

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: July 10, 2007
POSITION: Neutral, note concerns

BILL NUMBER: SB 490
AUTHOR: E. Alquist
RELATED BILLS: SB 20 (Torlakson), AB 90 (Lieu), AB 86 (Lieu)

BILL SUMMARY: Pupil Nutrition: Trans Fat

Beginning July 1, 2009, this bill would prohibit school districts from making food items available through vending machines or food service establishments that contain trans fats, but the prohibition would not apply to School Nutrition Program meals.

FISCAL SUMMARY

It is unlikely that this bill would create a reimbursable state-mandated cost because school districts are not required to provide a la carte foods or food from vending machines. However, the bill could create a Proposition 98 General Fund cost pressure because school districts could seek fiscal relief from the state to compensate for lost revenues as a result eliminating foods with trans fats.

COMMENTS

The Department of Finance supports the merits of this bill because they are consistent with the Administration's goal of eliminating unhealthy foods from California's schools; however, we note the following concerns with the bill: 1) does not eliminate foods with artificial trans fat from the School Nutrition Program; 2) does not eliminate foods fried in unhealthy oils; 3) does not link increasing the reimbursement rate for free and reduced-price meals from \$0.1634 to \$0.21 to eliminating unhealthy food items; and 4) would prohibit school districts from serving food items outside the School Nutrition Program that contain all types of trans fats. While there is a growing consensus that food items with trans fats are unhealthy and contribute to growing childhood obesity rates, some foods such as milk and meats contain natural trans fats and are part of a healthy, balanced diet.

Section 49550 of the Education Code requires each school district and county superintendent of schools maintaining grades K through 12 to provide each needy pupil one nutritionally-adequate free or reduced-price meal during each school day. Furthermore, Section 49531 of the Education Code states that any child nutrition entity may apply to the State Department of Education (SDE) for all available federal and state funds so that a nutritionally-adequate breakfast or lunch, or both, may be provided to pupils each school day. In order to receive reimbursement, schools must serve meals that comply with nutrition standards outlined by the USDA meal patterns or the SDE's Shaping Health as Partners in Education (SHAPE) meal patterns. Finally, Sections 49431 and 49431.2 of the Education Code establish additional nutrition standards for food items served in elementary, middle, and high schools that are not part the School Nutrition Program; however, these standards do not prohibit artificial trans fats. Specially, these sections establish limits on fat, saturated fat, sugar, and calories. The Administration's latest fiscal plan provides \$123.3 million Proposition 98 General Fund, of which \$24.9 million is contingent upon legislation being enacted that improves the quality of meals served to California students, and \$1.6 billion federal funds for the School Nutrition Program.

Analyst/Principal Date Program Budget Manager Date
(0362) R. Storm Jeannie Oropeza

Department Deputy Director Date

Governor's Office: By: Date: Position Approved
Position Disapproved

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

E. Alquist

July 10, 2007

SB 490

According to the bill, a food service establishment is a place that regularly sells or serves a food item or meal on campus. Therefore, the practical impact of the bill is that schools cannot serve foods that contain trans fats through snack bars (during school hours), a la carte windows, cafeterias (non-School Nutrition Program meals), or fast food businesses that sell their foods on campus. The bill would not apply to School Nutrition Program meals, snacks bought and sold by students for fundraising purposes, and snack bar items sold outside regular school hours for special events such as dances and athletic events.

Related Bills

SB 20 (Torlakson) would, beginning July 1, 2007, require school districts to eliminate food items from free and reduced-price meals that contain artificial trans fats and that have been fried in unhealthy oils. By eliminating these unhealthy foods, school districts would receive \$0.21 for every eligible free or reduced-price meal served.

AB 90 (Lieu) would, beginning July 1, 2009, prohibit a school or school district from serving or selling any food items containing artificial trans fat and prohibit the use of artificial trans fat in the preparation of a food item served or sold to pupils.

AB 86 (Lieu) would prohibit elementary, middle, and high schools from selling food items containing partially hydrogenated or hydrogenated vegetable oils, except to the extent that these oils are naturally occurring in food items. AB 86 could create a reimbursable state-mandate.

| Code/Department Agency or Revenue Type | SO | (Fiscal Impact by Fiscal Year) | | | | | | | Fund Code |
|----------------------------------------------|----|--------------------------------|----|-----------|--------------------|-----------|----|-----------|--------------|
| | LA | (Dollars in Thousands) | | | | | | | |
| | CO | PROP | | | | | | | |
| | RV | 98 | FC | 2007-2008 | FC | 2008-2009 | FC | 2009-2010 | |
| 6110/Dept of Educ | LA | Yes | | ----- | See Fiscal Summary | ----- | | | 0001 |