

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: June 24, 2009
POSITION: Oppose
SPONSOR: California Food Policy Advocates

BILL NUMBER: AB 627
AUTHOR: J. Brownley

BILL SUMMARY: Child Care: Nutritional Requirements

This bill would establish new nutrition requirements for foods served by child care centers and providers beginning January 1, 2011. Additionally, this bill would establish an 18-month pilot program, subject to the availability of non-General Fund resources, in which participating licensed child care centers and child day care homes would implement specific nutrition and physical activity standards in exchange for a higher state meal reimbursement.

FISCAL SUMMARY

The bill would likely create higher food and commodity costs for private and public child care centers and providers. However, each child care center and provider's food service is unique, which makes it difficult to quantify the cost impact on a statewide basis.

Although this bill would not result in new costs to the state, it is likely to create cost pressure for the state to add Proposition 98 General Fund resources to the Child and Adult Care Food Program (CACFP). Currently, the state provides approximately \$0.16 per meal, which supplements various per-meal rates provided by the federal CACFP. Because the bill is likely to result in higher commodity costs for centers and providers, it is logical to assume that centers and providers would expect to see a corresponding increase in funding from the state.

Additionally, since the proposed pilot program would only be implemented if non-General Fund resources are made available for this purpose, it would not result in additional costs to the state. However, to the extent these funds are terminated and there are efforts to sustain the pilot program, this could result in additional Proposition 98 General Fund cost pressure.

COMMENTS

Although the Administration is generally supportive of improving the physical condition of children and improving the quality of foods available to them, Finance opposes this bill because it would likely create Proposition 98 General Fund cost pressures at a time when General Fund resources are significantly limited.

SUMMARY OF CHANGES

Amendments to this bill since our analysis of the April 13, 2009 version include the following significant amendment which does not change our position:

- The June 24, 2009, version of this bill would establish a pilot program, subject to the availability of non-General Fund resources, in which participating licensed child care centers and child day care homes would implement specific nutrition and physical activity standards in exchange for a higher state meal reimbursement.

Analyst/Principal Date Program Budget Manager Date
(0350) L. Del Castillo Jeannie Oropeza

Department Deputy Director Date

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

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

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ANALYSIS

A. Programmatic Analysis

This bill would establish new nutrition requirements for foods served by child care centers and providers. Specifically, the bill would: (1) require more whole grains, vegetables, and nonfat and lowfat milk; (2) require the availability of drinking water; (3) limit fried potatoes, sweet grains (e.g. cookies and doughnuts), processed meats, canned fruits and vegetables, juice, and sugar in cereals, and (4) prohibit artificially-sweetened beverages and deep-fried foods.

This bill also would establish an 18-month pilot program, subject to the availability of non-General Fund resources but no later than January 1, 2015, in which participating licensed child care centers and child day care homes would implement specific nutrition and physical activity standards in exchange for a higher state meal reimbursement. We note that the bill does not specify the level of reimbursement. The State Department of Education (SDE) would be required to design and implement the pilot program with input from stakeholders. SDE also would be required to contract with an independent agency to evaluate the pilot's implementation and outcomes, including the resulting changes in food and beverages provided, and physical activity occurring at the participating child care centers and child day care homes.

The Administration has been, and continues to be, supportive of efforts to improve the physical fitness levels of children and to improve the quality of foods served to them. Through several legislative vehicles, the Administration has accomplished the following: (1) encouraged the sale of healthy nuts, seeds, and butters in elementary schools; (2) required all snacks and entrees sold at middle, junior, and high schools to meet specific calorie, fat and sugar limits; (3) required that additional fruits and non-fried vegetables be provided during the school day; (4) required schools to give priority to fresh fruits and vegetables; (5) modified the list of allowable drinks that may be sold at elementary, middle, and high schools; (6) prohibited schools from making food items available through vending machines or food service establishments that contain artificial trans fats; and (8) eliminated the serving of deep-fried, par-fried, and flash-fried foods at schools.

B. Fiscal Analysis

The bill would likely create higher food and commodity costs for private and public child care centers and providers. Anecdotally, canned fruits are typically cheaper than fresh fruits—particularly when fresh fruits are out of season. Also, whole grain breads are typically more expensive than enriched, bleached white breads. However, each child care center and provider's food service is unique, which makes it difficult to quantify the cost impact on a statewide basis.

Although this bill would not result in new costs to the state, it is likely to create cost pressure for the state to add Proposition 98 General Fund resources to the Child and Adult Care Food Program (CACFP). Currently, the state provides approximately \$0.16 per meal, which supplements various per-meal rates provided by the federal CACFP. Because the bill is likely to result in higher commodity costs for centers and providers, it is logical to assume that centers and providers would expect to see a corresponding increase in funding from the state.

Although the food requirements proposed in this bill would yield a more costly basket of foods than a similar basket of foods purchased using federal CACFP requirements, it is not likely that the bill would create a state reimbursable mandate for two reasons: (1) complying with the new requirements would be a downstream activity resulting from the discretionary decision by a public child care center or provider to accept federal CACFP funds and (2) these requirements would apply to private and public child care centers and providers. As such, public care centers and providers likely would not be able

BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)

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to meet the test established by case law that the bill would impose unique requirements only on local governments.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2009-2010	FC	2010-2011	FC	2011-2012	
6110/Dept of Educ	LA	Yes		-----	See Fiscal Summary	-----			0001