



**SCHOOL BEVERAGE GUIDELINES
PROGRESS REPORT
2006-2007**

SEPTEMBER, 2007



School Beverage Guidelines Progress Report

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School Beverage Guidelines Progress Report 2006-2007

Executive Summary

On May 3, 2006, leading members of the beverage industry and the Alliance for a Healthier Generation announced a landmark policy that phases out the sale of full-calorie carbonated soft drinks (CSDs) in America's schools and accelerates the shift to lower-calorie and nutritious beverages. These School Beverage Guidelines are embodied in a memorandum of understanding (MOU) between the Alliance (a joint initiative of the American Heart Association and the William J. Clinton Foundation), the American Beverage Association (ABA) and three beverage producers, Cadbury Schweppes Americas Beverages, The Coca-Cola Company and PepsiCo, Inc.

This Progress Report provides the first annual assessment of the impact and status of the School Beverage Guidelines called for by the MOU. It was prepared by ABA with assistance from outside consultants and reviewed by representatives of the Alliance. ABA members, including the three MOU signatories and their principal bottlers, collected and submitted the data presented in the report and also reviewed the report's findings and conclusions.

As the Report demonstrates, the beverage producers and their bottlers have made strong progress toward implementation of the guidelines during their first year, effecting a wholesale change in the beverages available to students across America during the regular and extended school day. Because of these efforts --

- ***The school beverage landscape is changing:*** Shipments of full-calorie CSDs to schools were 45 percent lower during the 2006-07 school year than they were in 2004, with the average high school student purchasing just 5.9 ounces (or less than half a can) of such drinks per week as compared to 12.5 ounces per week in 2004.¹ Shipments of waters increased by 23 percent during the same period.
- ***Calories are coming out of the schools:*** The major swing away from full-calorie carbonated soft drinks and sharp drop in shipments of these beverages resulted in a 41 percent decrease in total beverage calories shipped to schools between 2004 and 2006-07.

¹ In 2005, Dr. Robert Wescott, an independent economist, conducted a study for ABA of beverage shipments to schools in 2004. This study, which is cited in the MOU as an example of the type of product analysis necessary to determine the impact of the guidelines, is used as the basis for comparison of the school product mix and shipments levels in 2004 and 2006-07.

- ***School contracts are on track:*** In this first year, over one third (35 percent) of all contracts between bottlers and school districts have achieved compliance with the guidelines. Most of these contracts were in place before the signing of the guidelines and many will extend for several more years. Compliance has been even higher for schools purchasing beverages on a non-contract basis.

In light of the MOU's three year implementation timeline, the gains made during the first year are particularly noteworthy given the challenges associated with educating and training bottlers and schools alike, revising financial arrangements between bottlers and schools, and reconfiguring product lines and equipment. These results confirm that the beverage companies and their bottlers are committed to bringing this policy to full fruition and promoting a healthy school environment.

Background

The School Beverage Guidelines impose detailed limitations on the beverage products that may be sold in elementary schools, middle schools and high schools.² The guidelines eliminate full-calorie CSDs from all schools, and they also provide that only water, low or non fat milk, and 100 percent juices (that meet certain micronutrient requirements) may be sold in elementary and middle schools. A broader range of products is permitted in high schools to allow for variety in teenagers' diets at relatively low calorie levels, but at least 50 percent of non-milk beverages sold in high schools must be water and no- or low-calorie options. In addition, the guidelines impose nutritional and package size requirements on allowable products which differ at the elementary, middle and high school level.

The MOU recognizes that the guidelines need to be phased in over time to address the challenges of implementation. The MOU sets a goal of implementing the guidelines for 75 percent of schools under contract prior to the beginning of the 2008-09 school year and 100 percent of all schools prior to the beginning of the 2009-10 school year. Notably, there is no goal established for contract compliance prior to the beginning of the 2008-09 school year in light of the many hurdles that schools and bottlers face in rolling out the guidelines and building a framework for compliance.

With 54 million children attending 125,000 schools nationwide, implementation of the guidelines is an enormously complex undertaking. The changes to the product mix go well beyond simply removing certain full-calorie products from the schools. Rather, the guidelines call for myriad adjustments in portion and package sizes and nutritional content. As a result of these changes, bottlers have spent millions of dollars and thousands of hours educating and training their sales forces, reaching out to school customers, retrofitting vending machines and reconfiguring product offerings.

In addition, as the MOU recognizes, the financial relationships between schools and bottlers are long-standing and complex, and cannot be changed overnight. During this first year, bottlers have worked hard to communicate the goals and contents of the guidelines to their school

² A copy of the Guidelines is attached as Appendix A.

customers, and have worked to ensure that new contracts entered into after the signing of the MOU are compliant. Bottlers also have engaged in the highly personal process of working with schools that have existing contracts to discuss how, when, and under what financial conditions the product mix supplied to the school could come into compliance before the contract expires.

To track the beverage industry's progress in implementing the School Beverage Guidelines, the MOU calls for the parties to "support an annual analysis that will disclose the impact and status of this policy" by addressing two issues:

- The volumes of different products sold in schools at the elementary, middle and high school levels since May of 2006; and
- The percent of school contracts complying with the MOU guidelines, including contracts executed after the MOU was signed and contracts previously executed and still in effect, broken down for the different categories of schools.

Throughout this past year, bottlers have allocated significant resources to establish reporting systems and collect data to meet the MOU's reporting commitments. To compile and analyze the sales volume data, ABA retained Keybridge Research LLC, an independent economic analysis and public policy research firm, under the direction of Dr. Robert Wescott. To examine changes in the size and makeup of the school product mix, school shipment data was provided by 36 bottlers, responsible for more than 90 percent of total industry shipments. Data on school contracts, which unlike sales data, is not at this time centralized and easily retrievable, was received from a slightly smaller segment of the bottler universe, representing a little less than 90 percent of total industry sales.

Summary of Key Findings

The school shipment data for the 2006-07 school year show that the volume and mix of beverages sold in the schools have changed dramatically when compared to 2004 school sales, which were quantified in a 2005 study using a similar methodology. These changes represent substantial progress toward the guidelines' goal of shifting toward the sale of lower-calorie and nutritious beverages in the schools. Specifically:

- *The school beverage landscape is shifting toward lower-calorie and nutritious choices--*
 - Overall school shipments of all beverages (measured on a total ounces basis) dropped by 27 percent between 2004 and the 2006-07 school year.
 - This decline was particularly noteworthy for full-calorie CSDs, for which total school shipments dropped by 45 percent between 2004 and 2006-07.
 - In high schools, where the bulk of school beverage sales occur, the share of full-calorie CSDs fell from 47 percent of the product mix in 2004 to 32 percent in 2006-07, with the full-calorie CSD share dropping to 26-28 percent by the end of the 2006-07 school year.

- At the same time that shipments of full-calorie CSDs to all schools dropped sharply, shipments of waters increased by 23 percent between 2004 and 2006-07.
- Shipments of regular (non-diet) sports drinks to all schools declined by nearly 2 percent between 2004 and 2006-07.
- *Calories are coming out of the schools--*
 - The average high school student purchased only 5.9 ounces of full-calorie CSDs per week (or less than half a can) in 2006-07 as compared to 12.5 ounces per week in 2004.
 - The major swing away from full-calorie carbonated soft drinks and the sharp drop in shipments of these beverages resulted in a 41 percent decrease in total beverage calories shipped to schools between 2004 and 2006-07.
- *School contracts are on track toward meeting the MOU targets, with strong progress in implementing the guidelines for new and existing school contracts and non-contract sales--*
 - 90 percent of the new contracts entered into by bottlers and schools since the guidelines took effect (a total of 919 contracts) are in compliance with the guidelines.
 - 28 percent of contracts predating the guidelines but still in effect for the 2007-08 school year (a total of 6,650 contracts) are in compliance with the guidelines. Some of these contracts have been amended; in many other instances, the product mix sold in the schools has been converted to compliant beverages without a change in the contract itself.
 - Combining new and pre-existing contracts, 35 percent of all contracts in effect for the 2007-08 school year (a total of 7,569 contracts) are in compliance with the guidelines.
 - A large portion of school beverage sales (perhaps 20-30 percent) are based on informal understandings as opposed to formal contracts between bottlers and schools. Partial data on this universe of school sales indicates that 72 percent of schools without formal contracts (3009 out of a total of 4176) are in compliance with the guidelines.

Next Steps

This past year, the bottlers and franchise companies worked hard to build a foundation for implementing the Guidelines, including training sales forces, retrofitting machines, and reformulating and repackaging products. Now, with this transition year behind them and compliance well on its way toward achieving the benchmark goals established by the MOU, the companies will focus on ensuring that overall compliance meets the MOU targets. Between 25 and 40 percent of existing school contracts will expire during the next 12 months, before the onset of the 2008-09 school year. If – as is expected – the overwhelming number of new contracts replacing these agreements are in compliance with the School Beverage Guidelines, compliance will be within reach of the 75 percent goal in the MOU. Bottlers plan to further raise the level of compliance by intensifying their efforts to adjust existing contracts through increased outreach to schools and more proactive contract renegotiation initiatives. As an increasing number of school contracts are reopened before their terms expire, the support of the Alliance and other public health organizations will be crucial in underscoring the importance of meeting the MOU goals with school administrators and parents.

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School Beverage Guidelines Progress Report **2006-2007**

In accordance with the MOU, this first Annual Progress Report analyzes the impact and status of the School Beverage Guidelines during the first year of implementation. Over the past year, the beverage producers and bottlers have worked closely with ABA to develop and compile the data necessary for the Report. As set forth below, the data demonstrates that the bottlers have made major strides in changing the beverages available in America's schools during the first year in which the guidelines have been in place.

I. The Implementation Challenge

With 125,000 schools and 54 million students in the United States, implementation of the guidelines has been – and will continue to be – a challenging undertaking. The changes in product mix contemplated by the MOU are far-reaching, extending not just to elimination from all schools of full-calorie carbonated soft drinks, but to myriad adjustments in the nutritional contents and package sizes of various products.

Because of the enormity of the task, the MOU recognizes that implementation of the guidelines would be a phased process – with the industry initially developing the tools for compliance and then applying those tools to an expanding universe of schools between May 2006 and the start of the 2009-10 school year. The MOU is structured so that this past year, 2006-07, was a transitional year devoted to building the foundation for compliance, and the current school year, 2007-08, will be focused on implementation. There is no compliance goal for the 2007-08 school year. However, the guidelines provide that 75 percent of schools under contract must be in compliance by the beginning of the 2008-09 school year, and 100 percent of schools must be in compliance by the beginning of the 2009-10 school year.

This phased process recognizes that the financial and legal relationships between the bottlers and schools are complex and cannot be changed overnight or without the agreement of both parties—the bottler and the school. In many cases, the revenues obtained by schools and bottlers depend on the mix and volume of products sold. Elimination of full-calorie CSDs and other products from schools may reduce the overall volume of sales and therefore affect the financial positions of both parties. The bottlers cannot impose these changes unilaterally. Narrowing the range of offered products and reworking the commission structure and other financial arrangements between schools and bottlers require negotiation and discussion – to quote the MOU – “in the spirit of mutual financial fairness.” This process is in many cases highly individualized, with a

range of unique circumstances across different regions of the country, bottlers, communities and even schools.

As the MOU recognizes, both the 75 and 100 percent goals prior to the beginning of the 2008-09 and 2009-10 school years are contingent on whether “schools and school districts are willing to amend school contracts.” Because many contracts have multi-year terms, some school administrators have been reluctant to renegotiate contracts before their expiration for many reasons, including the potential loss of revenue. While the bottlers can use (and are using) their best efforts to renegotiate long-term contracts, school districts ultimately have the right to insist that these contracts be honored in full if the parties cannot come to an agreement. As the MOU states, implementation of the policy must occur “in full compliance with the law and . . . existing contracts.”

II. Overview of Industry Compliance Efforts

From the start, meeting the letter and spirit of the School Beverage Guidelines has been a top priority for the beverage companies and their bottlers. Reflecting this commitment, the beverage industry has invested thousands of hours and millions of dollars in MOU implementation.

During the first year of implementation, the industry’s focus has been two-fold: first, establishing the building blocks for successful long-term compliance; and, second, reaching out to school administrators to build awareness of the guidelines and assure that only complying products are offered in their schools. Considerable progress has been made on both fronts.

The MOU commits the three signatory companies “to make diligent efforts to encourage their bottlers to adopt this policy as soon as possible.” To carry out this responsibility, these companies took several steps:

- Initially, the companies reached out to bottlers to explain the guidelines, address questions and concerns, conduct training and mobilize bottler resources for implementation.
- To assist bottlers, the companies developed detailed implementation plans, including training materials, customer presentations and supporting tools, product fact sheets and questions and answers on key issues.
- The companies also developed “school beverage catalogues” listing products acceptable for sale under the guidelines in elementary, middle and high schools.
- Each company reformulated its product portfolio so its school offerings met the packaging and nutritional requirements of the guidelines. This involved introducing new products; reformulating 100 percent juices and other existing products to meet the MOU micronutrient requirements and calorie caps; and downsizing packaging to meet the MOU size limits for sports drinks, juices and other products.

- In addition, companies reconfigured vending machines for smaller package sizes and created new vending machine fronts to reflect the nutritious and lower-calorie choices being offered in the schools.

Since the bottlers are directly responsible for school sales, the day-to-day task of implementing the guidelines has resided with them. The bottlers have taken important steps to meet this challenge:

- Initially, the bottlers developed strategies and priorities for compliance and then educated their school sales force about the guidelines and their implementation. For large national bottlers with decentralized sales operations, this required considerable time and effort, with numerous meetings and written communications between headquarters staff and multiple field offices around the country.
- The bottlers then communicated the goals and contents of the guidelines to their school customers. This has occurred both in writing and at numerous face-to-face meetings. With thousands of contracts between bottlers and schools, and many more schools buying beverages without formal contracts, informing schools about the guidelines has been a daunting task. Not surprisingly, the schools have had many questions and concerns, requiring follow-up discussions and often consultation with senior management to clarify issues of interpretation. Bottler sales organizations have been diverted from their other priorities by the substantial resource commitment required to understand and explain the guidelines.
- With numerous contracts expiring, bottlers developed standard language and financial terms for bid packages and new contracts. These updated contract documents not only bind the parties to comply with the guidelines but include new payment and commission schedules that reflect anticipated sales of the new product mix.
- With many thousands of school accounts around the country, bottlers could not renegotiate all contracts at once but had to prioritize them based on their expiration dates and other factors, such as the complexity of adjusting contract terms. After completing this task, the bottlers then needed to approach individual accounts to discuss how, when and under what financial conditions the product mix supplied to the school would come into compliance. This process has necessarily been highly personal since local bottlers often have long-standing relationships with the schools they serve and surrounding communities.
- With the removal of full-calorie carbonated soft drinks from many schools, bottlers have changed vending fronts and retrofitted thousands of machines to accommodate smaller package sizes. In addition, many machines have been reprogrammed so that products are not accessible to students during the extended school day.
- Bottlers have allocated significant resources to upgrade data and reporting systems so they can better track and manage compliance with the guidelines. For example, they have reprogrammed sales reporting systems to separate elementary, middle and high

school accounts; monitor the specific beverage categories listed in the guidelines; and differentiate sales in venues where the guidelines do not apply (teacher lounges, athletic events, and fundraisers). Bottlers also have invested in centralized systems to track the expiration dates, compliance status and other aspects of school contracts. Traditionally, this information has been highly decentralized and held in hundreds of local bottling organizations across the country.

- Some states and local jurisdictions have adopted school sales policies either more or less stringent than the guidelines; although the guidelines may ultimately be adopted in these areas, the initial focus of schools and bottlers has been on meeting applicable state or local requirements and this has inevitably complicated efforts to implement the guidelines.

III. *Impact of the School Beverage Guidelines—Changes in the Product Mix Sold in Schools*

The MOU provides that, in order to measure the impact of the School Beverage Guidelines, the Annual Progress Report should include the volumes of different beverage products sold in elementary, middle and high schools. This information is important to evaluate whether the school beverage mix is changing in the direction that the parties to the School Beverage Guidelines envision.

ABA commissioned Keybridge Research LLC, an independent Washington, DC-based economic analysis and public policy research company, to collect and analyze data on beverage shipments to schools during the 2006-07 school year. Keybridge Research is well experienced with the data collection and statistical analysis required for this project.³ The firm, under the direction of principal investigator Dr. Robert Wescott, conducted a study for ABA in 2005 of beverage shipments to schools in 2004⁴; this study is cited in the MOU to illustrate the type of product analysis necessary to determine the impact of the School Beverage Guidelines.

The goal of the Keybridge analysis was to quantify “school channel” sales of beverages to all schools, public and private, broken down into three school categories—high schools, middle schools, and elementary schools. Shipments included sales made through vending machines, fountains, lunch lines, school stores, or any other outlets at schools that were accessible by students during the normal or extended school day, and were all converted to total ounces of consumable beverage. The product universe encompassed full-calorie and diet carbonated soft drinks, juices, waters, sports drinks, teas, and milks, broken down with sufficient detail to measure compliance with the MOU product categories. Using the results of the 2005 study

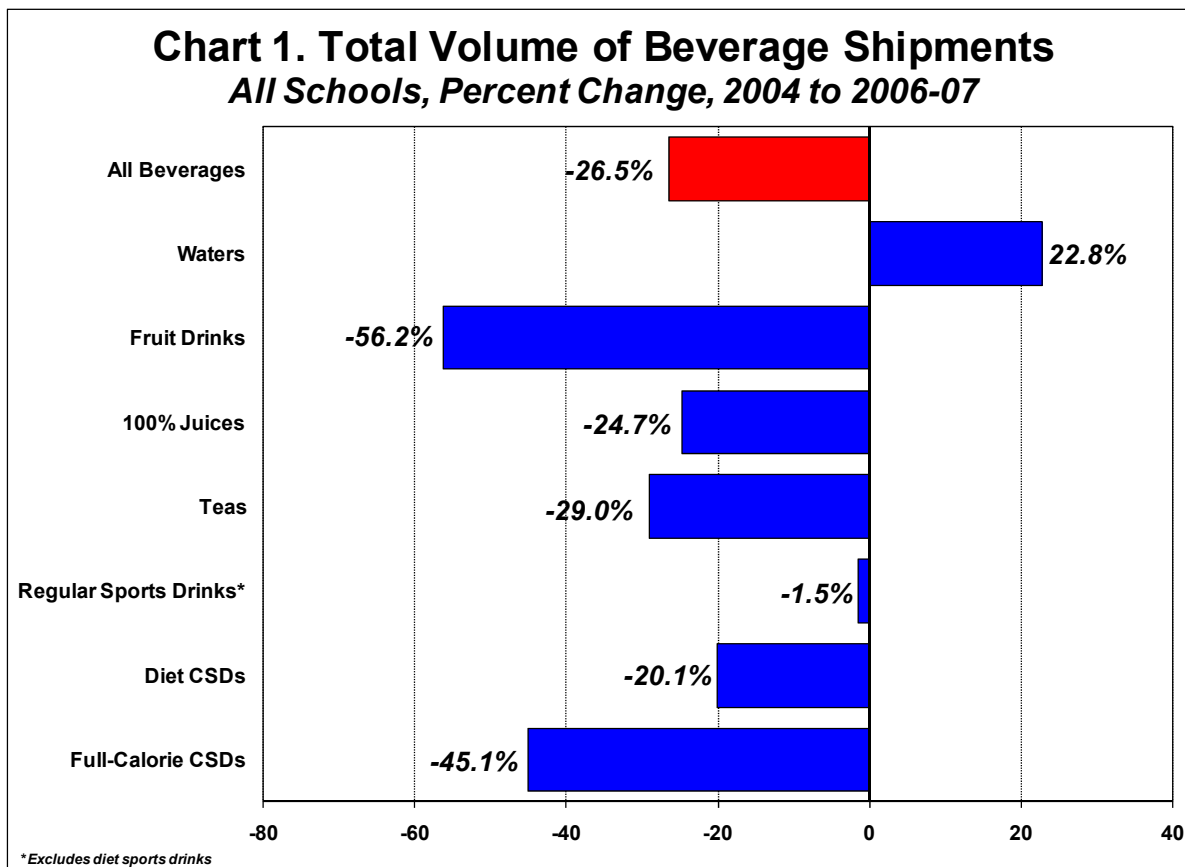
³ Appendix B includes biographies for the Keybridge Research LLC analytical team.

⁴ See “Measuring the Purchases of Soft Drinks by Students in U.S. Schools” November 2005, <<http://www.ameribev.org/news-detail/download.aspx?id=63>>

(based upon 2004 data), Keybridge compared the school product mix in 2004 and 2006-07.⁵ This comparison provides an important perspective on the role of the guidelines in shifting school purchases away from full-calorie CSDs and toward lower-calorie and more nutritious choices.

The methodology employed by Keybridge Research is described in Appendix C and additional charts and tables detailing the results are presented in Appendix D. In total, Keybridge collected shipment information from 36 bottling companies representing more than 90 percent of industry sales. This shipment data was scaled up to represent 100 percent of bottler shipments to schools and refined to exclude shipments to three locations within schools that are not deemed to be student accessible during the regular or extended school day (specifically, faculty lounges, sports complexes, and fundraisers).

The data show that dramatic changes in both the absolute volumes and relative shares of different products occurred between 2004 and 2006-07, resulting in significant declines in the sale of full-calorie CSDs, as envisioned by the MOU. Chart 1 and Tables D-5 to D-8 (Appendix D) indicate changes in the absolute volume of beverage shipments between 2004 and 2006-07.⁶



⁵ Since the 2005 study was based on data for the 2004 calendar year, it reflects sales in the latter half of the 2003-04 school year and the first half of the 2004-05 school year. While it would be desirable to compare shipments for the full 2004-05 and 2005-06 school years, comprehensive data to make this comparison was not available.

⁶ These shipment volumes reflect data for the 13 bottling companies that also participated in the 2005 study. These 13 bottlers represent slightly less than 90% of total industry shipments. Comparisons between 2004 and 2006-07 volumes are of shipments for the same set of companies.

Bottler shipments to all schools fell by a sharp 27 percent. High school volumes were down by 25 percent despite a 4 percent increase in the student population. Significantly, full-calorie CSD volumes were down overall by 45 percent and in high schools by 46 percent — or nearly half. Juice drinks in all schools declined by more than half (56 percent), 100 percent juices declined by 25 percent, and teas declined by 29 percent. Diet CSDs were down by 20 percent and regular sports drinks declined by 1.5 percent. Showing a strong increase, by contrast, were waters (up 23 percent).

Table 1 shows changes in the shares of different beverages in the total product mix in high schools between 2004 and 2006-07:

Table 1. Percent of Product Mix in High Schools*		
Beverage Type	2004	2006-07
Full-Calorie CSD	46.9%	32.1%
Diet CSD	7.3%	7.2%
Water	11.5%	21.5%
Regular Sports Drinks	12.8%	18.7%
Juice Drinks	14.3%	9.9%
100% Juice	2.6%	2.8%
Teas	4.2%	4.7%
All Other Non-CSD**	0.3%	3.1%
Total***	99.9%	100.0%

**Comparisons between 2004 and 2006-07 are based upon data from 13 bottling groups that participated in both the 2005 study and the present study. Data for 2006-07 may differ slightly from data in Tables D1 to D4, which are based upon data for 36 bottling groups and are slightly more complete.*

***Includes diet sports drinks, milk-based products, and any other product not classified elsewhere.*

****Percentages may not sum to 100% due to rounding.*

Again the trend is clear: the share of full-calorie soft drinks in the overall product mix declined substantially, falling from 47 percent of all shipments in 2004 to 32 percent in the 2006-07 school year. The shares of diet carbonated soft drinks, 100 percent juices, and teas in the product mix were virtually unchanged between 2004 and 2006-07. Most of the increase in other non-carbonated beverages was accounted for by an increase in diet sports drinks. Meanwhile, the share of waters nearly doubled from 11 percent of the mix in 2004 to 22 percent in 2006-07. Regular sports drinks also increased their share from 13 percent in 2004 to 19 percent in 2006-07. Middle school and elementary schools experienced the same shift in product mix as high schools (see Tables D9 and D10 in Appendix D).

The data indicates that the removal of full-calorie CSDs continued at a steady pace as the school year progressed. Virtually all bottlers reported lower full-calorie CSDs in their product mixes for the full 2006-07 school year than in their first half-year submissions (July 1 through December 31, 2006), suggesting that the full-calorie CSD share for high schools was in the range of 26-28 percent for the January 1 to June 30, 2007 period. This indicates that bottlers are achieving continuing reductions in full-calorie CSD sales.

Another important way of analyzing the data is to look at shipment levels for different beverages per student per week and then determine the calorie content of the ounces shipped on a per student basis. Keybridge found that total student-accessible beverage shipments were 18.5 ounces per week (36 school weeks per year) for high school students, 5.9 ounces per week for middle school students, and 1.1 ounce per week for elementary school students (see Chart D1 in Appendix D).

At the high school level, average shipments per student per week included 5.9 ounces of full-calorie carbonated soft drinks, 4.0 ounces of waters, 3.5 ounces of regular sports drinks, and 1.3 ounces of diet carbonated soft drinks. Of the 4.0 ounces per week of waters, 3.2 ounces were pure waters (no flavors, no fortification, and no sweeteners) and 0.8 ounce were flavored or fortified waters with no more than 10 calories per 8 ounces. Virtually none were flavored waters with more than 10 calories per 8 ounces.

The shift in consumption at high schools is highlighted by the fact that, according to the 2005 study, the average high school student purchased 12.5 ounces of full-calorie CSDs per week in 2004, or about one can of soda per school week. By the 2006-07 school year, after the MOU went into effect, these purchases had declined to just 5.9 ounces per student per school week—or less than half a can per week.

The combination of the large 27 percent decline in total shipments of beverages to schools from 2004 to 2006-07 and the major swing of the product mix away from full-calorie carbonated soft drinks resulted in a major decrease in total beverage calories shipped to schools. The total calories from beverages delivered to schools by the 13 largest bottlers (representing nearly 90 percent of total shipments to schools) declined by 41 percent from 2004 to 2006-07. By way of perspective, for the average high school student, calories from all beverages shipped to schools now represent about 0.7 percent of the annual dietary reference calorie intake for high school students, assuming a sedentary lifestyle.⁷ The percentages are even lower for middle school and elementary school students.

IV. Status of the School Beverage Guidelines—Contract Compliance

Under the MOU, the Annual Progress Report on implementation of the guidelines must also provide:

- The percent of complying contracts “executed after the signing of the” MOU that comply with the guidelines; and
- The percent of contracts “executed before signing the MOU” that “have been amended to comply with the” guidelines.

⁷ The average high school student purchased beverages containing 5,178 calories during the 2006-07 school year. The dietary reference intakes published by the Institutes of Medicine and the U.S. Department of Agriculture cite calorie requirements of 1,800 per day for the average sedentary girl aged 14-18 and 2,200 calories per day for the average sedentary boy aged 14-18. See Dietary Guidelines for Americans, 2005, page 12, <http://www.kidsnutrition.org/consumer/archives/percentDVa.htm>.

These percentages must then be broken out by the following categories:

- School district contracts;
- Elementary school contracts;
- Middle school contracts; and
- High school contracts

To prepare this portion of the report, ABA surveyed 12 bottlers representing around 90 percent of industry sales.⁸ ABA staff and consultants conferred with the bottlers at the outset of this process to make sure they understood the survey form and the information requested. An additional round of discussions occurred after the bottlers had completed the form to clarify the data submitted, correct any errors or inconsistencies and understand the bottler's approach to implementing the guidelines.

With the 2007-08 school year beginning in late August or early September in most parts of the country, negotiations between bottlers and school administrators continued throughout the summer. ABA and the bottlers made every effort to capture all such contracts entered into as of August 15, although several new contracts complying with the guidelines are not reflected in this Progress Report.

Many existing contracts do not specify the product mix that the bottler must provide to the school and therefore allow the bottler to implement the guidelines without changing the contract. In these instances, the bottler and school may enter into an informal understanding that only beverages complying with the guidelines will be supplied (and may in fact adjust their financial arrangements to reflect this change in product mix) but the parties may not formally amend the written contract. For purposes of this Progress Report, instances where the contract has been amended in practice (by converting the product mix to conform to the guidelines) are treated as "complying" contracts. Formal, written amendments of existing contracts have been relatively infrequent, and have been limited to contracts that are unusually large in scope and contain complex financial terms.

Additionally, a significant portion of school beverage sales (perhaps as much as 20-30 percent) are not based on written contracts. These sales tend to involve simple and straightforward financial terms (*i.e.*, no exclusivity, advertising, up-front payments or volume-based commissions). Because little or no negotiation is required to change the product mix for non-

⁸ The relationships between bottlers and food service providers in the schools are complex. Some school contracts cover beverages sold through both vending machines and food service outlets (cafeterias, snack stations, school stores etc). In other cases, a bottler may enter into separate vending and school service contracts with the school or even a vending contract with the school and a separate agreement with a third-party food service provider. Some bottlers provided data on food service contracts with schools while others did not. In general, the sale of full calorie carbonated soft drinks during food service operations would be uncommon because these beverages are generally considered "foods of minimal nutritional value" which cannot be offered during mealtimes by schools receiving federal funding under the school lunch program. Nonetheless, sales to school food service operators would be reflected in the tally of sales volumes and product shares for the school channel presented in Part III of this report.

contract sales, it is easier to comply with the guidelines and therefore a relatively high percentage of such sales are in compliance with the MOU. Although the MOU does not address non-contract school sales, ABA collected compliance data for this sales category to the extent it was available. Because many bottlers do not systematically track non-contract sales to schools, the data collected are incomplete. As a result, ABA's contract compliance analysis may understate the extent of compliance with the guidelines. It should be noted, however, that non-contract school sales would be represented in the analysis of the volume and mix of beverages sold in schools presented in Part III above.

Table 2 reflects summary data for new school contracts entered into since May, 2006.

Table 2. New School Contracts Entered Into Since May 2006			
Type of School	# of Contracts	# in Compliance	% Compliant
School District	234	211	90.2%
Elementary Schools	53	52	98.1%
Middle Schools	159	157	98.7%
High Schools	423	367	86.8%
Middle/High Schools	50	44	88.0%
All	919	831	90.4%

Over 90 percent of new contracts postdating the signing of the MOU are in compliance with the guidelines. Most of these contracts contain specific language requiring the bottler to provide only beverages allowable under the guidelines. In a few instances, the contract is silent on the product mix to be provided but the parties have agreed that only MOU-compliant beverages will be made available for sale in the school.

There are a number of reasons for the minority of new contracts that are reportedly not in compliance with the guidelines. One is that the request for proposal (RFP) for the contract and the resulting bid process took place before May, 2006, and therefore the contract terms were fully negotiated when the MOU took effect, with only the formality of signing the contract occurring subsequently. Additionally, some contracts contain clauses giving school officials a unilateral right of contract renewal and they have chosen to exercise that right rather than accept the restrictions in the School Beverage Guidelines.

New contracts represented over 12 percent of all contracts in effect for the 2007-08 school year. It is expected that the rate of contract turnover in the upcoming school year will be substantially greater (25-40 percent). This would mean that, by the start of the 2008-09 school year, roughly 35-50 percent of the contracts will have expired.

Table 3 summarizes the compliance status of contracts entered into before May, 2006, which remain in effect for the 2007-08 school year.

Table 3. School Contracts Still in Effect but Entered into Before May 3, 2006			
Type of School	# of Contracts	# in Compliance	% Compliant
School District	1973	285	14.4%
Elementary Schools	583	284	48.7%
Middle Schools	853	340	39.9%
High Schools	2689	784	29.2%
Middle/High Schools	552	137	24.8%
All	6650	1830	27.5%

Table 3 indicates that the industry’s compliance efforts during 2006-07 have paid dividends not just for new contracts but for the many existing ones predating the guidelines – undoubtedly as a result of the extensive outreach by bottler representatives to school officials to effect changes in the product mix supplied to the school. For a variety of reasons, however, some pre-existing contracts are more difficult to amend than others. This may be because of a school’s financial concerns, a pre-existing focus on implementing different beverage guidelines imposed by state or local authorities, or a school’s desire to allow contracts with multi-year terms to expire before negotiating substantial changes.

It should be noted that some bottlers have not yet fully implemented package size limitations in the guidelines for juices and sports drinks (thus supplying, for example, 20 ounce sports drinks to high schools instead of the prescribed 12 ounce size) even though the products received by the school complied with the MOU in all other respects. The continued sale of non-complying package sizes resulted either from the unavailability of smaller size products or consumer resistance to purchasing these smaller products. Where the guidelines were fully implemented at a school except for package size limitations, the bottlers reported the contract for that school as “compliant” with the guidelines, subject to the condition that the bottlers intend to convert the school to the correct package sizes in the upcoming school year.

Table 4 shows the overall level of compliance for school contracts in 2007-08 for new and existing contracts combined:

Table 4. Total School Contracts In Effect for 2007-2008 School Year			
Type of School	# of Contracts	# in Compliance	% Compliant
School District	2207	496	22.5%
Elementary Schools	636	336	52.8%
Middle Schools	1012	497	49.1%
High Schools	3112	1151	37.0%
Middle/High Schools	602	181	30.1%
All	7569	2661	35.2%

Achieving compliance for 35 percent of all contracts – over a third of those outstanding – represents strong progress toward MOU compliance during the first year of implementation, which was a start-up and transitional year, and provides a solid base to build on as the industry tackles the MOU goal of 75 percent compliance in the 2007-08 school year.

Although not required by the MOU, several mid-size and smaller bottlers were able to provide information on MOU compliance for non-contract school sales, which is summarized in Table 5:

Table 5. Total Schools Without Contracts			
Type of School	# of Schools	# in Compliance	% Compliant
School District	200	28	14.0%
Elementary Schools	1752	1459	83.3%
Middle Schools	990	811	81.9%
High Schools	1104	618	56.0%
Middle/High Schools	130	97	74.6%
All	4176	3013	72.2%

The high level of compliance for schools without contracts is encouraging and consistent with the substantial drop in sales of full-calorie CSDs reported in Part III above.

V. Conclusion

When taken as a whole, the sales data and contract data tells an encouraging story: change is afoot in America's schools, and the beverage industry is working hard to keep the momentum going. When the students of today (and tomorrow) enter their schools, the industry is doing its best to ensure that they will be exposed to healthy, lower-calorie and nutritious beverages. The signing of the MOU on May 3, 2006 was only the beginning of a massive nationwide effort to overhaul school beverages. While the progress made by this industry in the first year was substantial, the beverage industry remains committed to full implementation over the next few years.

Appendix A: School Beverage Guidelines

Elementary School

- Bottled Water
- Up to 8 ounce servings of milk and 100% juice
 - Fat-free or low fat regular and flavored milk and nutritionally equivalent (per USDA) milk alternatives with up to 150 calories / 8 ounces⁹
 - 100% juice with no added sweeteners, up to 120 calories / 8 ounces, and with at least 10% of the recommended daily value for three or more vitamins and minerals

Middle School

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

High School

- Bottled water
- No- or low-calorie beverages with up to 10 calories / 8 ounces
- Up to 12 ounce servings of milk, 100% juice, and certain other drinks
 - Fat-free or low fat regular and flavored milk and nutritionally equivalent (per USDA) milk alternatives with up to 150 calories / 8 ounces
 - 100% juice with no added sweeteners, up to 120 calories / 8 ounces, and with at least 10% of the recommended daily value for three or more vitamins and minerals
 - Other drinks with no more than 66 calories / 8 ounces
- At least 50% of non-milk beverages must be water and no- or low-calorie options

These guidelines apply to beverages sold on school grounds during the regular **and** extended school day. (The extended school day includes before and after school activities like clubs, band, student government, drama, and childcare/latchkey programs.) These guidelines do not apply to school-related events where parents and other adults are part of an audience or are selling beverages as boosters during intermission, as well as immediately before or after an event. Examples of these events include school plays and band concerts.

⁹ In recognition of the currently limited availability of flavored milk with less than 150 calories / 8 oz and the importance of milk's natural nutrients in children's diet's, flavored milk with up to 180 calories / 8 oz will be allowed under these guidelines until August 31, 2008 so long as schools attempt to buy the lowest calorie flavored milk available to them. Because of a unique CA state milk regulations, the calorie limit for fat-free and low fat flavored milk in CA schools is 180 calories / 8 oz with a transition period until August 31, 2008 that allows 210 calories / 8 oz.

Appendix B: Project Team

Dr. Robert Wescott, Principal Investigator, is president of Keybridge Research LLC, an economic analysis and public policy research firm in Washington, D.C., that serves G-7 governments, major financial institutions and companies, and leading industry associations. He has more than 25 years of experience with macroeconomic, industry, and financial data and analysis. Previously Dr. Wescott served as Chief Economist at the Council of Economic Advisers and as Special Assistant to the President for Economic Policy at the White House. He also spent four years in the Research Department at the International Monetary Fund. Between 1982 and 1993 Wescott was Senior Vice President and Chief Economist at WEFA Group (Wharton Econometric Forecasting Associates), the Philadelphia-based economic forecasting and consulting firm, where he oversaw all data analysis, forecasting, economic modeling, consulting, and research activities for the U.S. Group. Wescott holds a Ph.D. in Economics from the University of Pennsylvania.

Karen Wise, Data Analyst and Statistician at Keybridge Research LLC, has 20 years experience as a data analyst and statistician. She has worked on a range of projects for Washington, D.C.-based industry associations, corporations, and financial institutions. These projects include the development of databases and statistical analysis of economic outlook surveys and other surveys for Fortune 500 companies. For a number of years, she was a programmer/analyst for the Office of Administrative Computing at American University in Washington, D.C., and did similar work for Arcadia University in Glenside, Pennsylvania, customizing data management software. She has experience with a wide range of applications including economic and industry databases, financial databases, scientific model building, and computer simulations. She has taught at the college level in the fields of mathematics and computer science. Ms. Wise holds a Master's degree in Applied Mathematics from Drexel University and a Bachelor's degree in Mathematics from Bucknell University, cum laude.

Mark McNulty, Senior Economist at Keybridge Research LLC, specializes in the economic analysis of public policy issues. Before joining Keybridge, Mr. McNulty served as a consultant for U.S. financial institutions and rural development organizations, where he designed and implemented innovative financial products tailored to the needs of low-income consumers. He also served as the Staff Assistant for International Economics at the White House's National Economic Council, where he was responsible for conducting research and analysis on global economic and financial risks. Mr. McNulty holds a B.A. in Business Administration and Economics from Rhodes College and a Masters in Public Policy from Harvard's Kennedy School of Government.

Appendix C: Methodology

Altogether 36 bottling companies representing more than 90 percent of the national shipments of the MOU partners (Cadbury Schweppes Americas Beverages, The Coca-Cola Company, and PepsiCo, Inc.) provided beverage shipment data to Keybridge Research LLC. During the course of the 2006-07 school year, Keybridge Research staff attended face-to-face meetings with bottling company officials to explain the study's methodology, held dozens of conference calls with company data system experts, and exchanged hundreds of emails with company representatives to confirm data details and corroborate data processing methods.

Bottlers reported “school channel” sales of beverages to all schools, public and private, broken down into three school categories—high schools, middle schools, and elementary schools. Shipments included sales made through vending machines, fountains, lunch lines, school stores, or any other outlets at schools that were accessible by students during the normal or extended school day. Beverage shipment data were converted to “total student accessible ounces” to allow results to be presented in a unified format and to support trend analysis.¹⁰ Based upon independently published industry shipments data, all shipments data from the 36 bottlers was scaled up to approximate 100 percent of shipments for the whole bottling industry.¹¹ All bottlers made multiple data submissions during the course of the school year (first half shipments, full year shipments) and the larger bottlers made continuous rolling 12-month data submissions (May 1, 2006 through April 30, 2007; June 1, 2006 through May 31, 2007, etc.) as the end of the school year approached to fully test their data submissions systems and to allow Keybridge to validate interim results.

A four-step research process was employed. The first step was to develop a beverage classification system that would allow the key requirements of the MOU to be measured and tracked. It was determined that to allow full measurement of compliance with the MOU, bottlers needed to report their shipments for 22 categories of products, including, but not limited to:

- Full-calorie carbonated soft drinks
- Diet carbonated soft drinks
- Waters (no flavors, no fortification, no sweeteners)
- Waters (flavored, fortified, or fitness with less than 10 calories per 8 ounces)
- Waters (flavored, fortified, or fitness with between 10 and 66 calories per 8 ounces)
- Waters (flavored, fortified, or fitness with more than 66 calories per 8 ounces)

¹⁰ Any shipments of beverages made by so-called third party vendors, such as food contractors, were not included in this study because such vendors are not signatories to the MOU. Any beverage bought by a student or his or her parents outside of school or packed in a lunch from home was not included in this study, as it is not within the control of MOU signatories.

¹¹ The small missing market share of Coca Cola bottlers was assumed to mirror the product shipments of reporting Coca Cola bottlers and the small missing market share of Pepsi bottlers was assumed to mirror the product shipments of reporting Pepsi bottlers.

The second step was to develop package size/container count configurations used by bottlers. It was determined that 28 configurations were necessary to capture the shipments of the bottlers, including, for example: 8 ounce/40 pack, 10 ounce/24 pack, 0.30 liter/24 pack, 12 ounce/24 pack, 0.50 liter/24 pack, etc. Bottlers also reported all fountain shipments to schools with appropriate pre-mix and post-mix conversion factors.

The third step was to account for shipments not deemed to be student accessible during the normal or extended school day. Because bottlers are not able to track purchases by time of day, the only adjustment possible was to exclude shipments to certain locations/functions that were determined to be non-student accessible during the normal or extended school day. These included shipments to three specific locations/functions: faculty lounges, sports complexes, and fundraisers, all of which are outside the scope of the MOU. Bottlers responsible for more than half of all beverage shipments to schools had data systems that allowed them to report their school channel shipments net of shipments to faculty lounges, sports complexes, and fundraisers. Other bottlers, however, did not have data systems capable of netting out their shipments to these locations. In these cases the bottlers were asked to supply sample-based estimates of the portion of their shipments that went to these three locations. These bottlers were asked to provide estimates of these shipments based upon a sample of either their 35 largest school district customers or 10 percent of their school channel volume. Most were able to comply. School shipments data of these latter bottlers were then adjusted downward by unified estimated percentages so they could then be aggregated with the shipments of the bottlers that did net out these shipments.

- At the high school level, bottlers that could not net out such shipments supplied statistical data that showed that 18 to 30 percent of their total school shipments went to faculty areas, sports complexes, or fundraisers. Faculty areas typically were responsible for 9-15 percent of high school shipments, sports complexes for 9-15 percent, and fundraisers for 1-3 percent.¹² In the 2005 study it was judged that 25 percent was a well supported adjustment for aggregate shipments to these three locations and this same 25 percent adjustment was used for high school shipments in the present study.
- For middle schools, bottler statistical data samples suggested that 25 to 40 percent of beverages went to faculty lounges, sports complexes, or fundraisers and therefore were not student accessible during the school day, and the same 35 percent adjustment as in the 2005 study was used.¹³
- And for elementary schools, bottlers reported that 50 to 80 percent of beverages, especially of CSDs, went to non-student accessible areas—mainly faculty lounges. The

¹² These estimates were deemed reasonable in light of a 2004 survey of vending machine locations in 16,000 middle schools and high schools by a leading market research company that found that 13% of all vending machines in high schools were in faculty lounges. They also appeared to be confirmed by a detailed field survey in 2005 of more than 12,000 school beverage delivery personnel by one of the nation's largest bottlers that found that 27.5% of deliveries to high schools were not student accessible.

¹³ A 2004 survey by a leading market research firm of 16,000 high schools and middle schools determined that 29% of vending machines in middle schools were located in faculty areas, and a 2005 survey of 12,000 school beverage delivery personnel found that 49.5% of beverages delivered to middle schools were not student accessible.

same 70 percent adjustment as in the 2005 study was used in this study for elementary school shipments.¹⁴

Some purchases from school vending machines in student accessible areas would have been made by adult members of the community who use schools at nights or on weekends. To the extent that adults from the community make purchases at schools, actual shipments to students may be lower than reported in this study. This is particularly likely to have been true for elementary schools, where machines in hallways are typically on timers and are turned off during the school day.

The fourth step was to perform a series of consistency checks and validation tests on the data. Keybridge had performed a detailed analysis of the same bottlers' school shipments data in 2005 and could match up 2006-07 data to this earlier data. Also because all bottlers made multiple data submissions (first half 2006-07 school year data, second half data, rolling 12-month totals, full year, prior year, etc.), data submissions were scrutinized for consistency, adding up constraints, and unusual patterns. In a couple of instances Keybridge detected data processing errors, brought them to the attention of the relevant bottler, and the problems were quickly corrected. Keybridge also calculated each major bottler's theoretical share of 2006 total industry shipments (school and non-school) based upon data published by independent beverage industry sources.¹⁵ The bottlers' reported school shipment shares were then compared to these theoretical total industry shares. All of the major bottling companies' school shipments were within a few percentage points of their theoretical shares, suggesting that the data aggregates reported here are robust and of the proper order of magnitude.

Data Reliability and Robustness

The quality of the school shipments data in this report appears to be even higher than the quality of the data used in the 2005 study. In 2005 some bottlers could not offer a split between their elementary and middle school shipments, or between their middle and high school shipments, and had to supply rule of thumb formulas for breaking these data into school categories. In the current study nearly all of the 36 bottling companies were able to provide actual school category breakdowns. All bottlers were able to report data with a high degree of granularity, including by detailed container size/package configuration. This reduced the chances of data processing errors at the bottler level. Finally Keybridge engaged in follow up discussions with management teams of all major bottling companies after each bottler's data had been processed. This allowed Keybridge to spot check results, obtain management confirmation of any results that showed noticeable differences from typical bottler results, and to corroborate data patterns.¹⁶

¹⁴ The 2005 survey of 12,000 school beverage delivery personnel found that 76% of beverages delivered to elementary schools were not student accessible.

¹⁵ The 2006 annual data books and reports of *Beverage Digest* were important sources of information.

¹⁶ Examples of review questions to bottler management teams: "For high schools, your full-calorie carbonated soft drink share was 35% in your July 1, 2006 to December 31, 2006 data submission, and 32% for the full school year. This implies about a 29% share for the second half of the school year. Is that right?" "Is it correct that your water shipments to middle schools were up about 20% from 2004 to the 2006-07 school year?" "Did your fountain sales of full-calorie carbonated soft drinks to high schools fall about twice as fast as your bottle and can shipments between 2004 and 2006-07?" and "Can you please confirm that your carbonated soft drink shipments include products, such as Dr. Pepper, that you bottle under license?"

School Population Data

U.S. student population data from the U.S. Census Bureau was used to determine the average number of ounces of beverages shipped per student and also calorie intake per student. The U.S. Census provides detailed public and private school enrollment data by grade level.¹⁷ The most recent grade breakdown of school population is based upon the October 2005 Current Population Survey, released in May 2007. In October 2005 there were 23,829,000 students in grades K-5; 12,521,000 students in grades 6-8; and 17,354,000 students in grades 9-12; or 53,704,000 U.S. students altogether. Although the number of school students would have changed slightly from late 2005 to late 2006, the changes would not have been large enough to materially affect the per student calculations in this study.

Beverage Calories

In order to determine the likely calorie count of beverages, the simple unweighted average calorie content (per 8 ounces) of the three top selling brands/products in each soft drink category was used.

¹⁷ See Current Population Survey of October 2005, Table 1, released May 2007, available online at <http://www.census.gov/population/socdemo/school/cps2005/tab02-01.xls>

Appendix D: Data Tables & Charts

Table D1. High School Beverage Volume - 2006-2007 School Year*
(Enrollment: 17,354,000)

Beverage Type	Total Student Accessible Ounces	Product Mix (Percent)	Ounces Per Student Per Year	Ounces Per Student Per Week (36 Weeks Per Year)	Average Calories Per 8 Ounces	Calories Per Student Per Year
Carbonated soft drinks, full calorie	3,717,047,555	32.1%	214.2	5.9	99	2651
Carbonated soft drinks, diet	832,293,446	7.2%	48.0	1.3	0	0
Sports drinks that are ≤ 10 cal/8 oz.	264,495,200	2.3%	15.2	0.4	10	19
Sports drinks that are > 10 cal/8 oz. and ≤ 66 cal/8 oz.	2,171,454,897	18.7%	125.1	3.5	57	892
Sports drinks that are greater than 66 cal/8 oz.	5,168,319	0.0%	0.3	0.0	72	3
Teas that are ≤ 10 cal/8 oz.	31,594,978	0.3%	1.8	0.1	3	1
Teas that are > 10 cal/8 oz. and ≤ 66 cal/8 oz.	46,909,006	0.4%	2.7	0.1	63	21
Teas that are greater than 66 cal/8 oz.	464,054,539	4.0%	26.7	0.7	83	278
100% juices with no added sweeteners, ≥ 10% DV for ≥ 3 micronutrients, that are ≤ 120 cal/8 oz.	201,908,533	1.7%	11.6	0.3	113	165
Other 100% juices (that do not meet above criteria)	118,379,088	1.0%	6.8	0.2	113	97
Juice drinks that are ≤ 10 cal/8 oz.	43,562,645	0.4%	2.5	0.1	6	2
Juice drinks that are > 10 cal/8 oz. and ≤ 66 cal/8 oz.	23,571,061	0.2%	1.4	0.0	38	7
Juice drinks that are greater than 66 cal/8 oz.	1,074,215,476	9.3%	61.9	1.7	123	954
Waters (no flavors, no fortification, no sweeteners)	1,972,062,324	17.0%	113.6	3.2	0	0
Waters, (flavored, fortified, or fitness waters that are ≤ 10 cal/8oz.)	493,122,657	4.3%	28.4	0.8	10	36
Waters (flavored, fortified, or fitness waters that are > 10 cal/8 oz. and ≤ 66 cal/8oz.)	27,850,785	0.2%	1.6	0.0	35	7
Waters (flavored, fortified, or fitness waters that are greater than 66 cal/ 8 oz.)	-	0.0%	0.0	0.0	66	0
Milks or milk alternatives, fat free or low fat, non-flavored	-	0.0%	0.0	0.0	90	0
Milks or milk alternatives, fat free or low fat, flavored (less than/equal 150 cal/8 oz.)	-	0.0%	0.0	0.0	140	0
Milks, other	7,475,157	0.1%	0.4	0.0	170	9
Other drinks that are ≤ 10 cal/8 oz.	151,421	0.0%	0.0	0.0	10	0
Other drinks that are > 10 cal/8 oz. and ≤ 66 cal/ 8 oz.	15,918,526	0.1%	0.9	0.0	38	4
Other drinks that are greater than 66 cal/ 8 oz.	70,824,848	0.6%	4.1	0.1	66	34
Total	11,582,060,462	100.0%	667.4	18.5	NA	5178

*Data is based upon reports from bottlers representing 91% of industry shipments, but has been scaled upwards to reflect 100% of bottler shipments to schools.

Table D2. Middle School Beverage Volume - 2006-2007 School Year*
(Enrollment: 12,521,000)

Beverage Type	Total Student Accessible Ounces	Product Mix (Percent)	Ounces Per Student Per Year	Ounces Per Student Per Week (36 Weeks Per Year)	Average Calories Per 8 ounces	Calories Per Student Per Year
Carbonated soft drinks, full calorie	602,124,966	22.6%	48.1	1.3	99	595
Carbonated soft drinks, diet	215,113,226	8.1%	17.2	0.5	0	0
Sports drinks that are ≤ 10 cal/8 oz.	46,421,067	1.7%	3.7	0.1	10	5
Sports drinks that are > 10 cal/8 oz. and ≤ 66 cal/8 oz.	658,244,783	24.7%	52.6	1.5	57	375
Sports drinks that are greater than 66 cal/8 oz.	-	0.0%	0.0	0.0	72	0
Teas that are ≤ 10 cal/8 oz.	6,295,735	0.2%	0.5	0.0	3	0
Teas that are > 10 cal/8 oz. and ≤ 66 cal/8 oz.	8,384,213	0.3%	0.7	0.0	63	5
Teas that are greater than 66 cal/8 oz.	90,312,116	3.4%	7.2	0.2	83	75
100% juices with no added sweeteners, ≥ 10% DV for ≥ 3 micronutrients, that are ≤ 120 cal/8 oz.	62,611,103	2.4%	5.0	0.1	113	71
Other 100% juices (that do not meet above criteria)	23,478,483	0.9%	1.9	0.1	113	27
Juice drinks that are ≤ 10 cal/8 oz.	18,102,737	0.7%	1.4	0.0	6	1
Juice drinks that are > 10 cal/8 oz. and ≤ 66 cal/8 oz.	13,196,580	0.5%	1.1	0.0	38	5
Juice drinks that are greater than 66 cal/8 oz.	290,507,319	10.9%	23.2	0.6	123	358
Waters (no flavors, no fortification, no sweeteners)	473,020,505	17.8%	37.8	1.0	0	0
Waters, (flavored, fortified, or fitness waters that are ≤ 10 cal/8oz.)	134,863,613	5.1%	10.8	0.3	10	14
Waters (flavored, fortified, or fitness waters that are > 10 cal/8 oz. and ≤ 66 cal/8oz.)	2918056	0.1%	0.2	0.0	35	1
Waters (flavored, fortified, or fitness waters that are greater than 66 cal/ 8 oz.)	-	0.0%	0.0	0.0	66	0
Milks or milk alternatives, fat free or low fat, non-flavored	-	0.0%	0.0	0.0	90	0
Milks or milk alternatives, fat free or low fat, flavored (less than/equal 150 cal/8 oz.)	-	0.0%	0.0	0.0	140	0
Milks, other	3,287,194	0.1%	0.3	0.0	170	6
Other drinks that are ≤ 10 cal/8 oz.	5,516	0.0%	0.0	0.0	10	0
Other drinks that are > 10 cal/8 oz. and ≤ 66 cal/ 8 oz.	2,715	0.0%	0.0	0.0	38	0
Other drinks that are greater than 66 cal/ 8 oz.	11,522,235	0.4%	0.9	0.0	66	8
Total	2,660,412,162	100.0%	212.5	5.9	NA	1544

*Data is based upon reports from bottlers representing 91% of industry shipments, but has been scaled upwards to reflect 100% of bottler shipments to schools.

Table D3. Elementary School Beverage Volume - 2006-2007 School Year*
(Enrollment: 23,829,000)

Beverage Type	Total Student Accessible Ounces	Product Mix (Percent)	Ounces Per Student Per Year	Ounces Per Student Per Week (36 Weeks Per Year)	Average Calories Per 8 ounces	Calories Per Student Per Year
Carbonated soft drinks, full calorie	277,656,090	29.6%	11.7	0.3	99	144
Carbonated soft drinks, diet	153,874,498	16.4%	6.5	0.2	0	0
Sports drinks that are ≤ 10 cal/8 oz.	6,695,869	0.7%	0.3	0.0	10	0
Sports drinks that are > 10 cal/8 oz. and ≤ 66 cal/8 oz.	121,642,736	13.0%	5.1	0.1	57	36
Sports drinks that are greater than 66 cal/8 oz.	-	0.0%	0.0	0.0	72	0
Teas that are ≤ 10 cal/8 oz.	1,935,464	0.2%	0.1	0.0	3	0
Teas that are > 10 cal/8 oz. and ≤ 66 cal/8 oz.	1,707,860	0.2%	0.1	0.0	63	1
Teas that are greater than 66 cal/8 oz.	21,963,426	2.3%	0.9	0.0	83	10
100% juices with no added sweeteners, ≥ 10% DV for ≥ 3 micronutrients, that are ≤ 120 cal/8 oz.	28,743,938	3.1%	1.2	0.0	113	17
Other 100% juices (that do not meet above criteria)	5,780,059	0.6%	0.2	0.0	113	3
Juice drinks that are ≤ 10 cal/8 oz.	5,002,396	0.5%	0.2	0.0	6	0
Juice drinks that are > 10 cal/8 oz. and ≤ 66 cal/8 oz.	1,952,306	0.2%	0.1	0.0	38	0
Juice drinks that are greater than 66 cal/8 oz.	62,131,707	6.6%	2.6	0.1	123	40
Waters (no flavors, no fortification, no sweeteners)	208,495,521	22.2%	8.7	0.2	0	0
Waters, (flavored, fortified, or fitness waters that are ≤ 10 cal/8oz.)	33,493,014	3.6%	1.4	0.0	10	2
Waters (flavored, fortified, or fitness waters that are > 10 cal/8 oz. and ≤ 66 cal/8oz.)	847,944	0.1%	0.0	0.0	35	0
Waters (flavored, fortified, or fitness waters that are greater than 66 cal/ 8 oz.)	-	0.0%	0.0	0.0	66	0
Milks or milk alternatives, fat free or low fat, non-flavored	-	0.0%	0.0	0.0	90	0
Milks or milk alternatives, fat free or low fat, flavored (less than/equal 150 cal/8 oz.)	-	0.0%	0.0	0.0	140	0
Milks, other	2,683,147	0.3%	0.1	0.0	170	2
Other drinks that are ≤ 10 cal/8 oz.	6,722	0.0%	0.0	0.0	10	0
Other drinks that are > 10 cal/8 oz. and ≤ 66 cal/ 8 oz.	-	0.0%	0.0	0.0	38	0
Other drinks that are greater than 66 cal/ 8 oz.	2,919,908	0.3%	0.1	0.0	66	1
Total	937,532,605	100.0%	39.3	1.1	NA	258

*Data is based upon reports from bottlers representing 91% of industry shipments, but has been scaled upwards to reflect 100% of bottler shipments to schools.

Table D4. All Schools School Beverage Volume - 2006-2007 School Year*
(Enrollment: 53,704,000)

Beverage Type	Total Student Accessible Ounces	Product Mix (Percent)	Ounces Per Student Per Year	Ounces Per Student Per Week (36 Weeks Per Year)	Average Calories Per 8 ounces	Calories Per Student Per Year
Carbonated soft drinks, full calorie	4,596,828,611	30.4%	85.6	2.4	99	1059
Carbonated soft drinks, diet	1,201,281,170	7.9%	22.4	0.6	0	0
Sports drinks that are ≤ 10 cal/8 oz.	317,612,136	2.1%	5.9	0.2	10	7
Sports drinks that are > 10 cal/8 oz. and ≤ 66 cal/8 oz.	2,884,410,731	19.1%	53.7	1.5	57	383
Sports drinks that are greater than 66 cal/8 oz.	5,168,319	0.0%	0.1	0.0	72	1
Teas that are ≤ 10 cal/8 oz.	39,826,178	0.3%	0.7	0.0	3	0
Teas that are > 10 cal/8 oz. and ≤ 66 cal/8 oz.	57,001,079	0.4%	1.1	0.0	63	8
Teas that are greater than 66 cal/8 oz.	576,330,081	3.8%	10.7	0.3	83	112
100% juices with no added sweeteners, ≥ 10% DV for ≥ 3 micronutrients, that are ≤ 120 cal/8 oz.	293,263,573	1.9%	5.5	0.2	113	77
Other 100% juices (that do not meet above criteria)	147,637,630	1.0%	2.7	0.1	113	39
Juice drinks that are ≤ 10 cal/8 oz.	66,667,779	0.4%	1.2	0.0	6	1
Juice drinks that are > 10 cal/8 oz. and ≤ 66 cal/8 oz.	38,719,946	0.3%	0.7	0.0	38	3
Juice drinks that are greater than 66 cal/8 oz.	1,426,854,502	9.4%	26.6	0.7	123	410
Waters (no flavors, no fortification, no sweeteners)	2,653,578,350	17.6%	49.4	1.4	0	0
Waters, (flavored, fortified, or fitness waters that are ≤ 10 cal/8oz.)	661,479,284	4.4%	12.3	0.3	10	15
Waters (flavored, fortified, or fitness waters that are > 10 cal/8 oz. and ≤ 66 cal/8oz.)	31,616,785	0.2%	0.6	0.0	35	3
Waters (flavored, fortified, or fitness waters that are greater than 66 cal/ 8 oz.)	-	0.0%	0.0	0.0	66	0
Milks or milk alternatives, fat free or low fat, non-flavored	-	0.0%	0.0	0.0	90	0
Milks or milk alternatives, fat free or low fat, flavored (less than/equal 150 cal/8 oz.)	-	0.0%	0.0	0.0	140	0
Milks, other	13,445,498	0.1%	0.3	0.0	170	5
Other drinks that are ≤ 10 cal/8 oz.	163,660	0.0%	0.0	0.0	10	0
Other drinks that are > 10 cal/8 oz. and ≤ 66 cal/ 8 oz.	15,921,241	0.1%	0.3	0.0	38	1
Other drinks that are greater than 66 cal/ 8 oz.	85,266,991	0.6%	1.6	0.0	66	13
Total	15,113,073,544	100.0%	281.4	7.8	NA	2138

*Data is based upon reports from bottlers representing 91% of industry shipments, but has been scaled upwards to reflect 100% of bottler shipments to schools.

Table D5. Beverage Volume Comparison – 2004 to 2006-07 School Year*
High School

Beverage Type	Total Student Accessible Ounces 2004	Total Student Accessible Ounces 2006-2007	Percent Change
Carbonated soft drinks, full calorie	6,023,588,820	3,256,999,323	-45.9%
Carbonated soft drinks, diet	931,130,300	723,103,601	-22.3%
Regular Sports Drinks	1,885,561,855	1,935,812,700	2.7%
Teas	610,839,408	477,527,376	-21.8%
100% Juices	376,523,210	284,730,823	-24.4%
Juice Drinks	2,093,618,305	1,017,015,405	-51.4%
Waters	1,762,764,552	2,228,120,274	26.4%
All other non-CSDs	60,699,069	348,950,480	474.9%
Total	13,744,725,520	10,272,260,515	-25.3%
Student Enrollment	16,673,974	17,354,000	4.0%

Table D6. Beverage Volume Comparison – 2004 to 2006-07 School Year*
Middle School

Beverage Type	Total Student Accessible Ounces 2004	Total Student Accessible Ounces 2006-2007	Percent Change
Carbonated soft drinks, full calorie	1,024,225,512	532,653,877	-48.0%
Carbonated soft drinks, diet	251,957,330	188,909,590	-25.0%
Regular Sports Drinks	653,046,505	608,612,930	-6.8%
Teas	181,893,244	94,197,379	-48.2%
100% Juices	101,692,014	79,669,404	-21.7%
Juice Drinks	843,050,751	292,429,184	-65.3%
Waters	481,034,003	554,552,412	15.3%
All other non-CSDs	31,107,273	58,672,718	88.6%
Total	3,568,012,633	2,409,697,492	-32.5%
Student Enrollment	12,215,157	12,521,000	2.5%

Table D7. Beverage Volume Comparison – 2004 to 2006-07 School Year*
Elementary School

Beverage Type	Total Student Accessible Ounces 2004	Total Student Accessible Ounces 2006-2007	Percent Change
Carbonated soft drinks, full calorie	276,416,785	232,296,421	-16.0%
Carbonated soft drinks, diet	118,969,669	128,335,542	7.9%
Regular Sports Drinks	147,120,572	101,298,500	-31.1%
Teas	43,752,507	22,272,901	-49.1%
100% Juices	46,005,656	30,346,402	-34.0%
Juice Drinks	194,821,037	61,411,970	-68.5%
Waters	195,132,203	212,433,169	8.9%
All other non-CSDs	8,474,566	10,909,310	28.7%
Total	1,030,692,996	799,304,226	-22.4%
Student Enrollment	23,881,408	23,829,000	-0.2%

Table D8. Beverage Volume Comparison – 2004 to 2006-07 School Year*
All Schools

Beverage Type	Total Student Accessible Ounces 2004	Total Student Accessible Ounces 2006-2007	Percent Change
Carbonated soft drinks, full calorie	7,324,231,117	4,021,949,621	-45.1%
Carbonated soft drinks, diet	1,302,057,300	1,040,348,733	-20.1%
Regular Sports Drinks	2,685,728,932	2,645,724,100	-1.5%
Teas	836,491,159	593,997,656	-29.0%
100% Juices	524,220,881	394,746,630	-24.7%
Juice Drinks	3,131,490,093	1,370,856,559	-56.2%
Waters	2,438,930,758	2,995,105,855	22.8%
All other non-CSDs	100,280,909	418,532,510	317.4%
Total	18,343,431,149	13,481,262,233	-26.5%
Student Enrollment	52,770,539	53,704,000	1.7%

*Volumes are for the 13 bottling groups, representing nearly 90% of total industry shipments, which also participated in the 2005 study. All volumes are expressed as ounces of finished product.

Table D9. Percent of Product Mix in Elementary & Middle Schools Combined*

Beverage Type	2004	2006-07
Full-Calorie CSD	28.3%	23.8%
Diet CSD	8.1%	9.9%
Water	14.7%	23.9%
Regular Sports Drinks**	17.4%	22.3%
Juice Drinks	22.6%	11.0%
100% Juice	3.2%	3.4%
Teas	4.9%	3.6%
All Other Non-CSD	0.9%	2.1%
Total***	100.0%	100.1%

**Comparisons between 2004 and 2006-07 are based upon data from 13 bottling groups that participated in both the 2005 study and the present study. Data for 2006-07 may differ slightly from data in Tables D1 to D4, which are based upon data for 36 bottling groups and are slightly more complete.*

***Regular sports drinks exclude diet sports drinks.*

****Percentages may not sum to 100% due to rounding*

Table D10. Percent of Product Mix in All Schools*

Beverage Type	2004	2006-07
Full-Calorie CSD	39.9%	29.8%
Diet CSD	7.1%	7.7%
Water	13.3%	22.2%
Regular Sports Drinks**	14.6%	20.0%
Juice Drinks	17.1%	10.2%
100% Juice	2.9%	2.9%
Teas	4.6%	4.4%
All Other Non-CSD	0.6%	2.8%
Total***	100.0%	100.1%

**Comparisons between 2004 and 2006-07 are based upon data from 13 bottling groups that participated in both the 2005 study and the present study. Data for 2006-07 may differ slightly from data in Tables D1 to D4, which are based upon data for 36 bottling groups and are slightly more complete.*

***Regular sports drinks exclude diet sports drinks.*

****Percentages may not sum to 100% due to rounding*

Chart D1. Beverage Shipments by School Type
2006-07

