Department, and what that says to me is first of all, it shows how complicated this issue is and it shows how every single of these entities have to be involved to help solve it. I think it really shows that the President and First Lady certainly understand that and get that, and they're trying to put a program in place that's getting to the real problem.

I think the other thing that I saw in her program that was really encouraging, that sounds very obvious but I don't know if we've seen a lot yet, is targeting parents. She really understands as a parent, that parents are certainly busy. They don't have a lot of time, but they certainly don't have a lot of the tools that they need to teach

themselves and their children about healthy eating, so I think that's another really important cornerstone to this program.

I was going to talk about how the industry has jumped onboard with that, but I think we've already kind of covered that, so in the interest of time I'll not really talk about that, other than to say this: I think when you see programs, like the School Beverage Guidelines and this Clear on Calories and announcements being made, you know, in the circles that I run in with dieticians in the health professional community, they're really encouraged when they see stuff like this. And they, obviously, were congratulating the industry about making a commitment and showing change and progress, I think, moving in the right direction.

I think the next thing I want to talk about that we haven't heard about today that's another pretty landmark program that I personally think, and we can talk about it, will really show some results. This is the Alliance for Healthier Generations health care initiative. And we've already talked about their school beverage part of their program, but they launched this health care initiative in February of '09. And what is really critical about this program is for the first time ever, we're going to see consumers get access to primary care. They're going to get to see their doctors; have visits to the doctor focused on obesity; and they're also going to get access to the dietician's services and they're going to get reimbursed by insurance companies. This is something that members, like, myself, of the American Dietetic Association, have really been advocating about for years. I use the example that I can go to the gym; I can get a great workout, but when I go to the gym and workout with my trainer who's a professional, I get a much better workout and I see much better results. So in that same vein, when consumers can really sit down with their professionals, a doctor, a nurse, or a dietician, and get one-on-one care, I think is when we're really going to start to see some results.

And so, the Alliance made a commitment that—well, actually in the year that this has already been launched, we've already seen a million children have access to some of these visits. And their goal is over the next three years, 25 percent of all overweight children, which is approximately 6.2 million children, will have access to this kind of care. I think that's pretty significant. They also are committed to continuing to recruit insurance companies and hospitals and employers to join onto this program, which they've already had some significant support already.

So I wanted to highlight a couple of those programs because, again, I think when we talk about comprehensiveness, I think when we talk about getting away from simple solutions, I picked these examples because I think these are examples that show exactly that. They're short-term, but they're also very long-term, and so, I think we can't lose sight of both of those things.

I think I mentioned about the School Beverage Guidelines.

So in closing, I just want to say that I'm really encouraged when I look at some of the things that we're seeing implemented right now. I know that this is an epidemic and we talk about all the statistics, but until, again, we really start getting some programs in place that are giving consumers access to meaningful care, and that we focus on families, and that we are not taxing or banning foods for the sake of just trying to do something, I think that's when we're really going to see something that's going to work. When families work together to improve health and that they have access to the right tools that they need for themselves and their families, I think everyone is going to benefit.

I just want to thank you again for listening and the invitation to be here. I appreciate it.

SENATOR FLOREZ: Well, thank you both for putting it on the record. We very much appreciate it.

Let's go onto the marketing section. Katie Woodruff is here with us. Thank you. We'll be brief. We just have a few questions. You've heard most of the testimony.

KATIE WOODRUFF: Well, thanks very much for inviting me here today. I'm Katie Woodruff. I'm deputy director of the Berkeley Media Studies Group, and we are a project of the Public Health Institute.

For the last 16 years, we have been studying how public health issues are portrayed in the media and covered in the news. And recently we have been studying how soda and other sweetened beverages are marketed, particularly to young people.

And as your one woman marketing panel here today I was asked to do several things. I'm going to try to be as brief as I can but still address, I think, some of the key points that have come up.

First of all, in addition to what you've already heard about soda and sweetened beverages, their unique contribution to diabetes and obesity, I wanted to be sure to

leave everyone here today with the understanding of how beverage companies marketing practices also are unique in terms of other food and beverage categories. Their extensive marketing expenditures and practices really put them far beyond any other food or beverage category in terms of their pervasive and aggressive promotion of products to young people. Even though there are some steps in the right direction, there is still much that is still problematic. And a lot of this marketing happens outside of parental control or even awareness. And I, as a parent of two kids, absolutely agree that parents are the gatekeepers and it's very important to educate parents and get them involved in better decision making for their children.

I'm hopeful that the tax that you proposed will raise funds for more education campaigns, because right now the food and beverage industry really is by far the leading nutrition educator in this country. They spend so much money putting out messages about food products. And the messages that they give, especially on the soda issue, is these products are fun; they're exciting; they're a good source of energy; and there's very little balance in terms of other kinds of nutrition messages in them.

I think in order to understand how the impact of marketing on youth which what I was asked to address, I need to just briefly talk about how broad the marketing function really is. It includes not just promotions, like TV ads and digital campaigns, but the development and packaging of new products and the pricing of those products and the ubiquitous access to places where those products can be changed. And in all of these areas, the landscape on beverages has really changed significantly in recent years.

First, as we've heard, the range of product offerings has broadened dramatically. It used to be just a few flagship sodas, and now there is, as Pepsi says, "There's something for everyone." Really between energy drinks, sports drinks, sugared teas, flavored waters, all of these caloric, as well as non-caloric beverages, as Coca Cola calls it, "A whole world of choices." Just to be clear from our understanding Coke and Pepsi are still really the giants in terms of beverages. They dominate and account for 70 percent of the U.S. non-alcoholic beverage market.

Of course, as you know, portion sizes have increased dramatically. It used to be 8 ounces was the single soda serving, and now 20 ounces is the default. People do tend to consume whatever is in the package, so as the package volume has gone up, the sugar intake has gone up significantly as well.

At 7-11, in the soda fountain, the smallest cup size now available is the 16 ounce Gulp, which, of course, looks sort of quaintly modest next to all these other options, including the gigantic Double Gulp which gives you 48 teaspoons of sugar.

While we're on the product and packaging side, though, I did want to say I absolutely was encouraged and happy to hear about the Clear on Calories initiative that we heard about earlier today. I think that putting the calorie counts right on the package front and on the point of decision making at the soda fountain, is very important for people to have true information about the choices that they're making and I applaud the industry for adopting that. I look forward to having that logo so I can put that slide into my next presentation.

On the pricing front, research has shown that over the last couple of decades the pricing of soft drinks really hasn't changed very much while many other food categories, including fruits and vegetables, have become relatively more expensive. And this was from my local Safeway recently, Coke products on sale for \$3.33 for a 12-pack; that's 28 cents per can, which is ounce for ounce, cheaper than the cheapest milk that I could find at the store.

Does this low pricing encourage soda consumption? Well, many studies seem to think so, and the industry itself seems to think so. An industry trade publication reported that when prices of Coca Cola increased by 12 percent, sales dropped by 14.6 percent (that's from *Beverage Digest*), and this and other non-industry research on the price elasticity of sweetened beverages, indicates that the demand for these beverages is really quite price sensitive. And I really believe given this research, that your proposed excise tax on sweetened beverages may be one of the most effective population wide obesity prevention strategies we could enact in terms of seeing a real difference in consumption.

And then finally on the marketing level there are the promotions which are aimed at developing and reinforcing positive associations with a brand. It's important to realize that the purpose of corporate marketing is not only to sell products now, but to develop customers for life. And marketing may influence children to develop positive feelings about a branded beverage before they even get a chance to taste it and this can lead to the industry's dream achievement which is called from an industry document, "Cradle-to-grave brand loyalty." To make this happen, beverage marketers reach out to children constantly, starting when they're very young.

And we do have a brief that's been made available to the committee that goes into significant detail. I just want to highlight a few key facts.

Beverage companies lead the food and beverage industry in marketing to youth. They invest more than any other food or beverage subgroup in their marketing directed at children and adolescents. They spent almost \$500 million marketing just to children and adolescents in 2006 alone. That's half a billion dollars in one year, well over one million dollars every day, just targeting youth in one year. These companies spend far more on new media, which is digital marketing, than any other food or beverage category does and these are their fastest growing marketing techniques and I'll give some examples of those.

Where do all these marketing dollars go? Well, TV ads are still the single biggest marketing expense for the industry. However, beverage companies are buying less air time. These are three main categories, and Cadbury Schwepp's has since changed its name, but this was the data for 2006 and 2007. As you can see, their TV purchases are declining and we would expect to see that trend continue.

As you've heard earlier from the industry, in recent years the beverage companies have pledged that they won't advertise their sweetened products on children's TV, by which they mean programs where kids under age twelve make up half or more of the audience. But realistically, this doesn't mean that they've given up much ground. SpongeBob SquarePants is the number one children's TV program and Coke and Pepsi won't advertise during it, but almost twice as many children watch American Idol as watch a typical episode of SpongeBob. And Coke pays \$35 million a year just to co-sponsor American Idol and get their Coke cups on the Idol judge's table. That kind of product placement is outside the traditional TV advertising budget and because it's on a show with a mixed aged audience, it doesn't violate their own narrow self-regulatory guidelines on marketing to kids. But clearly, they are reaching millions of American children this way.

At the same time as they reduce their TV ad buys, sugar sweetened beverage companies are dramatically increasing their efforts in the digital marketing realm. These are interactive promotions on websites and via cell phones and text messages, which are far cheaper than buying TV time. Again, given the unique contribution of sweetened beverages to diabetes and obesity, the industry's efforts to reach young

people through this ubiquitous digital marketing is alarming to me. And I just wanted to give a few examples.

Coca Cola's Twist/Txt/Get program, which places a reward code inside every bottle cap of Coke and Sprite and people can text the code to the company and then return the get rewards, like ring tones and screensavers and video clips, sent to their cell phone. And, of course, the company gets a database of cell phone numbers of their customers who they can and do contact several times a month. The company has said this is a critical part of their effort to, quote, "establish an omnipresent, on-the-go, everywhere relationship with teens." This is particularly problematic for youth of color as they are earlier adopters of mobile technology. They tend to use texting at twice the rates of non-youth of color, and they are definitely a particular target market campaigns.

Mountain Dew's DEWMOCRACY campaign is also online. It's encouraging its youthful fan base to become co-creators of the brand. You can log on. This is touted as a participatory form of consumer empowerment and the young fans can vote for the next new product flavor. You can see—I think, "White Out" is in the lead as of yesterday; we'll see which one ends up winning.

Taking the voting theme in a different direction is Pepsi's "Refresh Everything" campaign, which awards grants of between \$5,000 and \$250,000 to projects that will have a positive impact in their community. Winning projects are chosen by votes garnered on the website and users are encouraged to come back online and vote for their favorites up to ten times a day. Pepsi has gotten a lot of attention for their philanthropy on this campaign and I do applaud them for their donations on a lot of creative projects that might really make a difference in local communities.

I also, without taking anything away from that, want to point out what a savvy investment this campaign is for the company. This kind of "cause" marketing can help companies increase their social networking engagement with consumers. Pepsi says it doubled its Facebook fans in a single month this year as a result of this campaign. And since you have to register an email address in order to vote, it's a great way to build databases of interested consumers.

There was an article in *Advertising Age* recently pointing out that this type of social engagement effort is effectively free market research that results in more effective advertising campaigns. Pepsi gets to track the votes on different kinds of

projects and they get an idea of what is meaningful to their consumers so that they can reach out to them in more meaningful and targeted ways.

Again, Pepsi has claimed to reduce its advertising to youth, but certainly this campaign is engaging millions of young people, both in generating ideas and in voting for them, as this ad shows.

“Johnny Cohen had an idea to put Plexiglas shields on old school buses to make them more aerodynamic and fuel efficient. He called the idea “Green Shields.” When he submitted it to the Pepsi Refresh project with his friends, he bagged a busload of votes and a \$25,000 Pepsi Refresh grant. Johnny cares about turning yellow gas guzzlers into big green machines. What do you care about? Find ideas near you and vote to refresheverything.com.”

So in addition to what I just said, this is also an example of the way that increasingly digital online campaigns and TV campaigns are interwoven.

And here’s another example of the “Happiness Factory” campaign from Coca Cola. I’ll show you a quick ad here. (plays ad)

Alright. So that’s like a lot of soda ads. It’s fun. It’s cute. It may be engaging to people of all ages. It doesn’t actually tell you very much about the product itself; it’s more about creating nice feelings, although, this one does seem to imply that Coke gives you some energy when you’re dragging. But what people watching this ad might not realize is that it’s really more than just a TV ad, it ties into an entire immersive online environment where you can play interactive animated games, download music from popular artists, get free stuff, and invite your friends to join in the fun. Indeed, this is the whole issue with digital marketing, unlike traditional TV ads; kids are actively engaged for many minutes, even potentially hours at a time with the brand. These experiences are intensive, interactive, and socially stimulating for youth. In the public health field we are only just beginning to explore the impact of this kind of immersive marketing, but the implications are troubling.

And of course from the industry’s perspective; every click of the mouse, every text message they get from a teen gives the companies more valuable data about their target market. I find it ironic and disturbing that these corporations are collecting vast amounts of data on our children while parents may have no awareness that this is even going on and certainly have limited ability to monitor or to control the marketing messages that their children receive. And again, remember, sweetened

beverage companies are devoting far more resources to these forms of digital marketing than any other food or beverage category does.

I had some examples of ethnic target marketing as well. I did want to address this because beverage companies do intensively drive their promotions to the populations that suffer the most from the health problems that are associated with sweetened beverage consumption. We find this a trend, just like tobacco and alcohol companies did before them, beverage companies reach out to the African American and Latino communities fashioning products to fit their tastes, creating price points favorable to these groups and saturating these communities with targeted ads for their products.

As I mentioned before, youth of color are a particularly attractive market segment for soda companies not just because they're earlier adopters of the new media technologies, but because of the way in which they're influential over the broader youth culture and where ideas and trends and products then start in a youthful urban hip-hop kind of culture and then spread out.

The companies know this, and when Coca Cola unveiled its 2007 Sprite Yard program for mobile phones, which was aimed at its mostly African American youth target audience. This program used the slang conception of a "yard," a place where everyone hangs out, to characterize a virtual space. And the Sprite brand director said, "We know that when it comes to reaching teens, mobile is the medium. This program will enable us to connect with teens by putting Sprite both in their hand and in their phone," so, again, that pervasive "we're with you everywhere" kind of campaign.

Just a couple examples of other ethnic target marketing by these companies:

This last ad that I'll show features P. Diddy and it both pokes fun of, but also reinforces, the way that hip-hop culture is used to sell products to the broader American Public. You can see how the trend here starts with Diddy and trickles down to a less hip demographic, as you'll see:

P. DIDDY: "Hey, I'm late for this award show. Can I get a ride?"

PEPSI TRUCK DRIVER: "Come on. Hop in."

UNKNOWN: "I'll tell you, Carson, the excitement here is tremendous."

CARSON DALY: "Look at that. I didn't know P. Diddy drove a Pepsi truck."

EVA LONGORIA: "Don't scratch it."

UNKNOWN: “Alright, this is how I roll.” (Hip-hop dancers in the truck blaring hip-hop music)

UNKNOWN: “Hey, yo, P. Check out my new ride.”

I have to say, I showed this at home last night to my husband and he was, like, “I love that ad.” It’s really cute, right? But again, it’s not about the product, it’s about increasing identification with the product; increasing engagement and those good feelings and who that calls out to in terms of a demographic.

And just lastly, I wanted to show, last fall Pepsi launched this PepsiWeInspire.com, which is an online blogging community specifically targeting African American moms. As a mom myself, this one was particularly problematic to me because they claim to be concerned about improving children’s health and then they do something like this that’s really aimed directly at influencing the nutritional gatekeepers of the kids who have the highest rates of diabetes and obesity in our country. And I just feel like it’s really unfair. These beverage companies make so much money off of these communities and then they effectively leave a public health disaster in their wake. It’s unfair to target communities in this way.

There are many other problematic beverage marketing practices and the brief that I showed before goes into them. You can also find more details on digitalads.org.

I just wanted to say this one other pervasive form of communication that the beverage industry is engaged in. As you can see, this millions of dollars spent lobbying by Coca Cola, Pepsi, and the American Beverage Association (Investigative report by the Los Angeles Times a couple of months ago.) The dollars have gone along nicely, under \$5 million a year for the last several years, and then all of a sudden just bolted up dramatically last year because soda taxes were floated as a possible part of the federal health reform legislation; they were proposed in several states. And this is an indication to me that the industry is highly concerned about these kinds of attacks. They are worried that it will have an impact on their products.

Also, I just want to take a moment while I’m here to say in the face of this kind of opposition and this kind of spending, I really want to applaud the leadership that you’re showing, Senator, and appreciate the Committee considering this legislation.

Happy to answer any questions on marketing that I can. Thank you very much.

SENATOR FLOREZ: Thank you. That was very informative and very much appreciated. I wonder if we could have a copy of that for the Committee. Maybe you could just email it to us. That would be great.

Just the question that I mentioned earlier in terms of you've heard from the industry in terms of them marketing more towards less consumption versus—I don't think they're going to be marketing no consumption—do you see this as something the companies would be moving towards?

MS. WOODRUFF: I can't imagine the industry ever advocating consuming less of their products overall. I can see them putting more money into marketing for the zero-calorie alternatives, and I would support that and applaud it, for sure.

SENATOR FLOREZ: Okay. And the zero-calorie products that they could be marketing to, do you see more of these coming online; more of these types of products? Or are we just at the very beginning stage of this?

MS. WOODRUFF: It seems to me that the product lines have blossomed amazingly over the last couple of years; really, just in a couple of years. A lot of these products are brand new. And I haven't done a content analysis to look at what types of products are getting advertised where and how much. And as you asked earlier on the Spanish language media, I don't have that information but I'd be very interested to see. I'd be curious to see what happens.

And in terms of context, the largest public education campaign that we've ever had nutrition on this country is the Five-a-Day campaign, which at its height was funded by the federal government at \$10 million a year, and Coke spends \$35 million just on the American Idol sponsorship. So some funding to try to balance that, to even begin the increase health nutrition messages would be very welcome.

SENATOR FLOREZ: Thank you. Appreciate it. Great presentation.

Okay, let's go to our last panel, which is on local perspectives. We have Genoveva Islas-Hooker and Dana Richardson. Thank you for joining us. I'd love to get your testimony. And we'll, then, wrap up. Appreciate you guys sticking with us this whole time.

GENOVEVA ISLAS-HOOKER: Thank you, Chairman Florez and Committee Members. My name is Genoveva Islas-Hooker. I'm a board member of the Latino Coalition for Healthy California, as well as a board member for the California Food Policy Advocates. I live in Tulare, California. I'm involved in creating healthier food

and physical activity environments through the Central California Regional Obesity Prevention Program. We are a partnership between public health departments, community-based organizations, and grassroots community members, including youth in Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, and Tulare Counties, so essentially all eight of the Central Valley communities.

Through CCROPP, we've been able to create change and address obesity by working with community members, elected officials, and various stakeholders. Our efforts have been successful at bringing healthy foods into communities that previously did not have them through farmers' markets, community gardens, school farm stands. We've also been successful in improving physical activity environments by supporting improvements to playgrounds, parks, and advocating for better community design through general plans. More about our project can be found at our website, CCROPP.org

But essentially, what I want you to know about our program is that our approach to obesity prevention is really by changing environments and policies so that the healthy choice is the easy choice in our communities and unfortunately that isn't true at this point. To suggest that personal responsibility is the only solution to curbing the obesity epidemic is erroneous when we aren't really supporting environments that allow healthy choices to be made.

I've been asked to testify on the over consumption of sugar and sweetened beverage drinks, such as soda and its link to obesity. To that end, I want to provide you some context about the communities where I live and work.

Central California is the fruit and vegetable bowl of our state, our nation, and perhaps the world. It's everything that you can imagine a rich agricultural valley to be: it's picturesque; it's green; and it's rural; and it's many things that probably you don't necessarily imagine it to be. In this place of bounty we have hunger and we have poverty. The Central Valley is the poorest congressional districts and much of that poverty stems from the super exploitation of farm laborers.

This context is important in understanding why obesity is such a prevalent health issue in our area. Central California, as you noted, has some of the highest rates of obesity and obesity related diseases, like hypertension, heart disease, diabetes, and cancer.

So in a nutshell: Poverty; the over-availability of cheap, unhealthy foods, like sodas; the under-availability of healthy affordable foods and beverages, like water; the omnipresent targeting, promotion, and marketing of unhealthy choices, as Katie so eloquently discussed earlier; and the really limited resources and infrastructure that we have to support physical activity are predisposing us to an increased incidence of obesity.

In my region, community members are making choices about their food and beverages that are driven by their economic means and by what is available.

Sodas have become a default beverage choice because they are cheap and they are readily available. And this has been documented in the Bubbling Over report in which Central California counties have some of the highest rates of soda consumption in our state.

I'd like to share with you a photo that was taken by a Sunnyside High School youth. Stephanie Chavez is a youth from Pixlie, who has joined us. But in this photo that was taken by Jasmine from Sunnyside High School, she says that, "I see a food store and near the door there are seven soda machines and only one water machine. People are more likely to buy soda, especially because some sodas cost 25 cents, while the water is more than a dollar. This affects the community because people are more likely to consume soda. This challenge exists because by selling soda at such a low price it attracts more people than water which is more expensive."

So our youth are very conscious about the environments that we've created for them and they're asking for support in making healthier choices. And making the healthy beverage more affordable is one of the solutions, I think, that we can work towards.

There's many other opportunities to change the food and beverage and physical activity environments in order to support better health. So for example; in many Central Valley communities water is undrinkable. Community members are having to pay a bill for water that they can't drink; then they are having to pay for bottled water in order to be able to quench their thirst. So if you're struggling and you're trying to make ends meet, you're trying to stretch your dollars, you look for the most affordable options that are out there. And at this point, those most affordable options are the unhealthy options, like soda and sugar sweetened beverages. So free, safe drinking water oftentimes cannot be found, especially in many rural and incorporated

communities. And as you know, these unincorporated communities are predominantly Latino communities who are severely burdened by chronic diseases that relate to the obesity epidemic.

Another quote I'd like to highlight for you from a youth is that she's stating—this is Jessica Sanchez, a student from Orosi High—she says, “It's not fair that I don't have safe drinking water at home and that when I go to school I have to deal with the same thing.”

So we need resources to fund change. We need resources to create equity in our communities. Revenues generated from the tax are desperately needed to turn the tide on the obesity epidemic. These resources could help to change the food and beverage and physical activity environments in many under-resourced communities.

- We need things like increased access to safe drinking water, the healthiest beverage choice next to breast milk, of course.
- We need support for increased access to healthy foods. It's such an irony that we live in this area and that our families do not have access to the foods that they're picking.
- We also need more physical activity environment resources in parks and recreation and improved community design.

So in closing, I think that this is a very important tax. I think that you do have a great support in the Central Valley for resources that you're helping to bring in. And I really just want to thank you for legislating for the health of our communities.

SENATOR FLOREZ: Thank you. A good presentation.

Yes. Thank you for joining us.

DANA RICHARDSON: My name is Dana Richardson. I am a resident of southern California—in the city of National City. I also represent a project called the Healthy Eating Active Communities in the city of Chula Vista, which is located just ten minutes north of the U.S./Mexico border at Tijuana. Since March 2005, our project has worked to reduce childhood obesity and promote healthy lifestyles by improving food and physical activity environments, particularly in western Chula Vista.

I'd like to offer you some local perspective. I support the legislation. I'd like to just offer you some additional solutions leading us forward in policies that address the complexity of these issues which are part of some of the earlier discussions.

Clearly, there are connections between health and place, which have become increasingly prominent as communities struggle with alarming levels of asthma, obesity, heart disease, and diabetes particularly, in low-income communities of color. Neighborhood environments are critical factors which can either support or undermine any community's ability to engage in physical activity and adopt healthy lifestyles.

A white paper by one of my colleagues was written. Mary Lee from the Policy Link organization states, "Environmental conditions, along with social and economic factors, play a much larger role in determining the health outcomes of a community. To this end, it is becoming increasingly clear that where you live affects your health and that the health of individuals depends on the neighborhoods in which he or she lives. Economics and the zip code of residence tell us much more about the key factors that shape negative or positive health behaviors and health outcomes than does their physiology.

So how do we set our youth up and our families up to be successful and to adopt healthy lifestyles? Well, the answer is: We need to create neighborhood environments that facilitate achieving these goals. And we use policies with a broad focus on health to address the underlying issues that fuel unhealthy habits and lifestyles. And provide populations with the resources and tools to avoid what's ailing them in the present day.

Many poor lifestyle decisions are made in the context of the community environments. As I stated earlier, where you live affects your health. A physical environment that supports health obviously does not contain what I currently experienced in my own community which includes a prevalence of alcohol outlets, literally on every corner; and numerous billboards and alcohol advertisements targeting Latino and black populations; a prevalence of fast food outlets; and a limited number of healthy food and beverage options (for example, the only major chain grocery store in my community is in the process of closing as we speak); and areas of our community with no sidewalks and little to no access to parks and open space. This is just my short list. There is actually a much longer list of community conditions I can share with you which contribute to childhood obesity and community-based violence.

Conversely, neighborhood environments that do support health, provide a balance of healthy and accessible food and beverage options for the community and

also match these strategies with long-range plans to incorporate ample public transportation, affordable, well-maintained housing, schools, parks, complete streets for all users, thriving businesses, new employment opportunities, and accessible, safe public play and recreation facilities, just to name a few.

Senator Florez' legislation, it's great. It's definitely a step in the right direction to strategically address poor health outcomes as it relates to the consumption of sugar sweetened beverages, particularly in low-income, vulnerable populations. Yet, from an infrastructure standpoint, the legislation is also visionary because it proposes to contribute resources toward creating healthier community environments by improving nutrition in schools and ensuring access to safe, quality parks and open spaces. The legislation literally provides a short-term immediate strategy, yet also recognizes the long-range sustainable elements that communities need to achieve health.

Therefore, I encourage the committee to continue to support this policy today. Together, we can begin to turn the tide on poor health outcomes that persist in vulnerable populations, and strive to create renewed communities of opportunity.

Thank you for the opportunity to speak.

SENATOR FLOREZ: Thank you very much. Very good testimony. Just before you both go, I'd just like to get your take on the impact, from your perspective, of the tax in low-income communities. I mean, you've heard both sides; some discussion on that. Maybe you can give me your perspective on it.

MS. ISLAS-HOOKER: So one of the points that I highlighted was the fact that there are many things that are regressive within our communities. Water in the Central Valley is an example of families having to pay both a water bill and then having to purchase bottled water because the water that comes out of their tap is unhealthy. So if this tax, which would disincentivize the soda consumption, could be used to ameliorate that. I think that it would gain, or it would actually be received with much approval from the community members that it's meant to serve the most.

MR. RICHARDSON: My perspective is that I don't think we understand a lot about what's going to happen on the end. But if we know that this tax is going to find some way to bring resources back into the community, then I think we'd be for it.

MS. ISLAS-HOOKER: I think just to stress the point again; I come from a region that traditionally has not supported increased taxation and I think a large reason for that is that the taxes haven't traditionally benefited them. They haven't

come back to those rural and unincorporated communities. They're paying taxes on their homes and they're not seeing streets improved. They're paying taxes on their cars and not seeing improvements in air quality. So I think, again, if we keep our promise and the commitment that you're showing that these resources would be directly driven back to them to improve their environments, that again, it would be important.

SENATOR FLOREZ: Right. Exactly. Thank you both. Appreciate that.

Okay, is there any public comment? Would anyone like to say anything? Okay, if not, I want to thank everyone who's traveled, particularly if you're coming from Chula Vista. I appreciate it. I know how far it is. It's in Senator Ducheny's area. And I would like to thank everyone for coming.

We would like to have a transcript of this, possibly, if staff could get on that, prior to the bill being heard. It's kind of a shorter timeframe, but we'll try. I know we had some starts. The hearing is actually not as long as the hour because we were gone—I was gone for about two hours, so it's probably not our longest hearing we've had to do. So if we could have that that would be great.

Obviously, this is a pre-hearing of the real hearing which will occur May 12th when the bill will be heard in its entirety.

I would particularly like to thank staff and all the work that went into this. I'm very intrigued by the new poll and I think, obviously, the Members will be as well.

We will adjourn the Senate Food and Ag and the Senate Health Committees. We'll see you the next time.

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