



AB 626
Financial Fact Sheet
California's Health Officers and Health Executives Urge You to Vote No

The Bill

AB 626 is a dangerous expansion of California's cottage food law. Under current law, individuals may prepare non-potentially-hazardous foods in their homes and sell them to the public. The California Department of Public Health (CDPH) maintains a list of allowable foods, and updates the list with non-potentially hazardous foods upon review of petitions. AB 626 would allow individuals, when licensed by the county, city and county, or city, to prepare potentially hazardous foods for sale to the public. This will increase the likelihood of foodborne illness outbreaks. Potentially hazardous foods are those that must be maintained and cooked at specific temperatures to avoid spreading pathogens.

Foodborne Illness

CDPH maintains information on 15 foodborne illnesses. In 2015, CDPH reported over 20,000 cases of these illnesses. This does not include norovirus, which is not tracked in California – although the CDC estimates about 20 million cases nationally. It is likely that many more go unreported because not everyone will seek treatment.

Each case of foodborne illness is different. In some cases, an illness means only a day of missed work. Others may require extensive treatment, hospitalization, and may even result in death. The best estimates of costs related to foodborne illness are compiled by the United States Department of Agriculture (USDA) Economic Research Service (ERS). The USDA estimates medical costs for various illnesses based on medical visits and hospitalization. For example, the USDA estimates that the cost per case of someone who visits a physician and recovers from campylobacteriosis to be \$445. A case that is hospitalized for campylobacteriosis, on the other hand, costs \$14,337. This analysis only lists direct medical costs. The USDA also estimates lost productivity costs, but they are not included here.

When applying the USDA cost estimates to California's reported case numbers, we estimate \$50 million in medical costs for just six of the diseases.

Disease	Reported Cases in California in 2015	Total medical costs, using USDA estimates
Campylobacteriosis	8319	\$ 21,782,385.49
Cryptosporidiosis	377	\$ 425,224.91
E. coli O157	331	\$ 919,500.21
E. coli Other STEC (non-O157)	602	\$ 324,035.77
Salmonellosis	5580	\$ 18,544,709.27
Shigellosis	2231	\$ 8,577,605.21
Botulism (Foodborne)	1	Not available
Brucellosis	30	Not available
Ciguatera Fish Poisoning	1	Not available
Cysticercosis or Taeniasis (Pork Tapeworm)	30	Not available
Giardiasis	2,166	Not available
Listeriosis	130	Not available

Scombroid Fish Poisoning	21	Not available
Typhoid Fever	54	Not available
Vibrio Infection	243	Not available
Total	20,116	\$ 50,573,460.86

As you can see, the costs of foodborne illness under current law are substantial. We expect these costs to increase under AB 626.

State Costs

In addition to direct medical costs and lost productivity, foodborne illness costs the State of California. According to the California Department of Public Health, a recent home kitchen foodborne illness outbreak resulted in botulism poisoning and a multistate illness investigation. This one investigation required CDPH personnel to spend over 130 hours investigating, incurring over \$10,000 in personnel expenses alone. This estimate does not include laboratory costs or epidemiology expenses as a part of the investigation.

According to the CDC Foodborne Outbreak Online Database ([FOOD tool](#)), California saw roughly 114 outbreaks in 2015, 99 outbreaks in 2014, and 96 outbreaks in 2016, which likely led to state costs, assuming that even a small a portion of these outbreaks required CDPH investigation. Also note there are workload costs associated with reportable outbreaks as reporting is required from counties to CDPH and CDPH to CDC; however we have not scored those costs.

Clearly, allowing an expansion of home kitchen operations threatens to exponentially increase costs to CDPH associated with foodborne illness outbreak investigations.

Local Costs

There are two major costs to local governments that will increase if AB 626 is passed.

First, there is the cost of permitting local businesses. It is unlikely that local health departments will be able to pass the entire cost of licensing and inspection on to the in-home restaurant operators. Under the Cottage Food Program, registration, permitting, accounting, and enforcement processes have resulted in higher costs to departments than initially expected. Health departments have consistently determined the cost associated with the permitting of the Cottage Food Program exceeds the permitting fees collected and must rely on resources in already-strained health department budgets. For example, in one jurisdiction, revenues from Cottage Food Program permits cover just over half of the costs incurred by the department. If local health departments were to charge the entire cost of microenterprise home kitchen administrative and enforcement activities, such ventures would likely not be financially feasible for most applicants.

Second, there is the cost of managing a foodborne illness outbreak. Local health departments receive reports of cases from local health care providers. This triggers an outbreak investigation. Epidemiologists and their staff conduct interviews, review histories, in some cases even go through trash in order to find the common source of illness, tracking down the source of an outbreak. These investigations can take local health departments weeks, months, or even years to conduct, and incur significant expenses to counties.

Below is a rough estimate of costs based on input from a small subset of members. These costs can vary based on jurisdiction and the type of outbreak.

Average Cost of Foodborne Illness Investigation among California Local Health Departments	
Size of County	Average Cost per Year
Small (population under 200,000)	\$18,000
Medium (population between 200,000-700,000)	\$20,000
Large (population greater than 700,000)	\$144,000

It is important to note with the passage of AB 626, the number of food facilities requiring regulation and inspection by local health and environmental health departments stands to increase substantially. If even one percent of households in counties apply for microenterprise kitchen permits, local health departments could see their food facility inventory increase by threefold or more. This results in thousands of new food facilities requiring inspection, enforcement, and foodborne illness outbreak investigation by health departments. Throughout the state, local health department infrastructure is unprepared and unable to meet such an increased demand on current resources, posing a potentially devastating impact on financial operations of local health departments.

In Conclusion

Estimating the cost of any piece of legislation is complex. We have developed these estimates based on surveys of local health departments and estimates from USDA. Although exact costs are unknown, we do know that increasing for-profit production of potentially hazardous foods in non-commercial kitchens will increase rates of foodborne illness in the state. This will result in costs to individuals, health care systems, local government, and, ultimately, the State of California.