

# WITHDRAWAL SHEET

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**Date:** 3/27/04

DOCUMENT NO. & TYPE	SUBJECT/TITLE	DATE	RESTRICTION
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1. Form	State Employee Incentive Program Employee Suggestion Form, 1p (partial)	nd	P6/B6
2. Form	State Employee Incentive Program Employee Suggestion Form, 1p (partial)	nd	P6/B6

### RESTRICTIONS

**P1** National security classified information [(a)(1) of the PRA].

**P2** Relating to appointment to Federal office [(a)(2) of the PRA].

**P3** Release would violate a Federal statute [(a)(3) of the PRA].

**P4** Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA].

**P5** Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA].

**P6** Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA].

C. Closed in accordance with restrictions contained in donor's deed of gift.

**B1** National security classified information [(b) (1) of the FOIA].

**B2** Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].

**B3** Release would violate a Federal statute [(b)(3) of the FOIA].

**B4** Release would disclose trade secrets or confidential commercial financial information [(b)(4) of the FOIA].

**B6** Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA].

**B7** Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].

**B8** Release would disclose information concerning the regulation of financial institutions [(b)(9) of the FOIA].

**B9** Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

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*Roz Make sure  
Solis got her  
orig cc*

SEP 13 REC'D

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# Arkansas ADVOCATES for CHILDREN and FAMILIES

September 8, 1993

Ms. Patti Solis  
Scheduling Assistant for the First Lady  
The White House  
Room 185.5 Old EOB  
1600 Pennsylvania Avenue  
Washington, DC 20500

Dear Ms. Solis:

We have not visited since last winter when you so graciously assisted us in the preparations for the dinner honoring our founder and First Lady, Hillary Rodham Clinton. I hope this finds you, well, and enjoying your work in the White House. I am writing to ask your assistance with something that might be a problem if what we have heard is true.

Each year we conduct a very large special fundraiser the first week-end in November. As hard as we try to keep from conflicting with any other scheduled events, sometimes things are beyond our control. The Arkansas Children's Museum is having their grand opening the same week-end this year. During recent conversations with the Museum's executive director and some members of her Board, we learned that the President and First Lady have been invited to attend their gala event the evening of November 5. They have implied that the President and First Lady will attend the Museum's Gala.

We are not writing to dissuade President and Mrs. Clinton from coming home that week-end to celebrate the Museum's opening. In fact, we are trying to cooperate with the Museum so that neither of us will suffer because of this scheduling conflict. Instead, we would like to request that Mrs. Clinton help us **open KIDSFAIR at 10:00 a.m. on November 6 at Barton Coliseum.** Or perhaps, both the President, Mrs. Clinton and Chelsea might like to attend our family concert featuring Trout Fishing In America on Friday, November 5 at Hall High School.

Ms. Patti Solis  
September 8, 1993  
Page Two

Quite simply, we cannot afford to be over-shadowed by the Children's Museum. This is our largest fundraiser each year and it is a unique event in Arkansas. We have already requested that Governor Tucker declare the week-end as a celebration for families which features both organization's activities. We have spoken with Walter Hussman, publisher of the Arkansas Democrat-Gazette, to feature both organizations in his special week-end section of the paper on November 5.

Mrs. Clinton knows how we have struggled to find the "right" fundraising activities to finance this organization. KIDSFAIR seems to be the event we have always wanted. Her appearance at our event will equalize the media attention that will be afforded the Children's Museum if she should be able to come home that week-end.

I know nothing is ever simple in your job, and I wish I were not complicating this potential trip home for the Clintons. I will be more than happy to discuss this problem in greater detail if you would like. I have enclosed a schedule of events, a description of KIDSFAIR and the sponsors who assist us in making the event possible. I look forward to hearing from you soon.

Sincerely,



Amy L. Rossi, LCSW  
Executive Director

ALR/jp  
Encl.

cc: Carol Rasco



# Children's Rights Council

ALSO KNOWN AS

## NATIONAL COUNCIL FOR CHILDREN'S RIGHTS



220 Eye Street N.E., Ste. 230, Washington, D.C. 20002-4362 Telephone (202) 547-6227 1-800-787-KIDS  
Fax (202) 546-4CRC (4272)

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Author, Columnist  
Deephaven, Minnesota

James Levine,  
Families and Work Institute  
New York, New York

August 12, 1993

Carol H. Rasco  
Assistant to the President for Domestic Policy  
The White House  
1600 Pennsylvania Avenue  
Washington, D.C. 20500

SEP 10 REC'D

Dear Ms. Rasco,

I am glad I had the opportunity to meet some of you at the National Summit on Children and Families, April 1-2, 1993.

The Children's Rights Council (CRC) favors family formation and family preservation, but if the family breaks up (or is never formed), we work to assure a child's right to the two parents and extended family the child would normally have during a marriage.

Enclosed please find some information about CRC. I hope it is of interest to you.

Look for CRC's new book, *The Best Parent Is Both Parents* (ISBN 1-878901-56-7), available through bookstores everywhere.

Sincerely yours,

David L. Levy, Esq.  
President

Enclosures

A NON-PROFIT, TAX EXEMPT ORGANIZATION STRENGTHENING FAMILIES & ASSISTING CHILDREN OF DIVORCE

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Lutheran World Federation (1974-85)  
Geneva, Switzerland

John Money, Ph.D., Professor of  
Medical Psychology and Pediatrics  
Johns Hopkins University and Hospital  
Baltimore, Maryland

Sue Klavans Simring  
Co-Director, Family Solutions  
The Center of Divorce and Custody  
Consultation, Englewood, New Jersey

Debbie Stabenow  
State Senate, Michigan

THE WHITE HOUSE  
WASHINGTON

*File - Child  
Pornography*

OFFICE OF LEGISLATIVE AFFAIRS

FAX COVER SHEET

NOTE: THE INFORMATION CONTAINED IN THIS FACSIMILE MESSAGE IS  
CONFIDENTIAL AND INTENDED FOR THE RECIPIENT ONLY.

DATE: \_\_\_\_\_

TO: *HP Carol Rasco*

*FYI from  
Howard*

FAX #: \_\_\_\_\_

FROM: *Tracy*

RE: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

PAGE 1 OF 5

If there are any problems with this transmission, please call  
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## United States Senate

COMMITTEE ON THE JUDICIARY  
 WASHINGTON, DC 20510-6275

November 18, 1993

Hon. Bill Clinton  
 President of the United States  
 The White House  
 Washington, DC 20500

Dear Mr. President:

As the attached transcript of the Attorney General's news conference today makes clear, the Justice Department intends to adhere to its position on child pornography, notwithstanding the Senate's very lucid statement that the Department had disregarded congressional intent. I write to express my deep disappointment that the Attorney General continues to adhere to her erroneous view of the law, notwithstanding your recent letter to her.

Today, the Attorney General states that she would enforce the law "based on the standards that we think should apply." That is the essence of the problem. The Attorney General's constitutional duty is to enforce the law as Congress passed it, not as the Department "thinks it should apply." Moreover, the Attorney General wrongly stated that the Department's current position will mean that "no prosecution ... will be deterred." If the Department only prosecutes child pornography that would be illegal under the standard in its brief, whole classes of child pornography will be effectively legalized. Additionally, enacting the Department's proposed legislation would threaten additional prosecutions. Defendants will argue that the earlier statute could not have applied to them; otherwise, Congress would not have enacted the Department's proposed language.

The Justice Department need not expend wasted effort "working with Senator Grassley to make sure that there is no question in the law." There is no question in the law. The question is whether the Attorney General will enforce the law as Congress wrote it. Instead, the Attorney General intends to send prosecutors to fight child pornography "as vigorously as possible based on the standards [the Justice Department] think[s] should be applied."

I strongly urge you to immediately direct the Attorney General to withdraw the Department's pending brief in the Knox case, and to substitute a new brief that fully conforms to the intent of Congress as enunciated in 1984 and reaffirmed unanimously this month.

Sincerely,

*Chuck*  
Charles E. Grassley  
United States Senator

cc: Hon. Thomas F. McLarty

*Mr. President:  
You must look at this issue closely. We don't need to amend the 1984 Act. The legislative route will open up a "can of worms" where even your stand will be lost! Reopening the project runs the risk that groups that don't feel as strongly as you do. will walk down the path. Sincerely,  
Chuck*

12 REU 11-18-93 10:51 EST 126 Lines. Copyright 1993. All rights reserved.  
BC-JUSTICE-BRFG-RENO 1STADD  
THE REUTER TRANSCRIPT REPORT  
JUSTICE DEPT/RENO PAGE 4 11/18/93

Q Let me ask you another question on the child pornography issue. Senator Grassley was on the floor of the Senate yesterday to talk about political trickery with respect to this issue, and he's saying the new legislation the administration is calling for really isn't needed, the law is tough enough, and what is needed is for the Department of Justice to go out and enforce the laws that currently exist. What's your reaction to that?

ATTY GEN. RENO: As we have said, we're going to continue to enforce the law based on the standards that we think should apply as vigorously as we possibly can, and we would look forward to working with Senator Grassley to make sure that there is no question in the law, and I think we can do it in a non-political, bipartisan way because I don't know of anybody in Congress or the administration that wants to do anything except vigorously enforce the laws against child pornography.

Q What's wrong with the laws right now? What ambiguity is there that needs to be fixed?

ATTY GEN. RENO: We have presented legislation to Congress to make clear what our position is, but in the meantime, we think that the standards set forth in our brief for applying the statute will produce vigorous enforcement, there will be no investigation that will be deterred, no prosecution that will be deterred.

Q In the Knox case, for the example, the tapes that he ordered had -- (inaudible word) -- zooming in on young girls who were wearing clothing. Should that be a crime, to purchase videotapes like that?

ATTY GEN. RENO: I can't comment on the Knox case at this point because it is pending in the 3rd Circuit, and we will make our position very clear. But we think that we can proceed based on the standards that we've set forth.

Q Has your view on the pornography law and what needs to be done on that changed at all as a result of the letter sent to you by President Clinton last week?

ATTY GEN. RENO: No.

Q Is the Justice Department still --

ATTY GEN. RENO: You've had a chance; Michael hasn't.

JUSTICE DEPT/RENO PAGE 2 11/18/93

.STX

Q Rightly or wrongly, the department took a political black eye over the past couple of weeks over the issue of child pornography. I'd like to ask you two questions. Was the solicitor general trying to save his case when he asked that the appellate court rehear the Knox versus the United States case on narrower grounds, and number two, was the president informed beforehand of the shift in strategy?

ATTY GEN. RENO: I don't worry about the politics of legal decisions in the Department of Justice. So whether it's a political black eye or not, it just has to be irrelevant to deciding based on the evidence in the law what the proper standards are. I don't think it's appropriate because the case is continuing, and we're going to continue to pursue it, as we have said, as vigorously as possible based on the standards that we think should be applied.

In terms of whether the president himself was advised, I don't know.

Q What is your personal reaction to the various positions that emerged from this, the crime bill: the mandatory minimum sentences, the extended death penalty, the mandatory life imprisonment for three-time offenders -- specifically those provisions? Your personal reaction?

ATTY GEN. RENO: My personal reaction is I'm very gratified by the approach that the Senate is taking in the general approach of focussing on minimum mandatories where they have a real impact on dangerous criminals and repeat offenders. At the same time, there are provisions that recognize that we have to address the issue of those who have been sentenced to minimum mandatory sentences who are low-level offenders who were not involved in setting up the trafficking deal who were unarmed and non-violent. They are, in many instances, serving longer sentences than more dangerous offenders, and we've got to make sure that we can adjust for that, and I think there are appropriate provisions there.

I think it's a very balanced approach generally that focusses on the people I call the truly dangerous offenders -- the major traffickers, the career criminals -- and make sure that we have sentences that fit the crime while at the same time recognizing that there should be some equity and that we've got to focus our attention on the dangerous offenders. I have not reviewed all of the amendments that have passed in these last two or three days, and so we're going to be reviewing them to see just where they stand in terms of that general approach.

- Copy of mail letter —

- file copies in Children's Issues

WHITE HOUSE  
WASHINGTON

August 1, 1994

Bill Lockhart, M.A., L.D.  
401 North Fourth Street  
Alpine, TX 79830

Dear Mr. Lockhart:

Betsey Wright has shared with me your proposal to improve services for infants on the WIC program. My staff and I appreciate hearing valuable information from people like yourself and will keep your ideas in mind as this issue is reviewed.

Again, thank you for sharing this information.

Sincerely,



Carol H. Rasco  
Assistant to the President  
for Domestic Policy

CHR:ram

JUL 18 REC'D

THE WEXLER GROUP

1317 F Street, N.W.  
Suite 600  
Washington, D.C. 20004  
202-638-2121  
202-638-7045 Telecopy

Betsey Wright  
Executive Vice President

Roz Draft note fr. me  
to this man  
saying BW sent me  
materials, etc / etc.

MEMORANDUM

TO: Carol Rasco  
FROM: Betsey Wright *BW*  
DATE: July 15, 1994  
RE: Infant Formula

Attached is a packet of materials put together by a childhood friend of mine from Alpine, Texas. He is a former WIC nutritionist and he argues very strongly that powdered infant formula is superior to liquid concentrated formulas. The packet also includes data he compiled to show cost savings.

I would appreciate your acknowledging receipt of this to Mr. Lockhart.

Many, many thanks.

3 May '93 [revised Sun, Jun 26, 1994]

P6/(b)(6)

Vice President Al Gore  
Office of the Vice President  
The White House  
1600 Pennsylvania Avenue  
Washington, D.C. 20500

RE: WIC; infant diarrhea; formula costs

Dear Mr. Vice President:

This is a specific proposal to change The Federal Register :  
"Consolidated WIC Regulations; July, 1988; subpart D-Participant  
Benefits" page 24 (top left corner).

If these changes are made there will be improved services for  
infants on the WIC program and substantial savings of public money.

The above regulation states that **8 cans** of powdered formula, which  
reconstitutes to **960 ozs.** of formula, can be substituted for **31 cans** of  
liquid concentrated formula, which reconstitutes to only **806 ozs** of  
formula.

The following conclusions assume the FY '89 WIC budget of \$2.126  
billions and that Texas is about 10% of the total WIC Budget:

1. If the regulations are changed to require **7 cans** of powdered  
formula as the **standard issue**, which reconstitutes to **840 ozs** of  
formula, the Federal Government would save more than **\$52,500,000**  
**per year**. This also would provide **27 ounces** per day rather than **26**  
ounces per day with the standard issue of 31 cans of liquid concentrate.  
or

2. If the regulations are changed to require **6 cans** of powdered formula  
as the standard issue, which reconstitutes to to **720 ozs**, the **Federal  
Government would save more than \$120,670,560 per year**. This  
is **23 ounces** per day versus **26 ounces** per day with 31 cans of liquid  
concentrate.

or

3. If the Secretary of Agriculture or the State Agencies were required to  
negotiate and buy the powdered formula at wholesale the savings would  
be substantially more than estimated here. Also in the FY '93 and '94  
budgets the savings would be considerably higher than estimated here  
due to the expansion of the WIC program.

**The single most important issue here is that the powdered  
formula is superior to liquid concentrated formulas for the  
health of infants; it is more effective for the prevention and**

management of infant diarrhea. It is difficult to estimate the human suffering and medical costs of the current infant diarrhea epidemic. Two babies with severe diarrheal dehydration were sent to John Sealy Hospital in Galveston for a month from the WIC clinic I supervised. Their Mothers were with them and I would guess that each bill would have been in excess of \$25,000. But far more important, the pediatricians at John Sealy assured me that these babies would have died had they been sent back to the Big Thicket of Texas!

The following is a short summation of how these recommendations were developed:

1. They were first made, through proper channels, in 1987 to the Bureau of WIC Nutrition of the Texas Department of Health. [see accompanying documents. ]
2. They were made AFTER A CLIENT HAD POINTED OUT THE ADVANTAGES OF POWDERED FORMULA AND THE ONE-BOTTLE-AT-A-TIME METHOD OF PREPARATION!
3. I was seeing several infants with diarrhea daily.
4. Usually they would clear up when I put them on powdered formula with instructions to mix one-bottle-at-a-time.
5. Later I learned that the CDC had declared an epidemic, with no known cause, of infant diarrhea. Infants living in poverty in the southern states have suffered the most.

Subsequently the Bureau of WIC Nutrition, TDH issued a policy to **forbid powdered formula issuance** unless the participant lacked refrigeration. The rationale for this policy was that the companies raised the price of powdered formula, even though according to a Ross [Similac] scientist (personal conversation) it is less expensive to manufacture and deliver. However, it is not necessarily less profitable.

The profit margin might be potentially greater with liquid formula because water is the major and an unusually inexpensive ingredient? The Microeconomics 101 assumption is that water can be profitably sold in such a fashion if the costs are passed on. Such is the case. The WIC Program purchases approximately 30% of the formula consumed in the United States; this makes it easy to pass the costs to a non-vigilant buyer, in this case the Government.

**Powdered formula should be made the standard issue throughout the United States by Executive Order.** It is painful to think of the infant suffering and the wasted money over all these years.

Sincerely,  


Bill Lockhart, M.A., L.D. [client contact WIC Nutritionist 1985-90]

**PROPOSAL TO CHANGE THE NORMAL  
WIC FORMULA ISSUANCE IN TEXAS  
FROM 31 CANS OF LIQUID CONCENTRATE  
TO 7 OR 6 CANS OF POWDER  
SEIP Proposal #501-0037  
Submitted by William E. Lockhart, MA, LD**

	<b>Current Normal WIC Issuance</b>	<b>Current Special WIC Issuance*</b>	<b>Proposal 1</b>	<b>Proposal 2</b>
<b>Normal WIC Issuance</b>	Liquid		Powder	Powder
<b>Cans Per Month</b>	31 liquid	8 powder	7 powder	6 powder
<b>Ounces Per Day</b>	26	31	27	23
<b>Kcals/Ounce</b>	20	20	20	20
<b>Kcals/Day</b>	520	620	540	460
<b>Age of Avg Child Served**</b>	1.6 mos	3.2 mos	1.8 mos	1 mon
<b>Cost per Ounce</b>	\$0.07	\$0.06	\$0.06	\$0.06
<b>Cost per Month</b>	\$56.73	\$58.88	\$51.52	\$44.16
<b>Savings per Month per Child</b>			\$5.21	\$12.57
<b>Texas Children Affected ***</b>	84,000	84,000	84,000	84,000
<b>Monthly Savings</b>			\$437,640	\$1,055,880
<b>Annual Savings</b>			\$5,251,680	\$12,670,560
<b>Biennium Savings</b>			\$10,503,360	\$25,341,120

\*Special WIC Issuance allowed in Texas only when refrigeration is not available.

\*\*Average child assumes male child

\*\*\*Assumption: Texas WIC gives formula to 84,000 infants per month

**SUMMARY OF PROPOSAL IMPACT**

Proposal 1 is slightly higher in kcals provided, and serves an older average child than the normal WIC issuance of liquid formula

It saves \$10,503,360 per biennium, slightly less than the biennium WIC appropriations from the State of Texas.

**IMPLEMENTATION REQUIREMENT**

Amendment of "Consolidation of WIC Regulations" of the U.S. Department of Agriculture, Subpart D, Subsection 246.10

Savings less in  
1990 than 1987  
because companies  
raised price of ~~it~~  
powder; But still \$0.06  
per oz. compared to \$0.07  
per oz.

Texas Total of WIC  
Budget; estimated  
Federal Savings  
calculated by  
multiplying Texas  
Savings by 10.

Topic Spread  
Sheet reflecting  
1990 state-wide  
prices.  
\*\* male infant more  
conservative - avg. wt  
of female baby less;  
they can be served  
fewer kcal to older age.

**PROPOSAL TO CHANGE THE NORMAL  
WIC FORMULA ISSUANCE IN TEXAS  
FROM 31 CANS OF LIQUID CONCENTRATE  
TO 7 OR 6 CANS OF POWDER  
SEIP Proposal #501-0037  
Submitted by William E. Lockhart, MA, LD**

	Current Normal WIC Issuance	Current Special WIC Issuance*	Proposal 1	Proposal 2
<b>Normal WIC Issuance</b>	Liquid		Powder	Powder
<b>Cans Per Month</b>	31 liquid	8 powder	7 powder	6 powder
<b>Ounces Per Day</b>	26	31	27	23
<b>Kcals/Ounce</b>	20	20	20	20
<b>Kcals/Day</b>	520	620	540	460
<b>Age of Avg Child Served**</b>	1.6 mos	3.2 mos	1.8 mos	1 mon
<b>Cost per Ounce</b>	\$0.07	\$0.06	\$0.06	\$0.06
<b>Cost per Month</b>	\$56.73	\$58.88	\$51.52	\$44.16
<b>Savings per Month per Child</b>			\$5.21	\$12.57
<b>Texas Children Affected ***</b>	84,000	84,000	84,000	84,000
<b>Monthly Savings</b>			\$437,640	\$1,055,880
<b>Annual Savings</b>			\$5,251,680	\$12,670,560
<b>Biennium Savings</b>			\$10,503,360	\$25,341,120

\*Special WIC Issuance allowed in Texas only when refrigeration is not available.

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**SUMMARY OF PROPOSAL IMPACT**

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It saves \$10,503,360 per biennium, slightly less than the biennium WIC appropriations from the State of Texas.

**IMPLEMENTATION REQUIREMENT**

Amendment of "Consolidation of WIC Regulations" of the U.S. Department of Agriculture, Subpart D, Subsection 246.10

Memos mentioned in  
HX-glance Through  
for highlights

10.31.87 [rev. 3.5.'93]

**Summary of Advantages of Powdered Formula over Liquid**

1. This is one change in the present **WIC Program** which would give the participants more, or extend the program to more participants, and cost the Government less.
2. If the State or Federal government bought the formula at a negotiated wholesale price the savings should be considerably greater than stated in this proposal.
3. **Participants receive more formula from WIC.** At the local stores in Polk County, TX [1987] they save between \$15 and \$20 per month by using powder. The Government saves between \$2 and \$3+[1986 prices] for each infant every month by using powder formula.
4. Powdered formula once opened can be kept **without refrigeration** for up to two week. Therefore, if the formula is mixed one-bottle-at-a-time it should help prevent and manage diarrhea.
5. Bottles can be easily mixed just before feeding the baby thus **reducing** the risk of feeding **spoiled formula**. Even the new instant soy powders mix readily with room temperature water. With this method there is no need for sterilization of bottles. The bottles need to be washed with soapy water and rinsed with hot water.
6. The **shelf life** of powder [36 months] is greater than the liquid formulas. [soy based 12 months; milk based 15 months].
7. The powder formula uses **less shelf space** in and requires less time to stock and price.
8. The powder weighs less so the **transportation costs** are less.
9. If the local water supply is **fluoridated** the need for expensive supplementation is removed.

Bill Lockhart,

P6/(b)(6)

TEXAS DEPARTMENT OF HEALTH

501-0037

Austin

Texas

INTER-OFFICE

FROM Ann Sedberry, TDH Coordinator  
Employee Incentive Program  
Bureau of Personnel Management

THRU Beverly L. Koops, M.D., Assoc. Comm.  
for Family Health Services  
Debra Stabeno, Chief

TO Bureau of WIC Nutrition

SUBJECT State Employee Incentive Program (SEIP) Suggestion

Attached is a suggestion submitted to the SEIP from William Lockhart, a WIC employee. I have also attached SEIC Form No. 2 which has review sections for Employee Eligibility (front of form) and for Suggestion Eligibility (back of form). If the employee and the suggestion are eligible for consideration under the program, there is a section on the lower part of the back side for a description of the savings that would be realized if the suggestion were adopted.

Will you please review the suggestion, or request someone to review it, to determine eligibility and savings, if applicable, and return it and the SEIC form to me.

Thank you very much for your assistance.

Attach.

SIGNED Ann Sedberry (ds)  
DATE July 17, 1990



GD 8-3 90  
Bill -  
for info -  
Good!  
Ann

[ COPY

# Texas Department of

Robert Bernstein, M.D., F.A.C.P.  
Commissioner

1100 West 49th Street  
Austin, Texas 78756-3199  
(512) 458-7111

Robert A. MacLean, M.D.  
Deputy Commissioner  
Professional Services

August 3, 1990

*Smart*  
The accountants, secretly  
supported me. and statisticians

Woody Engebretson  
Operations Super  
Texas Incentive  
Productivity C  
E.O. Thompson St  
Room 103  
Austin, Texas

*Joe Serrano, Accountant*

Dear Woody:

Attached per our  
#501-0037 which  
1990. I have s

Infants, and Children's (WIC), ~~received~~  
received a response. I have talked with a staff member of WIC,  
and he said the initial review of the suggestion suggests it  
might be a very feasible one, with a potential of sizable savings  
for the WIC program.

If the suggestion receives a favorable review from the Texas  
Department of Health (TDH), it would still need to be reviewed  
and adopted by the U.S. Department of Agriculture (USDA) before  
it could be implemented at TDH. However, if it is considered  
feasible by USDA, it might be adopted in the other states also.

I will send additional information when I have it. Best wishes.

Sincerely,

Ann Sedberry, SEIP Agency Coordinator  
Bureau of Personnel Management  
Texas Department of Health

Enc.



Texas Department of

GD 8-3-90  
Bill -  
for info - Good!  
Ann

I COPY

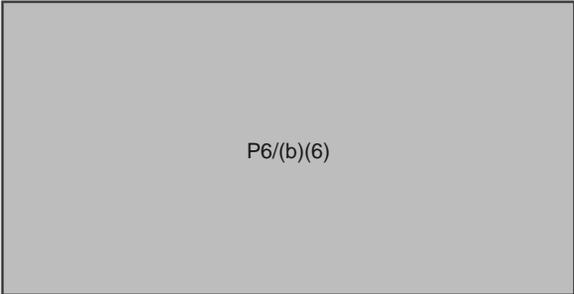
Robert Bernstein, M.D., F.A.C.P.  
Commissioner

1100 West 49th Street  
Austin, Texas 78756-3199  
(512) 458-7111

Robert A. MacLean, M.D.  
Deputy Commissioner  
Professional Services

August 3, 1990

Woody Engebretson  
Operations Supervisor  
Texas Incentive and  
Productivity Commission  
E.O. Thompson State Office Bldg.  
Room 103  
Austin, Texas 7



Dear Woody:

Attached per our conversation this morning is a copy of suggestion #501-0037 which was submitted by William Lockhart on June 27, 1990. I have submitted his suggestion to our Bureau of Women, Infants, and Children's (WIC) Nutrition for review, but have not received a response. I have talked with a staff member of WIC, and he said the initial review of the suggestion suggests it might be a very feasible one, with a potential of sizable savings for the WIC program.

If the suggestion receives a favorable review from the Texas Department of Health (TDH), it would still need to be reviewed and adopted by the U.S. Department of Agriculture (USDA) before it could be implemented at TDH. However, if it is considered feasible by USDA, it might be adopted in the other states also.

I will send additional information when I have it. Best wishes.

Sincerely,

Ann Sedberry, SEIP Agency Coordinator  
Bureau of Personnel Management  
Texas Department of Health

Enc.

TEXAS DEPARTMENT OF HEALTH

AUSTIN

TEXAS

INTER-OFFICE

Assoc. Comm. for Family Hlth Svcs.  
Asst. Deputy Comm. for Nutrition  
Chief, Bureau of Personnel Mgmt.  
Ann Sedberry, Coordinator  
Employee Incentive Program  
Bureau of Personnel Management

FROM Debra C. Stabeno, Chief  
Bureau of WIC Nutrition

TO

SUBJECT State Employee Incentive Program Suggestion from William Lockhart

Thank you for the number of infant presentations within the United States. The suggestion program

USDA research concentrated on preparing the weight allowance when preparing

Their liquid to use

concentrated liquid formula will vary according to the amount and type of liquid mixed with the formula. Although these factors are important considerations in properly administering a formula, they are not influencing factors in determining the maximum monthly allowances of formulas authorized

competent

NOA Nutritionist was consulted on this memo.

Accountant

MARY Alice Winfree, WIC

See attachment

MAW/bg

Attachment

ng powder  
mula cans  
discussed  
ted to the  
ot believe  
Incentive

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prior to  
represent  
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concentrated  
ion prior  
powdered or

formula and volume of  
for use, represent the  
um monthly allowances of  
, they do not propose to  
uthorized quantities of  
.S. Congress has mandated  
t two years. This issue  
d discussions within the

more expensive than the  
e severely limited the

Mary Alice Winfree at

SIGNED

Debra C. Stabeno

DATE

August 15, 1990

# TEXAS DEPARTMENT OF HEALTH

AUSTIN

TEXAS

## INTER-OFFICE

*W. Sedberry*  
Assoc. Comm. for Family Hlth Svcs.  
Asst. Deputy Comm. for ~~\_\_\_\_\_~~  
Chief, Bureau of Personnel Mgmt.  
Ann Sedberry, Coordinator  
Employee Incentive Program  
Bureau of Personnel Management

FROM Debra C. Stabeno, Chief  
Bureau of WIC Nutrition

TO

SUBJECT State Employee Incentive Program Suggestion from William Lockhart

Thank you for forwarding Mr. William Lockhart's suggestion regarding reducing the number of powder infant formula cans authorized and substituting powder infant formula for concentrate. Reducing the number of powder formula cans presented in Mr. Lockhart's suggestion of June 27, 1990 has been discussed within the WIC community for some time and has already been presented to the United States Department of Agriculture (USDA). Therefore, we do not believe the suggestion is eligible for consideration in the State Employee Incentive Program (SEIP).

USDA responded March 7, 1990 (see attached) that the regulatory allowances of concentrated liquid formula represents a volume of product prior to preparation for use. ~~The regulatory allowances of powdered formula represent the weight of product prior to preparation for use.~~ They said formula allowances cannot be based upon caloric equivalencies or reconstituted yields when prepared for use.

Their reason was that reconstituted yields of powdered and concentrated liquid formulas will vary by ~~type of formula and method of preparation prior to use.~~ In addition, the caloric density of a prepared powdered or concentrated liquid formula will vary according to ~~the amount and type of liquid mixed with the formula.~~ Although these factors are important considerations in properly administering a formula, they are not influencing factors in determining the maximum monthly allowances of formulas authorized in WIC food packages.

USDA concludes that the use of weight of powdered formula and volume of concentrated liquid formula, prior to preparation for use, represent the ~~least complicated approach~~ to determining the maximum monthly allowances of formula authorized in WIC food packages. Therefore, they do not propose to amend the WIC federal regulation from the current authorized quantities of powder and concentrate formulas at this time. The U.S. Congress has mandated that USDA review the WIC food package during the next two years. This issue may be addressed at that time based on the continued discussions within the national WIC community.

As the quantities of powder formula authorized are more expensive than the total quantity of concentrate authorized, we have severely limited the issuance of powder formula in Texas since May, 1990.

If you have additional questions, please contact Mary Alice Winfree at extension 3456.

MAW/bg

Attachment

SIGNED

*Debra C. Stabeno*

DATE

August 15, 1990



United States  
Department of  
Agriculture

See my comments  
on pp 2+3 of HX of Proposal

cc: RK ✓  
NC  
MAW

Street  
42

78

07 1990

ly to  
n. of: SWSE-102

ject: Maximum Monthly

To: All State WIC Directors  
Southwest Region

The purpose of this memorandum is to clarify the maximum monthly allowances of formula authorized in WIC food packages. The WIC regulations state that the maximum monthly allowances of formula authorized in Food Packages I, II, and III are 403 fluid ounces of concentrated liquid formula, 806 fluid ounces of ready-to-feed formula or 8 pounds of powdered formula. State agencies also have the option in Food Package III to issue an additional 52 fluid ounces of concentrated liquid formula on an individual participant basis when medically necessary and documented in the participant's certification file by the competent professional authority.

The regulatory allowances of concentrated liquid formula and ready-to-feed formula represent a volume of product prior to preparation for use. The regulatory allowances of powdered formula represent the weight of product prior to preparation for use. Formula allowances cannot be based upon caloric equivalencies or reconstituted yields.

The reconstituted yields vary by type of formula and the caloric density of a formula vary according to the amount of formula. Although these factors are not used in determining the allowances of formulas authorized in WIC food packages, the use of weight of powdered formula, prior to approach to determining the allowances in WIC food packages.

Note to Nancy Cise, #1  
WIC Nutritionist in Texas  
from Debra Stabeno, Chief  
Bureau of WIC Nutrition

Please share this information with the State WIC formula in WIC food packages.

ISMAEL TERCERO, JR.  
Regional Director  
Supplemental and Indian  
Food Programs

NC - 3-13-90  
Do we need  
to share info  
with locals as  
they suggest? 18



United States  
Department of  
Agriculture

Food and  
Nutrition  
Service

Southwest  
Region

1100 Commerce Street  
Dallas, TX 75242

cc: RK ✓  
NC  
MAW

78

MAR 07 1990

Reply to  
Attn. of: SWSF-102

Subject: Maximum Monthly Formula Allowances in WIC Food Packages

To: All State WIC Directors  
Southwest Region

The purpose of this memorandum is to clarify the maximum monthly allowances of formula authorized in WIC food packages. The WIC regulations state that the maximum monthly allowances of formula authorized in Food Packages I, II, and III are 403 fluid ounces of concentrated liquid formula, 806 fluid ounces of ready-to-feed formula or 8 pounds of powdered formula. State agencies also have the option in Food Package III to issue an additional 52 fluid ounces of concentrated liquid formula on an individual participant basis when medically necessary and documented in the participant's certification file by the competent professional authority.

*my*  
The regulatory allowances of concentrated liquid formula and ready-to-feed formula represent a volume of product prior to preparation for use. The regulatory allowances of powdered formula represent the weight of product prior to preparation for use. Formula allowances cannot be based upon caloric equivalencies or reconstituted yields when prepared for use.

*my*  
The reconstituted yields of powdered and concentrated liquid formulas will vary by type of formula and method of preparation prior to use. In addition, ~~the caloric density of a prepared powdered or concentrated liquid formula will vary according to the amount and type of liquid mixed with the formula.~~ Although these factors are important considerations in properly administering formula, they are not influencing factors in determining the maximum monthly allowances of formulas authorized in WIC food packages.

Use of weight of powdered formula and volume of concentrated liquid or ready-to-use formula, prior to preparation for use, represent the least complicated approach to determining the maximum monthly allowances of formula authorized in WIC food packages.

~~Please share this information on the clarification of maximum allowances of formula in WIC food packages with your local WIC agencies.~~

*Ellen A. Stahlberg*  
for ISMAEL TERCERO, JR.  
Regional Director  
Supplemental and Indian  
Food Programs

NC - 3-13-90  
Do we need  
to share info  
with locals as  
they suggest? *18*

TEXAS DEPARTMENT OF HEALTH

Austin

Texas

INTER-OFFICE

Ann Sedberry, Coordinator  
Employee Incentive Program  
FROM Bureau of Personnel Management

William Lockhart  
Bureau of WIC Nutrition  
TO Bureau of WIC Nutrition

SUBJECT State Employee Incentive Program (SEIP) Suggestion

Bill, Thank you very much for your suggestion to the SEIP. It appears to be an excellent suggestion and one that, if ever adopted by the U.S. Department of Agriculture (USDA), will save sizable amounts of money. I am disappointed to inform you that the suggestion is ineligible for consideration in the SEIP because it has already been proposed to and temporarily rejected by the USDA. Attached is a copy of the memo I received from Debra Stabeno in response to my request for a review of your suggestion. It appears Congress has mandated that the USDA review the WIC food package during the next two years, so perhaps changes will be made then to allow substitution of the powder infant formula.

Please do not be discouraged because this suggestion was not eligible. I am attaching more suggestion forms for your use in the future. Keep on thinking up those good ideas.

Attach.

*no proof from  
USDA that this proposal  
had been made*

SIGNED

*Ann Sedberry*

DATE

October 5, 1990

Austin Texas

## INTER-OFFICE

FROM Ann Sedberry  
Bureau of Personnel Management TO Bill Lockhart  
Bureau of WIC Nutrition

SUBJECT SEIP Suggestion #501-0037

Bill, I talked with the Incentive and Productivity Commission today. If you want written confirmation from USDA that your suggestion regarding powder infant formula has already been proposed, it is up to you to get the information from them. Perhaps you could write them and send a copy of your proposal.

No one has suggested anything other than that your proposal certainly has merit. It is simply ineligible for an award from the Incentive and Productivity Commission. Also, they pointed out to me that SEIP awards are based on savings in State money, and I'm not certain how the WIC Nutrition funding is set up.

I'm sorry I cannot be more helpful right now.

Response to  
phone call from  
me about appeal.

SIGNED Ann Sedberry

DATE October 17, 1990



United States  
Department of  
Agriculture

Food and  
Nutrition  
Service

Southwest  
Region

1100 Commerce Street  
Dallas, TX 75242

FEB 0 1987

Ms. Debra C. Stabeno  
Chief, Bureau of WIC Nutrition  
Texas Department of Health  
1100 W. 49th Street  
Austin, Texas 78756

Dear Ms. Stabeno:

We have received your inquiry regarding the suggestion made by William E. Lockhart, III to issue powdered formula instead of liquid concentrate. We are consulting with our National Office in order to answer the four questions that you posed. We will provide you with a complete response when we receive the requested information from our National Office.

If we can be of further assistance, please contact Susan Mayer at (214) 767-0229.

Sincerely,

  
RONALD J. RHODES  
Acting Regional Director  
Supplemental and Indian  
Food Programs

Never any followup  
by OSD # on this. They  
would not return my  
calls.

PERSONNEL  
91 FEB 11 AM 10:20  
TEXAS DEPT. OF HEALTH

Hx Starts on p. 2

Thu, Mar 21, 1991  
William Lockhart MA,LD  
Nutritionist/Licensed Dietitian #DT02371

**Outline of the History of State Employee  
Incentive Program Suggestion #501-0037  
for Improved and Expanded WIC Services  
and Saving State and Federal Money**

**1. Improved management of the Infant Diarrheal  
Dehydration Epidemic.**

**2. Save Texas WIC at least \$10,000,000 to \$25,000,000  
for the Biennium** (this money is now being spent solely for  
the water mixed with the liquid concentrated formula)

A. The formula for determining the savings of Federal  
money in Texas for one [1] year is: The number of one-year-  
equivalent-WIC-infant-participants [12 issuances of formula]  
multiplied by \$150.84. (The savings for 12 issuances of 6 cans  
of powder)

**3. Save the State of Texas about \$11,000,000 for the  
biennium**-- total WIC appropriations from the State.

**4. Save the Federal WIC program at least \$250,000,000  
a year** (Extrapolated from savings in Texas.)

2

**Kilocalories Requirements for Infants 0 to .5  
Years**

The present formula issuance of concentrated  
liquid formula in Texas as a sole source of kcals supports an  
average male infant 0 to .5 years weighing 10.6 # or 10# 10  
ozs. Such an infant is 1.6 month old.

The present issuance of 8 cans powder formula  
supports an average male infant 3.2 month old (compared  
to 1.6 month at present) at a cost of \$2.15 more than  
the present issuance of the liquid concentrated  
formula.

If the issuance were changed to 7 cans of powder it  
would be sufficient as a sole source of kcals for an average

**infant male 1.8 months old. This would cost \$5.21 less per month than the present issue of liquid concentrate.**

If the issuance were changed to **6 cans of powder** it would be sufficient as a sole source of kcals for an **average infant male 1 month of age. This would cost \$12.57 less per month than the present issuance of liquid concentrate.**

**\*Note:** See Appendix I for assumptions and calculations for the above and errata for the original suggestion.

Schedule of events and documents from the initial submission of suggestion #501-0037 after the chain-of-command refused to discuss the matter:

I. July 27, 1990 SEIP proposal # 501-0037 submitted to Ann Sedberry.

II. Ann Sedberry sends suggestion to Woody Engebretson, Operation Supervisor, Texas Incentive and Productivity Commission. Ann writes "**I have talked with a staff member of WIC, and he said the initial review of the suggestion suggests it might be a very feasible one, with a potential of sizable savings for the WIC program.**" See letter August 3, 1990.

Ann Sedberry submits proposal to Debra Stabeno, Bureau Chief of WIC Nutrition, Texas Dept. of Health [See MEMO July 17, 1990].

III. Bureau of WIC Nutrition rejects proposal [See MEMO August 15, 1990 from Debra Stabeno to Ann Sedberry.] based on a MEMO: March 7, 1990

From: Ismael Tercero, JR., Regional Director, Supplemental and Indian Food Programs,

To: All State WIC Directors Southwest Region.

In the second paragraph this memo says "**Formula allowances cannot be based upon caloric equivalences or reconstituted yields when prepared for use.**"

**In fact when powder or liquid formula is constituted to 20 Kcals per ounce they are identical.**

In paragraph three of the memo Mr. Tercero says:  
**"\_the caloric density of prepared powdered or concentrated liquid formula will vary according to the amount and type of liquid mixed with the formula\_"**  
 (emphasis added)

In fact formula for healthy full term infants is only properly prepared with one liquid, potable water, to a caloric density of 20 kcal. per ounce.

In paragraph four Mr. Tercero says (using liquid formula is "...the least complicated approach..." Over the years this approach has, and continues to be, a multi-billion dollar approach.

**IV. Sometime in June or July, 1990 Woody Engebretson, Operation Supervisor of the Incentive and Productivity Commission, assures William Lockhart by telephone that this suggestion is the largest credible suggestion presented to the Commission to date.**

V. October 5, 1990 Ann Sedberry notifies William Lockhart that SEIP #501-0037 is rejected because it has already been made. See MEMO October 5, 1990.

VI. October, 1990 William Lockhart is not satisfied that such a proposal has been made because no evidence is submitted other than **"\_ Reducing the powdered formula cans\_ has been discussed within the WIC community\_"**

[See MEMO: August 15, 1990

From: Debra Stabeno

To: Ann Sedberry

Subject: State Employee Incentive Program Suggestion from William Lockhart

VIII. October 17, 1990 Memo

From: Ann Sedberry

To: William Lockhart

Subject: SEIP Suggestion #501-0037 .

It is William Lockhart's responsibility to prove that suggestion has not been made before. And further states in

paragraph two: "No one has suggested anything other than that your proposal certainly has merit."

IX. October 30, 1990 Letter to William Lockhart notifying him that the date for submission of appeal is November 8, 1990.

X. November 8, 1990 William Lockhart submits appeal to Ann Sedberry.

The appeal expands the suggestion to include the importance of powder formula for the management of the infant diarrheal dehydration epidemic and specifies exactly what officials should do.

The essence of the appeal is:

1. There is an epidemic of diarrheal dehydration among infants in the South.(see attachment with appeal)
2. Powder formula is superior for the prevention and management of diarrhea because it does not require refrigeration after being opened. The caretaker can carry the powder and water separately and mix the formula immediately before feeding.
3. Recalculation of the savings in Government money based on updated figures.
4. Demonstration that about \$11,000,000 in State appropriations could be saved and the WIC program in Texas could still have over \$14,000,000 more than it does presently.
5. The monetary savings from preventable and manageable diarrheal dehydration are incalculable but would be considerable.
6. The prevention of infant death and suffering from diarrheal dehydration are paramount.
7. Extrapolation that the savings for the Federal Government would be \$250,000,000 per year if the assumptions about Texas are used. 2
8. Emphasizes that the estimated savings are low because all assumptions used are conservative.
9. Page 2 of 2 of Appeal of SEIP #501-0037 paragraph four:

APPENDIX I

**The following is Errata** for the initial suggestion. It does not influence the suggestion but does inform any policy concerning the quantity of formula to be issued: The amount of formula supplied by the present allowance or the proposed allowance is not sufficient in kcals to support an average six month old infant as stated in the original suggestion. However, it is probably sufficient when added to the other baby foods, advocated by the Texas WIC Program, for a six month old infant.

The following are the calculations and sources for determining the kcal requirements of the average male infant 0 to .5 years.

According to the 1989 Recommended Dietary Allowance p. 33 and pp. 35 to 36 an average infant 0 to .5 years weighing 6 kg or 13# requires 108 kcal/ per Kg. or about 49 kcal per pound. [there is a range of some + or -20%] **This is slightly less than previously recommended and more than recommended by WHO.**

49 kcal X 13# - 637 kcal per day

637 kcal/20 kcals per ounce of formula - **31.85 ounces of formula per day required.**

The present WIC issuance in Texas is 26 ounces of formula for a 31 day month with liquid concentrate. **This is sufficient to feed a 10.6 # infant.**

Under present regulations 31 ounces a day is supplied with **8 cans of powder formula** [960 ozs / 31 days]. This is 620 kcals [ 31 ozs of formula X 20 kcal per ounce.] **This will supply sufficient formula for a 13# 7oz infant. Such an average male infant is 3.2 months old.**

**Seven cans of powder** formula is 840 ozs of reconstituted formula.

840 ozs / 31 days -27 ozs per day

27 ozs X 20 kcal per ounce - 540 kcals. per day.

540 kcals/ 49 kcals per pound - 11#'s.

**Such an average male infant is 1.8 months old.**

**Six cans of powder** is 720 ozs of formula when reconstituted.

**"If a suggestion like mine has been made, how can the United States Department of Agriculture [and] the Bureau of WIC Nutrition have failed to act expeditiously while knowing that millions of dollars in government money were being wasted?"**

Depending upon how long the WIC Community has been discussing this, the figure could easily reach billions of dollars.

11. Urges the Bureau Chief of the Bureau of WIC Nutrition to persistently lobby specific government agencies and officials to make the changes necessary to implement the policy.

XI. Letter dated December 14, 1990 to Ismael Tercero, Jr. from Debra Stabeno signed by Ray Krzesniak asking four questions. These questions are paraphrased here:

1. Has USDA previously addressed topic of lowering number of powder cans as a result of someone's suggestions etc.?
2. When was the suggestion made?
3. Who made the suggestion?
4. Approximately how many times has USDA responded to these suggestions?

**These questions and this letter do not address the essence of William Lockhart's appeal. His appeal is threefold:**

1. Has anyone suggested that powder formula be issued to help manage the epidemic of diarrheal dehydration?
2. Has anyone suggested that fewer cans be issued to save Government money and how much money?
3. Has anyone suggested that the Bureau Chief of the Bureau of WIC Nutrition of the Texas Department of Health persistently lobby specific government agencies and officials to bring about these policy changes?

Unless the answer to all three of these questions is affirmative SEIP \*501-0037 suggestion is unique.

---

720 ozs./ 31 days = 23 ozs per day

23 ozs per day X 20 Kcals per ounce = 464 kcals

464 kcals/ 49 kcals per pound = 9.5 # or 9# 8ozs.

**Such an average male infant is 1 month old.**

---

THIS FORM MARKS THE FILE LOCATION OF ITEM NUMBER 1  
LISTED IN THE WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER.

THE FOLLOWING PAGE HAS HAD MATERIAL REDACTED. CONSULT THE  
WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER FOR FURTHER  
INFORMATION.

Proposal Appeal

11.8.90

I just had time to  
get this in by deadline.  
B2



# STATE EMPLOYEE INCENTIVE PROGRAM EMPLOYEE SUGGESTION FORM

FOR OFFICE USE ONLY

Control No.	_____
Date agency received	_____
Received by	_____
Date TIPC received	_____

(Please Print or Type)

NAME (First and Last) (Name of Contact Person if Group Submission) <u>William Lockhart</u>		SOCIAL SECURITY NUMBER <u>[REDACTED]</u>	If this is an appeal, enter the original control number: <u>#501-0037</u>  <b>READ CAREFULLY:</b>  <input type="checkbox"/> If two or more employees collaborated on this suggestion, check box and have all suggesters sign bottom of form.  <input checked="" type="checkbox"/> The evaluator(s) of your suggestion may better understand your suggestion by discussing it with you; they must know who you are in order to contact you. If you object to the evaluator(s) knowing who you are, and wish to remain anonymous to them, check this box.
AGENCY/DEPARTMENT <u>Texas Department of Health</u>			
DIVISION <u>Bureau of WIC Nutrition</u>	UNIT/OFFICE <u></u>	CITY <u>Austin</u>	
JOB TITLE <u>Nutritionist III Training and Educa. Spe</u>		OFFICE TELEPHONE NO. <u>458 7444</u>	
HOME ADDRESS <u>[REDACTED]</u> P6(b)(6)			
AGENCY AFFECTED: Please indicate which agency(ies) could implement this suggestion. <u>Texas Department of Health</u>			
SIGNATURE (Suggestion not acceptable if unsigned) "I have read the conditions and terms listed on the reverse side of this form and agree to abide by each of them. Furthermore, I hereby relinquish all claims which may be attached to the recommendations described below. My submission of a suggestion and/or acceptance of any award shall not form the basis of a claim against the Texas Incentive and Productivity Commission or the State of Texas." <u>[Signature]</u> Date: <u>11.8.90</u>			

### DESCRIBE THE PROBLEM, CURRENT METHOD OR PROCEDURE (Attach any additional information needed.)

See Attachment I

### YOUR PROPOSED SOLUTION (Specify in detail. Attach additional pages, sketches or samples, etc. to clarify.)

See Attachment II

### DESCRIBE THE SAVINGS OR REVENUES WHICH SHOULD OCCUR (Be specific; attach any additional pages needed.)

See Attachments III

For Group Submissions, all must sign. Attach an additional form if necessary:

Signature	Typed Name	Soc. Sec. No.
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

**Return this form to your agency coordinator.**

**PROPOSAL TO CHANGE THE NORMAL  
WIC FORMULA ISSUANCE IN TEXAS  
FROM 31 CANS OF LIQUID CONCENTRATE  
TO 7 OR 6 CANS OF POWDER  
SEIP Proposal #501-0037  
Submitted by William E. Lockhart, MA, LD**

	Current Normal WIC Issuance	Current Special WIC Issuance*	Proposal 1	Proposal 2
Normal WIC Issuance	Liquid		Powder	Powder
Cans Per Month	31 liquid	8 powder	7 powder	6 powder
Ounces Per Day	26	31	27	23
Kcals/Ounce	20	20	20	20
Kcals/Day	520	620	540	460
Age of Avg Child Served**	1.6 mos	3.2 mos	1.8 mos	1 mon
Cost per Ounce	\$0.07	\$0.06	\$0.06	\$0.06
Cost per Month	\$56.73	\$58.88	\$51.52	\$44.16
Savings per Month per Child			\$5.21	\$12.57
Texas Children Affected ***	84,000	84,000	84,000	84,000
Monthly Savings			\$437,640	\$1,055,880
Annual Savings			\$5,251,680	\$12,670,560
Biennium Savings			\$10,503,360	\$25,341,120

\*Special WIC Issuance allowed in Texas only when refrigeration is not available

\*\*Average child assumes male child

\*\*\*Assumption: Texas WIC gives formula to 84,000 infants per month

**SUMMARY OF PROPOSAL IMPACT**

Proposal 1 is slightly higher in kcals provided, and serves an older average child than the normal WIC issuance of liquid formula

It saves \$10,503,360 per biennium, slightly less than the biennium WIC appropriations from the State of Texas.

**IMPLEMENTATION REQUIREMENT**

Amendment of "Consolidation of WIC Regulations" of the U.S. Department of Agriculture, Subpart D, Subsection 246.10

Texas has  
a "rebate" per  
can of concentrate.  
The rebate could  
be larger if powder  
because it costs  
less to produce &  
deliver.



1990 price > of  
powder but not  
liquid/concentrate

Attachment I to TIPC-1 #501-0037 *William Larkham*  
 DESCRIBE THE PROBLEM, CURRENT METHOD OR  
 PROCEDURE

The Texas WIC Program issues liquid concentrate formula to most infants; there is currently a near epidemic of diarrheal dehydration among infants and powder formula is probably superior for managing diarrhea. [See attachment: Oral Rehydration Project.]

Also reconstituted powder formula is less expensive per ounce than reconstituted liquid concentrate. At the State level WIC can issue powder but due to Federal Regulations it must issue at least 8 cans of powder in place of 31 cans of liquid concentrate. This is irrational because 8 cans of powder is a lot more formula than 31 cans of liquid concentrate -- 154 ounces or 19.25 eight ounce bottles more per month.

Incidentally, the total cost of 8 cans of powder is \$2.15 more per month than 31 cans of liquid concentrate -- this is the basis for the current WIC Food Delivery policy in Texas which requires that liquid concentrate be issued unless refrigeration is not available.

When reconstituted 7 cans of powder formula is more formula and costs less than 31 cans of liquid concentrate.

This suggestion is not trivial. The Center for Disease Control reports that "209,000 children, most of them under the age of one, are hospitalized due to diarrheal dehydration.... That same report documented 500 deaths annually, a figure representing 10% of preventable U.S. infant mortality."

"According to the CDC, the children most at risk are minority, poor and live in southern states." [See attached National Oral Rehydration Therapy Project pamphlet.]

As a professional nutritionist and licensed dietitian, with several years experience as a clinical Public Health Nutritionist with WIC and the author of a working paper on the management of infant diarrhea in public health, it is my opinion that a substantial contributor to diarrheal dehydration is feeding of spoiled formula to infants.

Powder formula does not require refrigeration after it is opened -- liquid formula does. It is a public health truism that much of diarrheal disease is caused by spoiled food. It follows therefore that since most of the infants

Attachment # 501-0037 2 of 2

being affected by diarrheal dehydration reported by the Center for Disease Control are: A. High consumers of formula and have low rates of breastfeeding; B. live in the South, where due to high climatic temperatures food, including formula, spoils more readily; and B. are less likely to have adequate refrigeration or know what adequate refrigeration is.

In the absence of gastrointestinal infection, the most likely cause of diarrheal dehydration is spoiled food. Infant formula from concentrated liquid is more likely to be spoiled, when fed, than formula from powder because it requires adequate refrigeration -- powder formula requires no refrigeration. This is particularly important in the southern states where the warmer climate promotes food spoilage.

When this was written 65% of American babies breastfed. Now, according to CNN, it is 50%.

Wording ~~Suggested~~ by  
Woody E. @ SEIP

Attachment II TIPC-1 (9/90) \*501-0037 Thu, Nov 8, 1990  
William Lockhart

Your Proposed Solution

Apparently a Nutritionist who is a "Formula Specialist" in the Bureau of WIC Nutrition was not consulted concerning my original suggestion. Since this appeal contains suggestions which supports health benefits it can only accurately be evaluated by a professional with the technical expertise necessary to understand formula as well as the health issues.

I propose that Debra Stabeno, Chief, Bureau of WIC Nutrition, persistently lobby the United States Department of Agriculture (USDA) to amend the The Federal Register: "Consolidation of WIC Regulations; July, 1988; subpart D-Participant Benefits" page 24 (top left corner).

The amendment should be to change 8 cans of powder formula per month to 6 cans may be substituted for 31 cans of liquid concentrated formula. (Seven, could be substituted for 6. This would still cost the government less and provide more reconstituted formula than liquid concentrate.)

In the event that the USDA refuses to amend the Federal Register, I propose that Debra Stabeno, through her superiors at the Texas Department of Health, immediately and persistently notify at least the following: The Board of Health of the State of Texas, Texas Governor Bill Clements, Lieutenant Governor Bill Hobby that millions of State appropriations are being wasted due to the fact presented in this proposal.

Also, I propose that Debra Stabeno, through her superiors at the Texas Department of Health, immediately and persistently lobby President George Bush to directly order that the Federal Register be amended as recommended in this SEIP Suggestion.

Also, I propose that Debra Stabeno, through her superiors at the Texas Department of Health immediately and persistently lobby U.S. Senators, Lloyd Bentson, Phil Gramm and U.S. Representative Jake Pickle to call for an investigation by the General Accounting Office of the United States Congress of this SEIP suggestion.

Also, the above mentioned elected officials should be immediately and persistently lobbied to take any other action which could persuade the USDA to amend the Federal Register.

**Attachment II TIPC-1 (9/90) #501-0037 amended Wed,  
Nov 14, 1990**

as suggested in this SEIP Proposal.

Once this is done, I propose, that Debra Stabeno have a "Food Delivery Policy" written requiring 6 cans (or 7 cans) of powdered milk based formula be issued to most infants who receive milk based formula from WIC in Texas.

Then I propose that Debra Stabeno persistently recommend, through her superiors at the Texas Department of Health, that the Commissioner of Health, Chief Executive Officer of the Texas Department of Health, through whatever procedures are required by Texas law, order that this SEIP suggestion be enacted. This includes returning the \$10,000,000 two year State appropriations for WIC to the State Treasury. (The net increase in funds available to the Texas WIC program would be \$14,000,000 for two years.)

**Describe The Savings or Revenues Which Should Occur**

The State of Texas would save at least \$5,000,000 a year; the Texas WIC Program would free-up at least \$12,000,000 in Federal money a year; the net result would be a minimum of \$7,000,000 [\$5,067,533 FY 1989 in State appropriations minus \$12,000,000 in freed-up Federal appropriations] available to expand the present WIC program, and, although not directly related to this SEIP suggestion the Federal WIC Program could free-up \$250,000,000 to \$500,000,000 <sup>Two</sup> years. Currently this money is mostly being spent for water. The money could then be diverted to the expansion of the WIC Program -- particularly the promotion of breastfeeding and management of the epidemic of diarrheal dehydration.

ky  
\$5,591,639

There would be an improvement in the delivery of services in that the WIC clients would receive a superior product. If 7 cans were issued the clients would receive more reconstituted formula and the government would still save millions of dollars.

are The potential savings of human life and suffering from my suggestion is incalculable.

The saving of public money required to treat preventable diarrheal dehydration is difficult to calculate; but most studies conclude that \$1 dollar spent on the prevention of disease, by nutrition intervention, results in at least \$3 saved the government.

The Federal Government is running out of money; the cost of formula could cause the WIC program to decrease the number of clients served [see attached article from *American Medical News*]; government employees in other programs have been furloughed; and the risk of furloughs and layoffs is a specter as I write this appeal.

Also if money presently being spent on formula is encumbered by State or Federal legislation in a way which would prevent it from being diverted to take the place of State funds, Debra Stabeno, through her superiors at the Texas Department of Health would need to persistently lobby to have this or any other encumbrance amended.

11

Attachment IV SEIP-1 \* 501-0037

William Lockhart MA.LD

Calculations and Assumptions of Savings by Using Powder Formula Rather than Liquid Concentrate.

Update of Prices used in the Original Proposal:

The current Wed, Oct 17, 1990 wholesale prices, used below, in Texas are from Marilyn Janke of the Bureau of WIC Nutrition, The Texas Department of Health.

Enfamil™ per powder can = \$7.36 X 8 [16 ounce cans. Each can when mixed with water is 120 ounces of formula. Eight cans when mixed with water are 960 ounces of formula or 154 ounces (19.25 eight ounce bottles of formula) more than 31 cans of concentrated liquid]. The total cost = \$58.88.

Eight cans of powdered formula is the minimum allowed monthly issuance per month by the Federal Consolidated WIC Regulations. A full issuance of powdered formula is not allowed by Texas WIC Policies, unless a participant does not have refrigeration. This policy apparently decreases the cost to the Texas WIC program \$2.15 per infant per month but the infant receives 154 fewer ounces of formula.

\$7.36 [cost per can of Enfamil™ powder] X 6 [16 ounce cans of powdered formula]. Six cans is 720 ounces when mixed with water or 86 ounces less than the standard WIC issuance of 31 cans of liquid concentrate. If the Consolidated WIC Regulations were amended this issuance would be 10.75 fewer eight ounce bottles than the present issuance at a \$12.57 reduced cost per infant per month). The total cost of six cans = \$44.16. *6¢ per oz*

Concentrated liquid Enfamil™ per can = \$1.83 [wholesale price] x 31 [13 ounce concentrated liquid cans. Each reconstitutes to 26 ounces of formula or a total of 806 ounces.] The total cost = \$56.73. *7¢ per oz*

Prosobee™ per powder can = \$6.49 X 9 [Number of cans in a standard issuance package]. Total cost = \$58.41.

Liquid concentrated 13 ounce can of Prosobee™ is \$1.86. The cost of 31 cans is \$57.66.

\$12.57 [Amount saved by six cans of powder per month.] X 12 months = \$150.84 [Decreased cost per year per infant to the Texas WIC Program if the standard issue were 6 cans of Enfamil™ powder.]

The number of infant participants on WIC in Texas was obtained from Tom Roehrig, Statistician, Bureau of WIC Nutrition, Texas Department of

att # 10

Calculations SEIP #501-0037

Health. I am assuming that Texas WIC averages 84,000 infants per month for one year.

84,000 infants X \$150.84 [Less cost with my proposal per infant per twelve month.] = \$12,670,560 -- less cost to the Texas WIC Program per twelve month.

If Texas WIC budget is about 10% of the total United States WIC budget and approximately the same percent of the budget in Texas is spent on formula at the Federal level, it can be extrapolated that the approximate savings for the Federal WIC program would be \$250,000,000 per two year [ The Federal WIC budget for FY 89 is \$2.126 Billion. Source Joe Serrano, Accountant, Bureau of WIC Nutrition, Texas Department of Health.]

84,000 infants  
receiving formula

]

Attachment to SEIP-1 Control # 501-0037

William Lockhart MA, LD

Conclusion

Let me emphasize that the estimates of the savings from formula in Texas and the Nation err on the low side. The actual savings would probably be substantially higher. One reason for this is that the state pays the retail price and these calculations are made on the basis of wholesale prices.

The State of Texas has a contract with Mead Johnson to exclusively buy Enfamil™ and Prosobee™. This formula corporation should not object to changing to powder because the cost of production, storage and delivery is lower for powder formula.

The rejection of my original suggestion by the Bureau of did not present any evidence that revealed if my suggestion, even remotely related to my suggestion, had previously been refusal to supply evidence is a violation of the "spirit" of the Incentive Program.

↑  
Important AP

If a suggestion like mine has been made, how can, the U Department of Agriculture <sup>and</sup> the Bureau of WIC Nutrition have expeditiously while knowing that millions of dollars in govern were being wasted?

It stretches my imagination that a bona fide suggest demonstrates that the US Government is wasting perhaps \$25 water has been made and rejected. And further that the Bur Nutrition of the Texas Department of Health has ask the Texas LEGISLATURE more than \$5,000,000 a year when it could free-up at least \$12,000,000 a year in Federal funds by persistently petitioning the United States Department of Agriculture to change the Consolidated WIC Regulations to allow the minimum number of cans of powder formula from 8 to 6.

Again let me emphasize that apparently a Nutritionist "formula specialist" in the Bureau of WIC Nutrition was not consulted concerning my original suggestion. Since this appeal contains information which can only be evaluated by a professional with the technical expertise necessary to understand the suggestion, I ask that such a person or persons be consulted.

I am including up-to-date calculations and information not known to me at the time of the original suggestion; both of these lend stronger support to the importance and uniqueness of my suggestion.

This SEIP suggestion would result in an expansion in

↑  
Important P.

**Attachment to SEIP-1 Control # 501-0037**  
William Lockhart MA,LD

**Conclusion**

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The rejection of my original suggestion by the Bureau of WIC Nutrition did not present any evidence that revealed if my suggestion, or a suggestion even remotely related to my suggestion, had previously been made. This refusal to supply evidence is a violation of the "spirit" of the State Employee Incentive Program.

If a suggestion like mine has been made, how can, the United States Department of Agriculture <sup>and</sup> the Bureau of WIC Nutrition have failed to act expeditiously while knowing that millions of dollars in government money were being wasted?

It stretches my imagination that a bona fide suggestion which clearly demonstrates that the US Government is wasting perhaps \$250,000,000 to buy water has been made and rejected. And further that the Bureau of WIC Nutrition of the Texas Department of Health has ask the Texas Legislature for more than \$5,000,000 a year when it could free-up at least \$12,000,000 a year in Federal funds by persistently petitioning the United States Department of Agriculture to change the Consolidated WIC Regulations to allow the minimum number of cans of powder formula from 8 to 6.

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This SEIP suggestion would result in an expansion in

Att # 5 # 502-0087 292

public health services and substantial saving in State money while providing a safe and adequate supply of formula for infants.

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STATE DEPARTMENT OF HEALTH

THE NATIONAL ORT PROJECT  
LEADERSHIP COMMITTEE

- Ambulatory Pediatric Association
- Association of Maternal and Child Health Programs
- Association of State & Territorial Public Health Nutrition Directors
- International Child Health Foundation
- National Association of County Health Officials
- National Association of WIC Directors
- National Commission to Prevent Infant Mortality

Ronald E. Kleinman, M.D.  
*Chairman, Committee on Nutrition  
 American Academy of Pediatrics*

Mathuram Santosham, M.D., Ph.D.  
*Johns Hopkins University School of Hygiene &  
 Public Health\**

William B. Greenough, III, M.D., Ph.D.  
*Johns Hopkins University School of Medicine\**

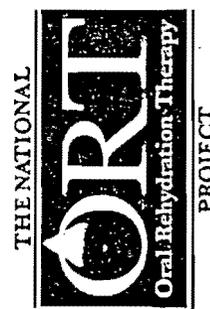
Roger Glass, M.D., Ph.D.  
*Centers for Disease Control\**

John Snyder, M.D.  
*Boston Children's Hospital\**

*\*For identification purposes only*



Initial funding for The National ORT Project contributed by Ross Laboratories.



PROJECT  
 2626 Pennsylvania Avenue, N.W.  
 Suite 301  
 Washington, D.C. 20037

ORT:

THE

ELECTROLYTE

SOLUTION



# ORT PROJECT

The National Oral Rehydration Therapy Project is a united effort by health and medical professionals to promote a more uniform, safe and cost-effective approach to the management of acute diarrhea in the U.S. Acknowledging numerous other health risks of greater magnitude than diarrheal dehydration, they are working to reduce the hospitalizations and deaths that can be prevented by greater consistent use of ORT.

The National ORT Project will work to:

- educate health and medical professionals about the efficacy of ORT
- build public awareness of the risk of pediatric diarrhea and the efficacy of ORT
- provide health and medical professionals with educational materials for use with parents, especially in those populations most-at-risk
- support and coordinate the efforts of organizations who are working to document the efficacy of ORT and to encourage use of oral electrolyte solutions
- encourage policy changes that foster improved management and treatment of diarrhea and its complications

We welcome the involvement of individuals and organizations to meet these goals. For more information, please call 202-625-2570.

# LEADERSHIP COMMITTEE

Ambulatory Pediatric Association  
Association of Maternal and Child Health Programs  
Association of State & Territorial Public Health Nutrition Directors  
International Child Health Foundation  
National Association of County Health Officials  
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PROJECT

2626 Pennsylvania Avenue, N.W.  
Suite 301  
Washington, D.C. 20037

## IMPROVING U.S CARE OF INFANTS AND CHILDREN

In 1978, the British medical journal *The Lancet*, called oral rehydration therapy (ORT) "potentially the greatest medical advance this century." Since then, ORT has become widely used to fight infant mortality due to diarrheal dehydration in nations throughout the world.

In the United States, we have made great strides in the use of ORT to prevent diarrheal dehydration. Yet, recent data from the Centers for Disease Control, published in the *Journal of the American Medical Association* (JAMA—January 9, 1988) showed that even today, 209,000 children, most of them under the age of one, are hospitalized each year due to diarrheal dehydration—fully 10% of the pediatric hospital acute care admissions. That same report documented 500 deaths annually, a figure representing 10% of preventable U.S. infant mortality.

According to the CDC, the children most at risk are minority, poor and live in southern states. Black infants were four times more likely to die of diarrhea than were white infants.

The CDC report concluded, "Compared with infant deaths due to all other causes, deaths due to acute diarrhea are perhaps the most readily preventable with existing medical technology."

## ORT: THE ELECTROLYTE SOLUTION

Since the early 1980s the World Health Organization and the American Academy of Pediatrics have taken the lead in recommending oral rehydration therapy as the most effective and inexpensive method of managing diarrhea.

Oral rehydration therapy (ORT) is the administration of an oral electrolyte solution at the onset of diarrhea to replace essential fluids and minerals that are lost during diarrhea. ORT encompasses both the prophylactic administration of oral electrolyte solutions to prevent dehydration, as well as use of oral rehydration solutions to treat dehydration. ORT also includes appropriate feeding, both during and after a diarrhea episode.

ORT needs to be started at the onset of diarrhea. Proper feeding and administration of an oral electrolyte solution will prevent the excessive and uncompensated loss of fluids and nutrients. Early feeding can reduce the duration and severity of diarrhea. Parents, once educated on the risks of diarrhea and the proper way to manage it, can easily start ORT at home.

JAMA has reported, "Proper use of glucose electrolyte solutions can prevent the progression to dehydration in outpatient settings and can greatly decrease case fatality ratios even when administered by people with no formal education."

## EDUCATING PARENTS ABOUT DIARRHEA

But a recent survey of American mothers showed that many are inconsistent in their treatment of diarrhea and use of oral electrolyte solutions. A high percentage of mothers surveyed (83%) know that children with diarrhea should be given more fluids than they normally receive. They do not, however, distinguish the relative efficacy of different fluids.

As a result, mothers report giving infants and children a wide variety of "clear liquids" including household beverages which do not effectively address the electrolyte imbalance. In some cases, as in the use of fruit juices, household beverages actually exacerbate the diarrhea condition. Though the child's physician may recommend an electrolyte solution, advice from friends and relatives and the convenience of household beverages may supercede physician recommendations.

*"It is common practice in the U.S.A. to prescribe a variety of clear liquids, such as Coke, Seven-Up, Kool-Aid, and Jello water for the treatment of diarrhea. These solutions are inappropriate...and aggravate the diarrhea."*

Foster, Pharm.D., Santosham, M.D.  
"Rehydration and Maintenance  
Therapy for Diarrheal Disease"  
The Provider

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## THE ELECTROLYTE SOLUTION

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## ABOUT DIARRHEA

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Foster, Pharm.D., Santosham, M.D.  
"Rehydration and Maintenance  
Therapy for Diarrheal Disease"  
The Provider

## IN-PATIENT TREATMENT

According to the CDC, hospitalizations due to diarrhea add approximately \$500 million to the nation's health care cost annually. Most hospitals routinely use intravenous hydration rather than ORT at times when infants have acute diarrhea or are dehydrated. IV treatment, usually administered on an inpatient basis, costs eight times as much as hospital-based ORT treatment, usually administered on an outpatient basis. And research has shown that oral therapy is equally effective in treating dehydration and correcting the electrolyte imbalance caused by diarrhea.

*"In general, ORT has considerable advantages over IV therapy for dehydration and diarrhea, even in the developed world. The cost of therapy is lower, much of the treatment can be given by the mother without interrupting feeding and the discomfort of IV therapy is avoided."*

Santosham M.D. et al

"Oral Rehydration Therapy of Infantile Diarrhea"

The New England Journal of Medicine

...EVEN TODAY,

209,000 CHILDREN, MOST

OF THEM UNDER THE

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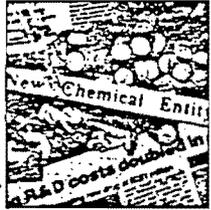
DIARRHEAL DEHYDRATION...

# NEWS

American Medical Association

JUNE 8, 1990

## INSIDE



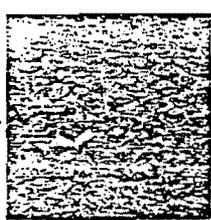
### 3 Speed release or reduce risk?

A new drug's journey from concept to market can be long and expensive. Drug makers must undergo an odyssey of paperwork and trials as part of the ever-increasing costs of R&D.



### 9 Accent on English

A heavy accent can raise a communication barrier. Special speech programs help foreign-born physicians reduce their accents and improve their spoken English.



### 23 Juggling stress away

When the diagnosis is stress, Steve Allen Jr., MD, prescribes a bit of juggling and heavy doses of laughter. ADL learns that this physician practices what he preaches.



Sen. Howard Metzenbaum  
*'The effect... on low-income families has been devastating.'*

## Senator: Formula prices endanger WIC program

By Diane M. Gianelli  
AMN STAFF

WASHINGTON — The infant formula industry, through "cozy price interaction," is attempting to undermine cost-control efforts in federal maternal and child nutrition programs, charges Sen. Howard Metzenbaum (D, Ohio).

The result has been formula prices so high that thousands of women and children are being denied much-needed food, Metzenbaum told a May 29 hearing of the Senate subcommittee on antitrust, monopolies, and business rights.

"The effect... on low-income families has been devastating," he said. "Prices for infant formula have increased more than 150% dur-

ing the 1980s, far outstripping inflation and the Consumer Price Index for food."

Industry representatives denied Metzenbaum's charges, claiming price hikes are legitimately due to rising costs of research and development, capital expenditures, personnel, and other related expenses.

There are three major players in the nation's \$1.5-billion infant formula industry: Ross Laboratories, which makes Similac and Isomil; Mead Johnson & Co., which makes Enfamil and ProSobee; and Wyeth-Ayers Laboratories, which makes SMA and Nursov. Together they control more than 90% of U.S. formula sales.

Metzenbaum, who chairs the antitrust subcommittee, said... See FORMULA, page 31

## Breast cancer suits avoidable by listening to patient — study

By Paul R. McGinn  
AMN STAFF

LIHUE, Hawaii — A new study of breast cancer malpractice suits indicates physicians could serve their patients better and save themselves a lot of money by listening more closely to women complaining of breast lesions.

The first-of-its-kind study was conducted by the Physician Insurers Assn. of America (PIAA). It found that in 69.2% of all malpractice suits arising from delayed diagnosis of breast cancer, the patient was the one who found the lump, but her doctor ignored her.

The study, which examined 273 paid claims reported by 21 PIAA companies since the late 1970s, also found physician failure to listen to complaints from premenopausal women cost doctors dearly.

■ AMA releases new risk management guide. Page 14

Women under 40 — the age at which the American Cancer Society, National Cancer Institute, and AMA recommend the start of regular mammograms — accounted for 58% of the \$60.5 million paid for breast cancer claims.

The message is clear, said PIAA Cancer Study Committee member Ivan C. Neubauer, MD. "The physician needs to be impressed when the patient comes in and complains of a lesion," he said in announcing the study at the PIAA annual meeting in late May.

The meeting drew representatives from all 43 PIAA companies, which collect... See CANCER, page 15



Ivan C. Neubauer, MD  
*'Physician needs to be impressed when the patient... complains of a lesion.'*

## Additional steps urged to prevent cigarette sales to youth

By Laurie Jones  
AMN STAFF

WASHINGTON — To discourage smoking by children and teens, states should ban cigarette vending machines and require a special license for merchants to sell tobacco, the nation's top health official says.

It is illegal to sell cigarettes to minors in 44 states and the District of Columbia. But officials of nearly all these jurisdictions say the law is not enforced, according to a report by the Office of Inspector General, Health and Human Services Secretary Louis Sullivan, MD.

Dr. Sullivan: Kids buy about 1 billion packs each year. released the report at a May 24 Senate Finance Committee hearing.

"The findings boil down to this simple and unacceptable fact: Our children can

easily buy cigarettes virtually anytime they want to in violation of the law," said Dr. Sullivan.

Of the states with cigarette sales-to-minors laws, only five could tell OIG investigators how many violations had been identified on the state or local level, Dr. Sullivan said. Those five reported a total of just 32 violations in 1989.

A recent University of Massachusetts Medical School study estimated more than 5 million children younger than 18

consume 947 million packs of cigarettes each year. The study found that in 1988 about 3% — or \$221 million — of tobacco industry profits are derived from sales of cigarettes to children.

"Nationally, we can document 32 violations of the sales laws, while we know that almost 1 billion packs of cigarettes are illegally sold to our youngsters each year," said Dr. Sullivan.

It is particularly important to make it... See CIGARETTES, page 29

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# Formula

Continued from page 1

committee, accused the three of a "follow the leader" type of price-fixing that he said might violate federal antitrust laws.

"One company raises its formula prices, and competitors are quick to follow, often within a week and within a few cents... in an alarming pattern of lockstep pricing," he said.

"I have real concerns about this type of cozy pricing interaction among competitors in a highly concentrated industry like infant formula," he said. "The antitrust laws clearly prohibit competitors from agreeing on prices; I believe that the same prohibition should apply when competitors openly follow price increases time after time."

He said Florida and Texas are investi-

gating pricing behavior among the formula companies. Kevin J. Arquit, director of the Federal Trade Commission's Bureau of Competition, testified that "the facts before us, relating to the infant formula industry, while limited, raise sufficient competitive questions that I have directed my staff to conduct an inquiry."

Metzenbaum said the firms had tried to rig the competitive bidding process initiated in the state-supervised Special Supplemental Program for Women, Infants, and Children (WIC), by offering nearly identical low bids. This has seriously harmed needy families, he said.

The federal WIC program is designed to provide assistance to low-income women and children considered to be nutritionally at risk. It provides vouchers for such foods as milk, eggs, cheese, juice, peanut butter, and infant formula.

During the past few years, a number of state WIC programs have initiated a competitive bidding process whereby manufacturers submit sealed bids for contracts by promising per-can rebates on formula purchased by low-income women. The lowest bidder wins. According to Metzenbaum, formula companies were offering discounts of up to 80% off the retail price to participate in the WIC program.

Approximately 30% of all formula sold in the United States is purchased through the WIC program.

Offering details of the bidding process was Stefan Harvey, director of the WIC project at the Center on Budget and Policy Priorities, a Washington-based independent research firm that analyzes policy issues affecting low- and moderate-income Americans. He testified that by the end of 1989, states using competitive bidding procedures

received an average price reduction of \$1.37 per 13 oz can of formula. She said the Dept. of Agriculture, which oversees the WIC program at the federal level, estimated that such cost-containment procedures would save the program \$450 million in fiscal 1990.

But that all changed, she said, when earlier this year, Ross Laboratories, the nation's largest formula manufacturer, offered an historically low 75-cent-a-can competitive bid to Connecticut's program. Within six days, she said, the nation's second largest formula maker, Mead Johnson, responded accordingly by announcing it would offer price reductions of 75 cents per can in future bids. Wyeth, the third largest producer, "soon followed suit," she said.

Center Executive Director Robert Greenstein added that "the pattern of apparent 'price coordination' now turning up in WIC contract bids has long marked the regular retail market for infant formula."

He said that since 1979, the average whole price difference between Ross and Mead products were one cent per can. Retail prices, he said, were usually identical.

"Throughout much of the 1980s," he said, "Congress provided increased funding to expand WIC, but part of the increases were consumed by ever-rising infant formula costs. In recent years, states broke this pattern by instituting cost-containment systems. Now this industry, which fought WIC competitive bidding procedures from the outset, is attempting to drive down the WIC cost-containment savings and to drive up its profits — even though this means many needy women and children will have to be terminated from the program."

Ross Laboratories President John C. Kane, the only industry representative testifying, denied that his firm was engaged in any improper pricing behavior.

When Metzenbaum asked him to detail production and quality control costs, he refused, saying it was "proprietary information" that he didn't wish to share with his competitors.

A WYETH SPOKESMAN was unavailable for comment. But Rolland M. Eckels, Mead Johnson public affairs director, said in a telephone interview that he "disputes Sen. Metzenbaum's allegations [that we are involved in a] collusion to fix prices."

"We have not, we do not, and we will not discuss pricing with our competitors. It's a highly competitive field," he said.

Several witnesses told the committee that industry representatives tried to circumvent state plans to open the program to competitive bidding. These representatives reportedly inferred that physicians opposed using a single source for formula because it interfered with the patient-doctor relationship and prevented prescribing of an alternative formula that might better suit the baby.

Ronald Kleinman, MD, chairman of the American Academy of Pediatrics Committee on Nutrition, said that at one time the academy had expressed some reservations about the use of single-source formula. But he added that those reservations had been met by state WIC programs agreeing to reimburse for alternative formulas if the baby's physician deemed it necessary.

Since 1987, Dr. Kleinman said, the pediatricians' group has held the position that "we endorse what needs to be done to get more milk to more infants, at the same time, highlighting the need to emphasize the importance of the relationship between the doctor and the family in arriving at these decisions."

"We haven't endorsed one way of doing that over another. If the state goes the way of the single bid, we'll support that if that's the way to get the formula to more infants," he said.

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THIS FORM MARKS THE FILE LOCATION OF ITEM NUMBER 2  
LISTED IN THE WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER.

THE FOLLOWING PAGE HAS HAD MATERIAL REDACTED. CONSULT THE  
WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER FOR FURTHER  
INFORMATION.



EMP

Initial proposal to SEIP

6.27.90

This form (SEIC-1) should be compl savings, increase revenues, or impro making the same suggestion), please form.

PLEASE TYPE OR PRINT CLEAR

Name William Lockhart

Home Address P6/(b)(6)  
(Su

Department/Agency Texas Dep

Division Bureau of WIC Nutrition

Job Title Nutritionist III, Training/Education Specialist

In evaluating this suggestion, may we disclose your name?  yes  no

"I have read the conditions and terms listed on the reverse side of this form and agree to abide by each of them. Furthermore, I hereby relinquish all claims which may be attached to the recommendations described below."

Employee Signature [Signature] Date 6.27.90

1. This suggestion is in regard to which agency? Texas Department of Health  
(Agency Name)

2. Describe the current condition, practice, or method used by the agency: 12  
The standard WIC issue for infants (birth to ~~36~~ months) is 31 cans of concentrated liquid infant formula. The February 1990 wholesale price in Texas for 13 oz. Enfamil liquid concentrate formula was \$1.695 per can; this is \$52.545 a month per infant. For 12 months an infant can receive \$630.54 worth of formula.

3. Specifically, what changes should be made in order to realize savings or to increase revenue? Describe what should be done and how it should be done. Attach any exhibits or additional information to this form.  
The Federal Register: "Consolidation of WIC Regulations; July, 1988; subpart D-Participant Benefits", page 24 (top left corner) needs to be changed to allow powdered formula to be substituted at the rate of 6 or 7 cans instead of 8. (see addenda for continuation)

4. Describe the savings or increased revenues which should occur if the suggestion is implemented:  
In April, 1990 the Texas WIC Program had 98,422 infants certified. Assuming that 66 percent of 100,000 infants received concentrated formula each month for a year the wholesale cost would be \$41,615,640.00. (see addenda for continuation)

Form received by (signature) [Signature]

Date 6-27-90 Time \_\_\_\_\_ Control No. 501-2037



# EMPLOYEE SUGGESTION FORM

This form (SEIC-1) should be completed by the employee who wishes to submit a suggestion to realize savings, increase revenues, or improve efficiency. For group submissions (more than one employee making the same suggestion), please complete the Group Addendum form (SEIC-1A) in addition to this form.

PLEASE TYPE OR PRINT CLEARLY. READ OTHER SIDE CAREFULLY BEFORE COMPLETING.

Name William Lockhart Social Security No. [REDACTED]

Home Address [REDACTED]  
(Street or P.O. Box, City, State, Zip)

Department/Agency Texas Department of Health

Division Bureau of WIC Nutrition

Job Title Nutritionist III, Training/Education Specialist

In evaluating this suggestion, may we disclose your name?  yes  no

"I have read the conditions and terms listed on the reverse side of this form and agree to abide by each of them. Furthermore, I hereby relinquish all claims which may be attached to the recommendations described below."

Employee Signature William Lockhart Date 6.27.90

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(Agency Name)

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Form received by (signature) Ann Leeborn

Date 6-27-90 Time \_\_\_\_\_ Control No. 501-0057

H. Powdered formula does not take up as much room on the grocery store shelves. "Shelf space" is important to grocers because it influences the number of items which can be displayed which in turn increases total sales. Also items which take up less shelf space do not have to be stocked as often and this decreases labor costs.

I. Powdered formula weighs much less than concentrated formula. This means it is safer and less expensive to handle and distribute. One major cost of conveying liquid formula results from the weight of the water.

Conclusion: The state WIC programs cannot make these changes without simple amendments to the Federal Register. This saving of taxpayers' money is unambiguous and compelling; on the national level it would be staggering.

Addenda to SEIC-1 (11/88)

Section 3 continued.

The cost to the WIC program would be trivial compared to the savings. The major cost would be for nutrition education to teach the participants, that once mixed with water, the powder is the same as liquid formula. Other costs incurred would be for printing new WIC issuance cards, amending Federal Register and writing new State Policies.

Section 4 continued.

If seven cans of powdered formula were issued the wholesale cost would be \$37,782,360 per year or \$3,833,280 less. If six cans of powder were issued the savings would be \$9,230,760. (According to the 1989 Recommended Dietary Allowances 10th Edition, six cans of powdered formula provide enough kilocalories to nourish the average girl baby more than six months of age and the average boy baby almost at six months of age.)

With seven cans of powder issued the dollars but the infants would receive no powder compared to 806 Oz. from 31 cans

These estimates are lower than the actual

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D. If the Government purchased and distributed the powdered formula the savings would probably be greater than suggested here.

F. Most WIC participants have potable water. As long as potable water is available, the powdered formula is safer than liquid formulas because it requires no refrigeration after being opened.

G. Powdered formula has an expiration date of 36 months compared to 12 months for soy based concentrate and 15 months for milk based concentrate; therefore, it is less likely that powdered formula will expire. When formula expires the costs have to be absorbed by the sales of formula which has not expired. This increases the cost of formula.



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spread sheet*

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1. This compares to \$4.84 less per infant  
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soy based formulas and they come in 14  
cans.

I couldn't get the  
avg. retail price  
- evidently not  
known



My error in  
calculation See  
Spread sheet



Addenda to SEIC-1 (11/88)

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With seven cans of powder issued the Government would not only save millions of dollars but the infants would receive more formula. (840 oz. a month from 7 cans of powder compared to 806 Oz. from 31 cans of liquid concentrate.)

These estimates are lower than the actual savings because:

- A. The Government pays the retail price.
- B. Soy based formula is also issued and the savings are substantially higher with it.

13 ounce can soy based formula X 31 cans = 806 oz per month X \$1.725 (wholesale price) = \$53.475 per month per infant. \$53.474 X 12 months = \$641.688 per year.

Soy powder (Prosobee) is packaged in 14 oz cans and therefore nine cans are issued compared to the eight for the Enfamil; the wholesale price is \$5.985; therefore, each month the cost is \$53.865.

Eight cans of Prosobee X \$5.985 per can = \$47.88. Subtract \$47.88 from \$53.865 equals \$5.985 less per infant per month. This compares to \$4.84 less per infant per month for Enfamil (milk based formula).

- C. The substitution of soy formula is not addressed in the Federal Register. Prosobee and Isomil are the two major soy based formulas and they come in 14 ounce cans. Nursoy comes in 16 ounce cans.
- D. If the Government purchased and distributed the powdered formula the savings would probably be greater than suggested here.
- F. Most WIC participants have potable water. As long as potable water is available, the powdered formula is safer than liquid formulas because it requires no refrigeration after being opened.
- G. Powdered formula has an expiration date of 36 months compared to 12 months for soy based concentrate and 15 months for milk based concentrate; therefore, it is less likely that powdered formula will expire. When formula expires the costs have to be absorbed by the sales of formula which has not expired. This increases the cost of formula.

August 2, 1994

A Note to Carol Rasco

FROM: Gaynor McCown *GM*  
SUBJECT: Letter To Meeting Participants

Please find a copy of the letter I sent to participants of the July 14-15 meeting attached. I look forward to speaking to you when I return from Africa.

*xl: Way  
Galston*

*This next activity  
should be consistent  
w/our cross-cut  
activity.*

REC'D 3 - AUG -

THE WHITE HOUSE

WASHINGTON

July 28, 1994

Dear Participants:

Many thanks for attending the July 14-15 meeting on Comprehensive Strategies for Children and Families: The Role of Schools and Community-Based Organizations. Although the meeting itself represents just the beginning of our work, it was indeed a great start.

The report is in the process of being completed. The final draft will be sent to you by August 24. Meanwhile, at your convenience, please send us any relevant information or specific policy recommendations you may have.

In order that the meeting be more than a one-day exercise, we will use the forthcoming report as a jumping-off point for further action.

To begin, we will identify key areas that need to be addressed at the federal level. We will ask agencies, or the appropriate interagency teams, to identify any ongoing initiatives relevant to comprehensive strategies for children and families. There is no need to duplicate. They will then be asked to develop plans for addressing concerns raised regarding barriers to "going to scale" with the promising programs that currently exist.

We will seek recommendations to improve mechanisms for federal interagency coordination (consultation on policy guidance; development of agreed upon principles; or procedures for funding of comprehensive strategies), possible regulatory or statutory changes, changes in policy guidance, improved or coordinated technical assistance, coordinated research and evaluation strategies.

While some barriers that were discussed are not the concern of the federal government, we hope that our effort at the federal level will set a precedent for actions at the state and local levels.

We propose the following timeline:

<i>July 14-15</i>	<i>Meeting</i>
<i>Late July</i>	<i>Meeting participants will provide additional policy recommendations and information relevant to key concerns.</i>

- August 24*      *Report will be disseminated to participants and others.*
- Early September*      *Agencies will begin identifying ongoing initiatives and developing plans.*
- September 26*      *The Policy Exchange at the Institute for Educational Leadership will host a seminar discussion that will include Congress.*
- Mid-October*      *Agencies share plans, including proposed changes in regulations, policy guidance, and where appropriate, legislation; and proposed improvements in technical assistance, dissemination, etc....*
- White House and agencies identify priorities and strategies and set timetables for implementing priority proposals.*

Again, our thanks to you for your participation and we look forward to hearing from you soon.

Sincerely,



R. Gaynor McCown  
The Domestic Policy Council  
OEOB, Room 224  
The White House  
Washington, D.C.