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# **Cereal and Cheese in the WIC Food Package**

**June 2006**

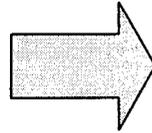
# Background on WIC Cereals

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- **Current RTE & Hot Cereal Requirements vs. Proposed**

## Current Requirements

1. Sugar:  $\leq 6\text{g/oz}$
2. Iron: 45% DV/serving



## Proposed Requirements

(per serving)

1. Sugar:  $\leq 6\text{g/oz}$ ;
2. Iron: 45% DV; plus
3. Moderate Fat Content Whole Grain Content Claim:
  - Whole Grain: At least 51%, using fiber as an indicator
  - Total Fat:  $\leq 6.5\text{g}$
  - Sat Fat:  $\leq 1\text{g}$
  - Trans fat:  $\leq 0.5$
  - Cholesterol:  $\leq 20\text{mg}$



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# Ready-To-Eat Cereal Category

## **Suggested Alternative for WIC RTE Cereals**

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- **Require a minimum whole grain content of 8g per serving**
  - Provides a significant level of whole grain
  - Encourages whole grain consumption
  - Provides lower cost, wider variety and relevant nutrition
- **Maintain current iron and sugar requirements**

# **Key Benefits of Cereals With 8g of Whole Grains/Serving**

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- **Delivers against the USDA recommendation to “make half your grains whole”**
- **Delivers on nutrition while satisfying children and ethnic preferences**
- **Allows for greater variety and choice within WIC’s cost constraints**

# 8g Whole Grains/Serving for Breakfast

## Consistent with USDA Recommendations



- **USDA recommends a minimum of 3oz equivalents (or 48g) of whole grains (WG) per day for women and about 2oz equivalents (or 32g) for children 1-5\***
  - 8g of WG represent 16% of the daily minimum recommendation for young mothers
  - 8g of WG represent 25% of the daily minimum recommendation for children aged 1-5
- **Current WG habits**
  - Average adult consumes 16g of WG/day, while children achieve 13g of WG/day\*\*
  - Recommend children increase the level of WGs in their diets as they grow\*\*\*

### Illustrative Example

Breakfast (1 serving cereal)	Lunch (sandwich w/ 2 slices WG bread)	Dinner (1 cup WG pasta or rice)	Total grams
8g	32g	32g	72g

- **With this example, a cereal serving and two slices of WG bread (40g) can exceed a child's daily recommended minimum for WG and be three times their current average WG intake. With dinner, a child can consume over double their minimum WG requirement.**
- **In this example, a mother can consume 83% of her minimum recommended WG requirement before dinner. With dinner, she can exceed her minimum requirement by an additional 50%.**

\*[http://www.mypyramid.gov/pyramid/grains\\_amount.aspx#](http://www.mypyramid.gov/pyramid/grains_amount.aspx#)

\*\*Continuing Survey of Food Intakes by Individuals, JADA August 2003

\*\*\*Whole Grains Council & USDA Dietary Guidelines 2005, p 25

# Delivering on Nutrition While Satisfying Taste

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- **Research shows that taste is the most important benefit that mothers are looking for in cereal for their children 9 months through 5 years of age. Top three benefits of importance\*:**
  - Great tasting
  - A cereal that my child loves to eat
  - A cereal that the whole box gets eaten
- **Children's influence on cereal choice begins to increase when they are 2-3 years old. It becomes more important that a cereal has the right amount of sweetness, be fun to eat, have an appetizing appearance, and is a brand the child requests.\***

# Delivering on Nutrition While Satisfying Taste

- Offering cereals with greater appeal to children can help ensure whole grain consumption is maintained and increased among children through 5 years of age

**Among children, a greater fair share and percentage of cereal eatings come from cereals with 8gWG/serving**

\*Cheerios, Multi Grain Cheerios, Frosted Mini Wheats, Grape Nuts, Whole Grain TOTAL, Wheaties, Banana Nut Crunch, Grape Nut Flakes, Life, Post Bran Flakes & Wheat Chex

\*\*Honey Bunches of Oats Honey Roasted & Almond, Kix, Corn Chex, Rice Chex & Multi Bran Chex

Source: NET Data 1 Year of Data Ending Feb 2005	Children Aged 1-5		Hispanics	
	Percent of Annual Eatings	Index of Eatings Relative to Other Brands	Percent of Annual Eatings	Index of Eatings Relative to Other Brands
Top 11 Branded Cereals to Remain WIC Eligible*	8%	101	3%	43
Top 5 Branded Cereals to be Delisted from WIC with a Good Source of Whole Grain**	11%	136	4%	58
<i>With Kraft's Recommendation</i>	19%		7%	

# Delivering on Nutrition While Satisfying Taste

Within WIC Households, Year 2004*		
Brand	% of Household (HH) Penetration	Lbs/ Buyer
Cheerios TM	66	6
Honey Bunches of Oats TM	39	5
Kix	39	2
Froot Loops TM	38	2
Frosted Flakes	34	5
Lucky Charms	32	3
Pebbles TM	31	3
Frosted Mini Wheats TM	30	4
Chex TM	28	4
Captain Crunch TM	28	3
Life	26	5
Trix	24	2
Corn Flakes	24	4
Apple Jacks	22	2
Cinnamon Toast Crunch	22	3
Rice Krispies TM	22	2
Honeycomb TM	22	2
Special K TM	21	3
Corn Pops	20	2

**Yellow shaded brands are at risk of becoming ineligible for WIC**  
**Blue shaded brands are currently ineligible for WIC**

- **Consumers seek variety when cereal shopping\*\***
  - Consumers (including WIC households) typically purchase at least 10 different cereal brands annually. HHs with kids average over 16 brands annually.
- **Cereals that are at risk of being eliminated from WIC rank as some of the most popular brands among WIC HHs (as noted in the chart)**
  - These brands offer the variety that consumers seek
- **Cereals with 51% WG tend to have a taste and texture profile that is not as appealing among WIC HHs versus other cereals, especially among children aged 1-5**
  - Eliminating cereals with 8g WG/serving may lead WIC participants to choose WIC approved cereals less often which in turn could lead to less WG consumption overall under the new guidelines.

\*ACNielsen 61K Homescan Panel; CY 2004; HH Panel Survey on WIC Membership O/N 2004

\*\*ACNielsen Homescan, 2004

# Cereals with 8g WG/Serving Sustain

## Variety & Choice within WIC's Cost Constraints

- Under the current proposal, the Federal WIC food card may lose over half of all branded cereal items, including 10 of the top selling 21 branded WIC items, and many cereals that appeal to children\*
  - WIC cereal costs could increase due to:
    - Almost half of all private label items possibly becoming ineligible
    - Three of the five lowest priced branded items may become ineligible
  - Less choice may encourage skipping breakfast or turning to less healthy options

WIC Eligible List	Currently WIC Approved	Approved Under IOM Proposal**	Approved Under Kraft Recommendation**
Branded Cereals	58	26	37
Private Label	20	11	13
Total RTE Cereal	78	37	50

- **Maintaining cereals with 8g WG/serving ensures that:**
  - A sufficient variety (approximately 65% of the current cereal card) of affordable branded and private label items would remain WIC eligible, maintaining current costs
  - More popular cereal choices with expanded grain and texture varieties would remain eligible. These cereals have greater appeal across the diverse WIC population.

\*Top brands noted in Appendix.

\*\*Assessment on whole grain content based on publicly available nutrition information and packaging claims.



# Cereals with 8g WG/Serving Sustain Variety & Choice within WIC's Cost Constraints

- **On average, states are at risk of losing almost 60% of brands on their current WIC cereal card**
  - Over 33% of all WIC participants are found in three states – CA, TX and NY
  - Key factors in obtaining state WIC approval
    - Participant preference
    - Pricing
    - Availability statewide

State	Current WIC Approved Branded RTE Cereals	Approved with 16g WG/Serving	Approved with 8g WG/Serving
California	10	6	9
Texas	15	8	12
New York	16	11	15

- **Six states may lose over 65% of their current WIC cereal card, including Arizona, Arkansas, Delaware, Hawaii, Louisiana, and South Dakota**



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# Hot Cereal Category

**Wheat Farina (Cream of Wheat)**

**Oatmeal**

**Grits**

# Implications of IOM WIC Recommendations for Hot Cereal: Choice, Cost and Preference

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- **51% WG Health Claim requirement would:**
  - Remove 2/3rds of the hot cereal choices for WIC HHs
    - Because they are by definition refined grains, wheat farina and grits will never meet proposed guidelines
  - Remove any hot cereal options from 26 states
    - Instant oatmeal is not widely approved on state WIC food lists
  - Have cost implications
    - The leading instant oatmeal brand is over three times more expensive on a cost/serving basis than the leading wheat farina brand\*
  - Limit hot cereal choices for Hispanic
    - The leading wheat farina brand over-indexes among Hispanic households by 138%\*\*

\*ACNielsen SCANTRACK®, 3 Outlet, 52 w/e 6/25/05

\*\* ACNielsen HOME\*SCAN®, 2/22/04 to 2/19/05



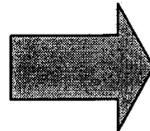
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# Cheese

## • Current WIC Cheese Requirements vs. Proposed

### Current Requirements

1. WIC provides 24-28 quarts of milk per month, which can be exchanged for cheese on the basis of 3 quarts per 1 lb. of cheese
2. WIC participants exchange, on average, 6 quarts of milk for 2 lbs of cheese
3. This amounts to 1 serving of cheese per participant per day



### Proposed Requirements

1. Total milk provision reduced to 16-24 quarts. This amounts to a 33% reduction for non-nursing mothers on WIC
2. WIC will cap maximum allowable cheese substitution at 1 lb of cheese per participant per month (50% reduction)
3. WIC will provide most participants with 1/2 serving of cheese per participant per day

- Proposed requirements would dramatically reduce WIC participants' consumption of dairy and cheese
- IOM recommendations could significantly reduce the amount of calcium, magnesium, and potassium WIC participants consume
- Although IOM recommendations would expand participants' choice by adding yogurt, total dairy package would be reduced by 33% for non-nursing mothers

# Impact of IOM Proposal on WIC Women

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- **2005 IOM WIC study identifies calcium as critically lacking for women<sup>1</sup>**
  - IOM notes that women's calcium intake is "low, far below the Adequate Intake in most cases"
  - According to IOM, non-breastfeeding women consume 668 mg of calcium compared to recommended 1000-1300 mg of calcium
    - There are 600,000 non-breastfeeding mothers on WIC
  - IOM declares calcium to be a "priority nutrient" identified as lacking for women on WIC
- **New IOM recommendations would further reduce WIC mothers' calcium and Vitamin D consumption below USDA and IOM recommendations**
  - IOM recommendations will reduce non-nursing mothers' total dairy consumption by 33% at the same time 2005 USDA Dietary Guidelines recommend increasing dairy consumption to 3 servings per day
  - Recommendations would cut the WIC cheese maximum allowance from 1 serving per participant per day to ½ serving per day, amounting to a 50% reduction
  - IOM recommendations acknowledge net reduction in calcium and Vitamin D intake for pregnant, partially nursing, and non-nursing mothers on WIC
- **IOM report does not recognize that low-income adults are at higher risk for insufficient calcium<sup>3</sup>**
  - IOM WIC study, based on median-income women, does not take into account the unique nutritional needs of low-income WIC mothers.
  - Low-income adolescents and adults have been shown to have lower mean intakes of calcium than those from higher income groups.

1. *WIC Food Packages: Time for a Change*. IOM, 2-4,2-14.

2. *Ibid.* 6-3.

3. CNI, "Nutritional Status of Diverse Groups." March 15, 1996

# Reasons to Maintain WIC Dairy & Cheese Allowance



- **Reducing WIC dairy and cheese allowance increases potential health risks to WIC participants**
  - Women who are calcium insufficient may be at increased risk for osteoporosis, high blood pressure, and hypertension<sup>4</sup>
  - Cuts in dairy will further lower intakes of Vitamin D, contributing to low calcium absorption and possibly increasing risk of prostate, breast, colon, and other cancers<sup>5</sup>
  - Proposed cuts in dairy may exacerbate existing insufficiencies among WIC children for potassium, magnesium
  - Reducing maximum allowance of cheese will limit an excellent source of calcium for lactose intolerant individuals (20-30% of the U.S. population)
- **Reductions in dairy and cheese consumption disproportionately harm particular ethnic groups and low-income families**
  - Cuts in dairy result in reduced consumption of Vitamin D, which disproportionately affects people of color<sup>6</sup>
    - Individuals with darker skin tones have greater Vitamin D deficiencies because they do not produce as much Vitamin D from natural sunlight
  - Because cheese is an excellent source of calcium for lactose intolerant individuals, reducing WIC cheese allowance disproportionately affects ethnic groups who are more likely to be lactose intolerant<sup>7</sup>
    - Hispanic and African-American individuals are more likely to be lactose intolerant than the general U.S. population
  - Reducing calcium in the WIC plan disproportionately affects low-income families at risk for lead poisoning
    - Low-income families are disproportionately affected by lead poisoning
    - Adequate calcium reduces lead absorption and the risk of lead poisoning for both adults and children<sup>8</sup>

4. National Institutes of Health Consensus Conference. *JAMA* 272: 1942, 1994. See also GD Miller, *Handbook of Dairy Foods and Nutrition*. CRC Press, 1999.

5. Harvard School of Public Health "Vitamins: Nutrition Source." 2005. See also M.F. Holick, "Vitamin D: Importance in the Treatment of Cancers, Diabetes, and Heart Disease." *Am J Clin Nutr*, July 2004.

6. Ibid. See also MK Thomas, "Hypovitaminosis D in Medical Inpatients." *N Engl J Med*, 1998, 338.

7. National Institutes of Health, "Osteoporosis and African American Women." Jan. 2003.

8. Environmental Protection Agency, Press Release, October 22, 2002. See also EPA Brochure, "Protecting Your Children Against Lead Poisoning." October 2000.



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# Appendix



# Top Impacted Brands/Ready-To-Eat

**10 of the top 21  
branded RTE cereals  
would not meet  
proposed standards.**  
- Impacts at least 48 states.

Latest IOM Recommendations April 2005				
Manufacturer	Post & Other Top Branded WIC Eligible Cereals	WIC Eligibility under proposed guidelines	Whole Grain at least 51%	Could provide 8g WG per serving
Post	HBO	⊗	34%	☆
	HBO Almond	⊗	33%	☆
	Banana Nut Crunch	Yes	60%	
	Grape Nuts	Yes	52%	
	Grape Nuts Flakes	Yes	86%	
	Bran Flakes	Yes	57%	
General Mills*	Cheerios	Yes	53%	
	Multi Grain Cheerios	Yes	Assume meets	
	Kix	⊗	27%	☆
	Corn Chex	⊗	36%	☆
	Multi Bran Chex	⊗	23%	☆
	Rice Chex	⊗	28%	☆
	Wheat Chex	Yes	100%	
	Wheaties	Yes	53%	
	Whole Grain Total	Yes	53%	
Kellogg's**	Corn Flakes	⊗	0%	
	Crispix	⊗	0%	
	Frosted Mini Wheats	Yes	74%	
	Special K	⊗	0%	
	Product 19	⊗	12.3%	
Quaker	Life**	Yes	55%	

\*Whole grain content assumed after manufacturer reformulation and packaging claims  
\*\*Whole grain content assumed around content and packaging claims

Source: Kraft Nutrition/Kraft R&D



# Impact of IOM Proposal RTE Cereal

- WIC could face higher costs
  - WIC program could no longer rely heavily on private label or lower priced branded cereals.
  - WIC faces losing many popular lower-priced cereals
- Valued popular brands with high distribution may become ineligible
  - Eight branded items found in over 90% of grocery stores may become ineligible.

Top selling branded WIC cereals ranked by non-sale price per lb.				
Latest 52 Weeks Ending 6/25/05	Lbs Sold	Share of Market	No Promo Price/Lb	%ACV (Distribution)
Post Grape Nuts	23,871,677	1.15	\$ 2.33	95
Kelloggs Frosted MW	74,134,503	3.57	\$ 2.93	99
<b>Kelloggs Corn Flakes*</b>	<b>41,641,390</b>	<b>2.00</b>	<b>\$ 3.04</b>	<b>100</b>
Post HBO Almond*	30,489,573	1.47	\$ 3.07	98
Post HBO Honey Roasted*	35,240,366	1.70	\$ 3.25	98
Quaker Life	28,915,395	1.39	\$ 3.25	97
Post Grape Nut Flakes	4,646,106	0.22	\$ 3.38	72
Post Bran Flakes	4,712,335	0.23	\$ 3.47	83
GM Wheaties	16,340,907	0.79	\$ 3.71	95
GM Wheat Chex	9,206,979	0.44	\$ 3.73	89
Post Banana Nut Crunch	7,685,041	0.37	\$ 3.74	92
<b>GM Corn Chex*</b>	<b>9,316,481</b>	<b>0.45</b>	<b>\$ 3.78</b>	<b>91</b>
<b>GM Multi Bran Chex*</b>	<b>3,741,460</b>	<b>0.18</b>	<b>\$ 3.83</b>	<b>62</b>
<b>GM Rice Chex*</b>	<b>11,776,230</b>	<b>0.57</b>	<b>\$ 3.90</b>	<b>95</b>
GM Cheerios	85,668,886	4.12	\$ 4.07	100
GM TOTAL WG	13,393,334	0.64	\$ 4.61	97
Kelloggs Special K*	28,769,658	1.39	\$ 4.66	99
Kelloggs Crispix*	10,519,603	0.51	\$ 4.68	93
GM Kix*	14,711,327	0.71	\$ 4.75	97
GM Multi Grain Cheerios	9,007,791	0.43	\$ 4.81	86
Kelloggs Product 19*	1,756,544	0.08	\$ 5.34	57

\*At risk of being WIC ineligible under proposed guidelines.



## Top Impacted Brands/Hot Cereal

**7 of the 10 branded hot cereals would not meet proposed standards.**

- Impacts at least 47 states.

Manufacturer	Post & Other Top Branded WIC Eligible Cereals	WIC Eligibility under proposed guidelines
Post	Cream of Wheat	⓪
Quaker	Quaker Oats Oatmeal	Yes
	Quaker Oats Grits	⓪
Malt-O-Meal	Malt-O-Meal Hot Wheat Cereal	⓪
Farina Hot Wheat Cereal	Farina Hot Wheat Cereal	⓪
J.M. Smucker Co.	Jim Dandy Quick Grits	⓪
Little Crow	CoCo Wheats	⓪
Ralcorp Holdings, Inc.	Ralston Instant Oatmeal	Yes
Homestat Farm Ltd.	Maltex Hot Wheat Cereal	⓪
	Maypo Oatmeal	Yes

- Private Label oatmeal is WIC eligible under the proposed guidelines. Private Label wheat farina and grits are not.

# Cream of Wheat Health Claims and Nutritional Benefits

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- **Cream of Wheat meets three FDA approved health claims**
  - Folate and Neural Tube Defects
    - Healthful diets with adequate folate may help reduce a woman's risk of having a child with a brain or spinal cord defect.
  - Calcium and Osteoporosis
    - Healthful diets with enough calcium help teens and young adult white and Asian women maintain good bone health and may reduce risk of osteoporosis.
  - Saturated Fat and Heart Disease
    - Diets low in saturated fat, cholesterol, and total fat may reduce the risk of heart disease.
- **Cream of Wheat has a very positive overall nutrition profile**
  - No fat
  - No sugar
  - No cholesterol

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF MAY 29 – JUNE 2, 2006			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/05	SAME PERIOD LAST YEAR	WEEK ENDING 05/26/06	SAME PERIOD LAST YEAR
<u>BUTTER</u>							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<u>CHEESE</u>							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	198,000	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	198,000	-0-	-0-	-0-
<u>NONFAT DRY MILK</u>							
Nonfortified	5,373,435	4,188,204	1,185,231	48,821,629	31,817,269	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	5,373,435	4,188,204	1,185,231	48,821,629	31,817,269	-0-	-0-

U.S. Milk Supply and Use

Commodity			2006 Projected		2007 Projected	
	2004	2005	May	Jun	May	Jun
Billion pounds						
Milk						
Production	170.9	177.0	182.0	181.9	183.1	183.1
Farm use	1.1	1.1	1.1	1.1	1.0	1.0
Fat Basis Supply						
Beg. commercial stocks	8.3	7.2	8.0	8.0	8.2	8.2
Marketings	169.8	175.9	180.9	180.8	182.1	182.1
Imports	5.3	4.6	4.5	4.4	5.1	5.1
Total cml. supply	183.4	187.7	193.4	193.3	195.4	195.4
Fat Basis Use						
Ending commercial stks	7.2	8.0	8.2	8.2	7.9	7.9
CCC net removals 1/	-0.1	-0.0	0.0	0.0	0.0	0.0
Commercial use 2/	176.4	179.7	185.2	185.0	187.5	187.5
Skim-solids Basis Supply						
Beg. commercial stocks	8.5	8.2	9.0	9.0	9.0	9.0
Marketings	169.8	175.9	180.9	180.8	182.1	182.1
Imports	4.8	4.5	4.8	4.7	5.7	5.7
Total cml. supply	183.1	188.6	194.7	194.5	196.8	196.8
Skim-solids Basis Use						
Ending commercial stks	8.2	9.0	9.0	9.0	8.8	8.8
CCC net removals 1/	1.3	-1.0	1.3	1.3	2.3	2.3
Commercial use 2/	173.7	180.7	184.4	184.2	185.7	185.7
Million pounds						
CCC product net removals 1/:						
Butter	-7	0	0	0	0	0
Cheese	6	-2	0	0	0	0
Nonfat dry milk	105	-81	110	110	195	195
Dry whole milk	0	0	0	0	0	0

Note: Totals may not add due to rounding.

1/ Includes products exported under the Dairy Export Incentive Program.

2/ Includes commercial exports.

## **Economic Impact of the IOM Recommendations on the WIC Program on the U.S. Dairy Industry and the Federal Budget**

The recommendations from the IOM on use of dairy products in the WIC program call for a reduction from current levels – which provide 24-28 quarts of milk per month for women and children, which can be exchanged for cheese on the basis of 3 quarts per 1 pound of cheese up to 4 pounds per month – to 16-24 quarts of milk per month for women and children, which can be exchanged for cheese on the same basis but only up to 1 pound per month. The current additional allocation of 1 pound of cheese per month for breastfeeding women would not change.

Using data from USDA for fiscal year 2003, it is estimated that WIC program milk allowances totaled 424 million gallons for all program participants, of which the equivalent of 388 million gallons, or 91.4% of the maximum possible, was actually utilized, in the form of 304 million gallons of milk and 116 million pounds of cheese.

Under the IOM recommendations, the total amount of milk permitted under the program would have been 298 million gallons, using the same fiscal year 2003 data, which is considerably below the estimated FY 2003 usage of 388 million pounds of milk. Under the best case assumption that 100% of the reduced quantities would actually be utilized, it is estimated that purchases would total 247 million gallons of milk and 73 million pounds of cheese. Under a more pessimistic assumption that purchases would reflect the same 91.4% actual use rate estimate for FY 2003, it is estimated that purchases would total 226 million gallons of milk and 67 million pounds of cheese.

Under these two assumptions, which cover the range of likely purchasing responses by WIC participants to implementation of the IOM recommendations, purchases of fluid milk would decline by 57 to 78 million gallons per year, and purchase of cheese would decline by 43 to 49 million pounds per year. These reductions are equivalent to losses of 0.9% to 1.3% of annual fluid milk sales and 1.1% to 1.3% of annual sales of American-type cheese.

The processing sector of the U.S. dairy industry would experience sales losses of between \$321 and \$402 million per year, while the producer sector would experience income losses of between \$1.05 and \$1.3 billion over four years from the combined effect of reduced commercial sales of milk and resulting lower prices over that period.

Federal budgetary expenditures would also increase, by between \$63 and \$80 million per year due to increased purchases by the Commodity Credit Corporation (CCC) under the dairy price support program. The program removes quantities of surplus dairy products from the commercial market, and is currently purchasing significant quantities of nonfat dry milk. The dairy industry currently processes additional quantities of milk not needed in the commercial market into nonfat dry milk and butter. The additional volumes of nonfat dry milk displaced to the CCC as a result of implementing the IOM recommendations are estimated at between 78 and 100 million pounds per year.

**WIC Analysis**

Estimated Impact of IOM Recommendations	Maximum Allowances				Actual Purchases			Milk
	Milk Equivalent		Milk	Cheese	Milk	Cheese	Equivalent	
	FY 2003	FY 2003	FY 2003	FY 2003	FY 2003	FY 2003	FY 2003	
	Qts./Month Per person	Mil. Gal./ Year Total	Mil. \$/ Year Total	Mil. \$/ Year Total	Mil. Gal./ Year Total	Mil. Lbs./ Year Total	Mil. Gal./ Year Total	
<b>Participants:</b>								
1,945,907	25.5%	Infants						
3,823,135	50.1%	Children	24	275	n/a	n/a	n/a	
		<u>Women:</u>						
839,411	11.0%	Pregnant	28	71	n/a	n/a	n/a	
564,695	7.4%	Postpartum	24	41	n/a	n/a	n/a	
450,229	5.9%	Breastfeeding	28	38	n/a	n/a	4.9	
7,631,008	100.0%	Total		424	\$825.0	\$449.5	304	
					@ \$2.71/gal.	@ \$3.88/lb.	116	
							388	
							91.4% of permitted	

	Maximum Allowances		Estimated Purchases High Usage Estimate			Estimated Purchases Low Usage Estimate		
	Milk Equivalent		Milk	Milk	Cheese	Milk	Milk	Cheese
	IOM Proposal	IOM Proposal	IOM Proposal	IOM Proposal	IOM Proposal	IOM Proposal	IOM Proposal	IOM Proposal
	Qts./Month Per person	Mil. Gal./ Year Total	Mil. Gal./ Year Total	Mil. Gal./ Year Total	Mil. Lbs./ Year Total	Mil. Lbs./ Year Total	Mil. Gal./ Year Total	Mil. Lbs./ Year Total
Children	16	184	n/a	n/a	n/a	n/a	n/a	n/a
<u>Women:</u>								
Pregnant	22	55	n/a	n/a	n/a	n/a	n/a	n/a
Postpartum	16	27	n/a	n/a	n/a	n/a	n/a	n/a
Breastfeeding	24	32	n/a	n/a	4.9	n/a	n/a	4.9
		298	298	247	73	273	226	67
			100.0%	of permitted		91.4%	of permitted	
Reduction from Current (FY 2003) Volumes			89	57	43	115	78	49
% of annual sales				0.9%	1.1%		1.3%	1.2%
			<b>Total</b>	<b>Milk</b>	<b>Cheese</b>	<b>Total</b>	<b>Milk</b>	<b>Cheese</b>
Mil. \$/year			\$321	\$155	\$166	\$402	\$212	\$190
Loss of U.S. Dairy Farm Income (mil. \$ over 4 yrs.)			\$1,050			\$1,300		
NDM Equivalent Mil. Lbs.			78	45	34	100	61	39
Additional CCC NDM Purchases Mil. \$/year			\$63			\$80		



September 16, 2005

Honorable Eric M. Bost  
Under Secretary for Food, Nutrition and Consumer Services  
U.S. Department of Agriculture  
240-E Whitten Building  
12<sup>th</sup> & Jefferson Drive, S.W.  
Washington, D.C. 20250

Dear Mr. Secretary:

We are writing on behalf of the nation's dairy producers and processors. The National Milk Producers Federation (NMPF) and the International Dairy Foods Association (IDFA) are the leading advocacy organizations for America's dairy industry, which supplies critical nutrients to all age groups through milk, cheese, yogurt and other fine products.

Our organizations have long supported the Special Supplemental Program for Women, Infants, and Children (WIC program). WIC's unique combination of food assistance and nutrition education has made a difference in the lives of millions of Americans. We are proud that dairy products are a major component of the WIC food package.

We are concerned that WIC recipients may be denied many of the nutritional benefits of dairy products under changes to the WIC package recommended by the Institute of Medicine (IOM). These changes, described in the report *WIC Food Packages: Time for a Change* (2005), would materially reduce the consumption of milk and cheese in the WIC program. We appreciated the opportunity to convey our concerns to Deputy Undersecretary Katherine Coler and Deputy Administrator Steve Christensen last summer, but we now wanted to directly apprise you of the situation.

We urge you to consider the potential harm to WIC recipients from dietary changes that would be likely as a result of these recommendations before issuing a proposed rule making changes in the food package. To consciously cut back dairy consumption in the WIC program, immediately after the 2005 Dietary Guidelines for Americans listed dairy among the "foods to encourage" and noted the deficiency of most citizens in nutrients supplied by dairy products, would be a mistake.

We are fully aware that one major reason for reducing the role of dairy products – as well as certain other foods in the WIC package – was the IOM committee's desire to make budget-neutral proposals to the Department of Agriculture. However, we think the committee's recommendations should have been nutritionally-based, recommending the optimal quantities of all foods. While we share the goal of increasing fruit and vegetable consumption among WIC participants, we believe that the correct way to accomplish this is to encourage Congress to expand the WIC budget in order to add fruits and vegetables, without cutting other nutritious foods such as dairy.

However, if new funds are not available, budget neutrality only increases the importance of utilizing the most cost-efficient products to deliver the necessary nutritional attributes to WIC recipients. Dollar for dollar, no other product delivers the same broad spectrum of critical nutrients at consistent levels than dairy.

We would like to make the following observations about the IOM recommendations.

1. **We question the dramatic reduction in the number of dairy servings embodied in the recommendations.** According to published data on WIC program participants from USDA and IOM reports --
  - a. For children 1-4 years, calcium intake is adequate but the intake of **potassium** – of which dairy is an important source – was consistently below the Adequate Intake level. That was also true for all groups of women in the WIC program.
  - b. For eligible women, **calcium** intake is significantly inadequate, across age groups and among both pregnant and lactating women.
  - c. Deficiencies of **magnesium** – yet another nutrient supplied by dairy – are almost universal among 14-18-year-olds, with 96.7% having intakes less than the Estimated Average Requirement. The same is true of 57.4% of pregnant and lactating women.
  - d. There is no evidence that WIC recipients are over-consuming dairy products, with fewer than 1% of infants, children and women having intakes above the **Upper Limit for calcium**.
  - e. **Mean servings of dairy consumed by WIC recipients are below two per day** for all groups, in sharp contrast to the three servings per day recommended for most Americans by the 2005 Dietary Guidelines for Americans. Among women 20-39, only 14% consume adequate dairy, even under the pre-2005 recommendations.
  - f. The IOM identified potassium as a priority nutrient for children, and cited vegetables as a source. However, **dairy provides most of the potassium in the American diet**, and three servings of milk provide 33% of the daily potassium requirement.
2. By reducing dairy in the WIC package, USDA would not only **reduce choices available to women who already have inadequate intakes** of calcium and potassium, but also will **reduce the dairy intake of other WIC household members**, like children over the age of 5, who frequently consume part of the WIC package.
3. Under the IOM recommendations, it appears **there would be a substantial decline in dairy consumption in the WIC program**, even after adjusting for the fact that present food prescriptions are frequently below the maximum allowable quantities of dairy. The economic impact on the U.S. dairy industry could be more than **\$300 million per year**.

For these reasons, we believe USDA should make major changes in the IOM recommendations, and should not merely issue them automatically as a proposed rule. The presumption of agency support created by incorporation in a proposed rule would be unfortunate, and would be inadvisable in the face of the compelling need to encourage adequate dairy consumption among WIC recipients. **Thus, our chief recommendation is not to reduce the number of dairy servings in the WIC food package.**

We also have several other recommendations on the WIC food packages, which are relevant whether or not USDA accepts our primary request not to reduce dairy servings:

- **Postpartum, non-breastfeeding women should receive at least 3 cups of milk per day instead of 2.** If the 2005 Dietary Guidelines are to be the standard for the number of daily servings provided, USDA should not knowingly short-change any program recipients. We understand the

desire to provide incentives for breastfeeding, but these should be positive rather than punitive – e.g., an additional serving for breastfeeding women, rather than a cutback for those who do not breastfeed.

- **Cheese substitutability should not be cut back.** The flexibility in the current system provides important options and choices to WIC clients. Cheese is a good means of providing dairy's unique nutrient package to people who may not consume fluid milk for cultural or dietary reasons. At minimum, substitutability should be enough to accommodate current consumption patterns with a safety factor, i.e., at least 2 or 3 pounds rather than only 1.
- **Soy beverages should not be substitutable for milk.** The calcium in these beverages is less bioavailable and they are two to three times as expensive as milk. Ingredients – including calcium – tend to settle out in the bottom of the container, which means that people may consume even less calcium. Because there is no standard of identity for soy beverages, we cannot know whether WIC clients will receive appropriate amounts of magnesium, potassium and other nutrients. And many Vitamin D fortified soy beverages are fortified with Vitamin D2 instead of D3, which is less than one-third as potent as Vitamin D2.
- **Yogurt should be fully substitutable for milk.** Yogurt represents an important way to increase calcium and potassium consumption among people who may not readily consume fluid milk. Yogurt is better accepted in some cultures than fluid milk and is often more easily tolerated by persons with lactose maldigestion.

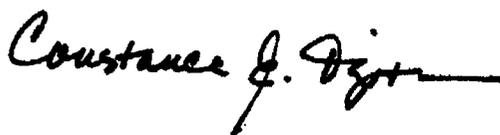
In addition, the significant changes in the IOM report require robust pilot testing to ensure that in the real world, the new mix of products actually delivers the required nutrient package to WIC recipients. Yet, as you are well aware, there has been no pilot testing. How can the Department risk the nutritional efficacy of the WIC program by moving away from a proven performer like dairy, without pilot testing the new food packages?

NMPF and IDFA appreciate the opportunity to share these concerns and ideas. We repeat that our industry has found the IOM recommendations deeply troubling, and ask you to exercise your leadership to ensure that USDA's proposed rule provides a more balanced food package that does not reduce the critical role of dairy products.

Sincerely,



Jerry Kozak  
President & CEO  
National Milk Producers Federation



Constance E. Tipton  
President & CEO  
International Dairy Foods Association