



FOOD ASSISTANCE

Potential to Serve More WIC Infants by Reducing Formula Cost

Highlights of [GAO-03-331](#), a report to the House and Senate Committees on Appropriations, Subcommittees on Agriculture

Why GAO Did This Study

The Department of Agriculture's Food and Nutrition Service (FNS) provided about \$3 billion to state agencies in fiscal year 2001 for food assistance, including infant formula, through its Special Supplemental Nutrition Program for Women, Infants and Children (WIC). Most infants receiving formula are given a milk- or soy-based standard formula. To stretch program dollars, each state WIC agency contracts with a single company for purchases of that company's standard formula for which they receive rebates. These rebates totaled \$1.4 billion in fiscal year 2001. Rebates do not apply to other companies' brands of standard formula (noncontract standard formula) or to nonstandard formulas designed to meet special medical or dietary conditions. GAO was directed to examine the extent that WIC agencies have restricted the use of noncontract standard formula to lower cost of the WIC program.

What GAO Recommends

GAO recommends several actions that FNS take to assist some WIC agencies to reduce their use of noncontract brands of standard formula and nonstandard formulas. In comments on a draft of GAO's report, FNS agreed with the recommendations and stated that it had recently started collecting data that will facilitate the implementation of the recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-03-331.

To view the full report, including the scope and methodology, click on the link above. For more information, contact Marnie Shaul at (202) 512-7215 or shaulm@gao.gov.

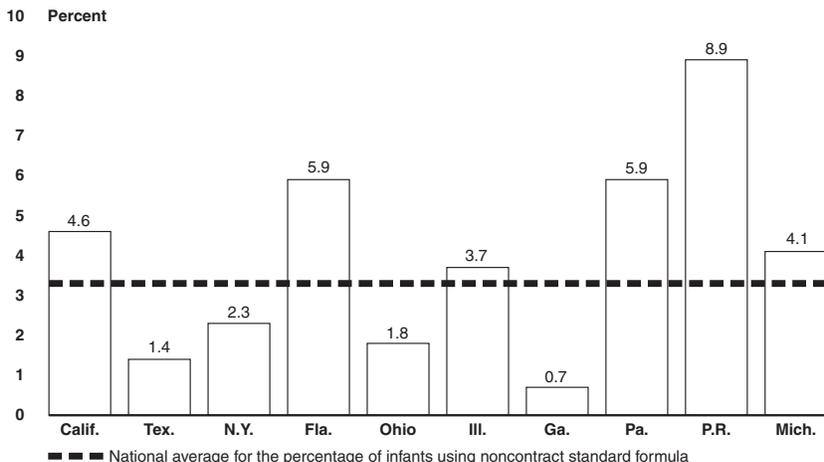
What GAO Found

As of February 2002, all 51 of the state WIC agencies included in our survey had policies to restrict the use of noncontract standard formula. Three of the 51 agencies prohibited the use of this formula entirely. The other 48 agencies restricted its use to specific situations, such as if medically prescribed or if needed for religious reasons. Seven of these 48 agencies also set percentage limits, such as 4 percent of all standard formula issued, on the use of noncontract standard formula.

In fiscal year 2002, 3.3 percent of the infants using formula in the WIC program received a noncontract standard formula, while 90.3 percent received the contract brand. The remaining 6.4 percent received a medically prescribed nonstandard formula for special medical or dietary needs. There were wide variations between WIC agencies in the percentage of infants who received noncontract standard formula, ranging from a low of zero, for the 3 agencies that prohibited its use, to 10.5 percent. Likewise, the percentage of infants receiving medically prescribed nonstandard formula ranged from 0.2 percent to 27.7 percent. FNS has not routinely collected from WIC agencies the data that would allow it to monitor the effectiveness of these agencies in restricting the use of either noncontract standard or nonstandard infant formula.

Buying noncontract standard formula brands cost the WIC program an estimated \$50.9 million in foregone rebates in fiscal year 2002. Although it may be neither feasible nor desirable to prohibit all purchases of noncontract standard formula, rebates would have increased by \$13.8 million if every state had a noncontract standard formula usage rate no higher than the average of 3.3 percent reported across all agencies.

Ten State-Level WIC Agencies, Including Puerto Rico, with the Largest Numbers of Infants Receiving Formula and the Percentage of Infants Provided Noncontract Standard Formula, February 2002



Source: GAO WIC agency survey data for February 2002.