Chapter 1

Overview of the WIC Program

WIC is a large and complex program that supplies a package of benefits to a highly targeted group of participants who must meet a number of eligibility requirements. Administratively, WIC operates at three levels—Federal, State, and local. WIC is not an entitlement program and the number of people served by the program may be limited by funding levels established by Congress. Cost-containment practices play a major role in increasing the number of participants the WIC program can serve.

Participant Eligibility

To qualify for WIC, applicants must meet categorical, residential, income, and nutrition risk eligibility requirements.

(1) ***Categorical eligibility***. To participate in the WIC program, a person must be:

- A pregnant woman (includes women up to 6 weeks postpartum),
- A nonbreastfeeding woman up to 6 months postpartum,
- A breastfeeding woman up to 1 year postpartum,
- An infant under 1 year of age, or
- A child up to his/her fifth birthday.

(2) ***Residential eligibility***. WIC applicants must reside within the State where they establish eligibility and receive benefits.

(3) ***Income eligibility***. The family income of WIC applicants must meet specified guidelines.[1] All WIC State agencies currently set the income cutoff at the maximum 185 percent of the Poverty Income Guidelines ($32,653 for a family of four in July 2001). Applicants who participate or who have certain family members who participate in the Food Stamp, Medicaid, or Temporary Assistance for Needy Families (TANF) programs, are adjunctively income eligible, that is, they are deemed to meet the income eligible criteria automatically.[2] (TANF in 1997 replaced the Aid to Families with Dependent Children program (AFDC).) In addition, State agencies have the option to deem individuals automatically income eligible if they participate in other State-administered programs that use income guidelines at or below 185 percent of the Poverty Income Guidelines and routinely require income documentation.

(4) ***Nutrition risk***. Applicants must be at nutrition risk, as determined by a health professional such as a physician, nutritionist, or nurse. Federal regulations recognize five major types of nutrition risk for WIC eligibility: (1) detrimental or abnormal nutritional conditions detectable by biochemical or anthropometric measurements (such as anemia, low maternal weight gain, or inadequate growth in children); (2) other documented nutritionally related medical conditions (such as nutrient deficiency diseases, some specific obstetrical risks, or gestational diabetes); (3) dietary deficiencies that impair or endanger health (such as highly restrictive diets, inadequate diet, or inappropriate infant feeding); (4) conditions that directly affect the nutritional health of a person, including alcoholism or drug abuse; and (5) conditions that predispose persons to inadequate nutritional patterns or nutritionally related medical conditions, including but not limited to, homelessness and migrancy (7 CFR 246.2).

[1]WIC regulations state that the maximum allowable family gross income (i.e., before taxes are withheld) must not exceed the guidelines for reduced-price school meals—185 percent of the U.S. Poverty Income Guidelines (7 CFR 246.7). State agencies may set the income guidelines equal to State or local guidelines for free or reduced-price health care as long as they are equal to or less than 185 percent of the poverty guidelines and not less than 100 percent of the poverty guidelines.

[2]In April 1998, over half of all WIC participants also participated in at least one of these three programs (Bartlett et al., 2000).

WIC participants are typically eligible to receive benefits for 6-month periods; they then must be recertified in order to continue to receive benefits. However, pregnant women are certified for the duration of their pregnancy and up to 6 weeks postpartum, and most infants are certified up to their first birthday.

Participant Benefits

The WIC program offers three types of benefits to all participants free of charge: a supplemental food package, nutrition education, and referrals to health care and social services.

Supplemental food package. WIC provides participants with supplemental foods that are high in nutrients frequently lacking in their diets. Such a lack may result in adverse health consequences. The types of foods included in the WIC food package are chosen for their broad cultural and ethnic appeal, commercial availability, versatility in preparation and use, and administrative feasibility (USDA, 1997). The food package is supplemental; it is not intended to meet the total nutritional needs of the participants. There are seven different food packages depending on the category of the recipient: (1) infants through 3 months, (2) infants 4 through 12 months, (3) children or women with special dietary needs, (4) children 1 to 5 years old, (5) pregnant and breastfeeding women (basic), (6) nonbreastfeeding postpartum women, and (7) breastfeeding women (enhanced). WIC food packages include combinations of the following foods: iron-fortified infant formula; iron-fortified infant and adult cereal; vitamin C-rich fruit and/or vegetable juice; eggs; milk; cheese; and peanut butter and/or dried beans or peas, as shown in table 1. Special infant formulas and certain medical foods may also be provided by the WIC food package when prescribed by a physician or health professional for a specific medical con-

Table 1—WIC food packages' maximum monthly allowances

	WIC food packages						
Food	I Infants 0-3 months	II Infants 4-12 months	III Children/ women with special dietary needs	IV Children 1-5 years	V Pregnant & breastfeeding women	VI Nonbreastfeeding postpartum women	VII Breastfeeding women enhanced package[1]
Infant formula (concentrated liquid)[2]	403 fl oz	403 fl oz	403 fl oz[3]				
Juice (reconstituted frozen)[4]		96 fl oz[5]	144 fl oz	288 fl oz	288 fl oz	192 fl oz	336 fl oz
Infant cereal	24 oz						
Cereal (hot or cold)			36 oz	36 oz	36 oz	36 oz	36 oz
Milk				24 qt	28 qt	24 qt	28 qt
Cheese[6]							1 lb
Eggs[7]				2-2½ dozen	2-2½ dozen	2-2½ dozen	2-2½ dozen
Dried beans/peas and/or peanut butter[8]				1 lb or 18 oz	1 lb or 18 oz		1 lb and 18 oz
Tuna (canned)							26 oz
Carrots (fresh)[9]							2 lb

[1]Available to breastfeeding women whose infants do not receive formula from the WIC program.
[2]Powdered or ready-to-feed formula may be substituted at the following rates: 8 lb powdered per 403 fl oz concentrated liquid; and 26 fl oz ready-to-feed per 13 fl oz concentrated liquid.
[3]Additional formula may be available up to 52 fl oz concentrated liquid or 1 lb powered or 104 fl oz ready-to-feed.
[4]Single strength juice may be substituted at a rate of 92 fl oz per 96 fl oz reconstituted frozen.
[5]Infant juice may be substituted for adult juice at the rate of 63 fl oz per 92 fl oz single strength adult juice.
[6]A choice of various forms of milks and cheeses may be available. Cheese may be substituted for fluid whole milk at the rate of 1 lb per 3 qt, with a 4-lb maximum. Additional cheese may be issued in cases of lactose intolerance.
[7]Dried egg mix may be substituted at the rate of 1.5 lb per 2 dozen fresh eggs; or 2 lb per 2½ dozen fresh eggs.
[8]1 lb of dry beans/peas or 18 oz of peanut butter.
[9]Frozen carrots may be substituted at the rate of 1 lb per 1 lb fresh; or canned carrots at the rate of 16-20 oz canned per 1 lb fresh.

Source: USDA, 1997.

dition. Packages are tailored to the specific needs of each participant category. For example, breastfeeding women whose infants do not receive infant formula from WIC can receive an enhanced food package that includes canned tuna and carrots in addition to other WIC foods.

WIC regulations specify the maximum quantities of supplemental foods that may be prescribed to WIC participants (7 CFR 246.10). The authorized maximum monthly allowances of all WIC foods must be made available to participants if medically and nutritionally warranted. Local WIC agencies may tailor an individual's food package based upon a participant's nutritional or health status, their nutrition risk factors, and food restrictions, intolerances, and preferences.[3]

Nutrition education. WIC makes nutrition education available to all participants (or to the parents or caretakers of infant or child participants). WIC regulations state that nutrition education should be designed to achieve two broad goals: (1) stress the relationship between proper nutrition and good health, and raise awareness about the dangers of using drugs and other harmful substances, and (2) assist the nutritionally at-risk individual in achieving a positive change in food habits, resulting in improved nutritional status and in the prevention of nutrition-related problems through the optimal use of the supplemental foods and other nutritious foods (7 CFR 246.11). Local WIC agencies are required to offer participants at least two nutrition education sessions during each 6-month period in either an individual or group setting. Individuals who do not attend the nutrition education activities are not denied the WIC food package.

Referrals to health care and social services. WIC was designed to serve as an adjunct to good health care during critical times of growth and development. Local WIC agencies assist WIC participants in obtaining health care and social services (such as the Food Stamp Program, Medicaid, immunization programs, etc.) either through onsite health services or referrals to other agencies.

Food Delivery Systems

To provide program participants with supplemental food packages, the State agencies may use three types of food delivery systems (or any combination of the three):

(1) Retail—Participants obtain supplemental food by exchanging a food instrument at authorized retail outlets.

(2) Home delivery—Supplemental food is delivered to the participant's home.

(3) Direct distribution—Participants pick up supplemental food from storage facilities operated by the State or local agency.

In both home-delivery and direct-distribution food delivery systems, WIC State agencies may purchase the supplemental food in bulk lots and take advantage of discounts available to them. However, most State agencies have found these systems to be infeasible due to the costs associated with administering the program or because of its impact on participants (USDA, 1991). As a result, most participants receive their supplemental foods via retail food delivery systems.[4]

WIC State agencies provide food instruments (e.g., checks or vouchers) to participants who exchange them for supplemental foods at authorized retail outlets. The food instrument specifies the type and quantity of supplemental foods that can be purchased. Most participants periodically pick up their food instruments in person at the local agency or clinic every 1, 2, or 3 months.[5] However, State agencies may issue the food instrument through alternative means, such as mailing or electronic benefit transfer (EBT).[6]

Only vendors authorized by the State agency may accept food instruments. Currently, approximately 48,000 vendors are authorized by the WIC program nationwide. Vendors must charge competitive prices for supplemental foods and cannot collect sales tax on WIC food purchases.

[3]With the approval of the Department, State agencies may substitute different foods providing the nutritional equivalent of foods prescribed by the Secretary, to allow for different cultural eating patterns (7 CFR 246.10).

[4]Vermont uses a home delivery system while Mississippi and parts of Chicago, IL, use direct distribution. All other States currently use a retail food delivery system.

[5]WIC regulations state that no more than a 3-month supply of food instruments may be issued to any participant at one time (7 CFR 246.12).

[6]EBT is an electronic process that replaces the paper WIC food instrument. It allows WIC food prescriptions to be authorized to a participant account, which is accessed electronically during the checkout process at an authorized retailer point of sale, where redeemed WIC food benefits are electronically reconciled against the available food balance.

Administration of WIC

WIC operates through a Federal/State/local partnership. FNS provides cash grants for program nutrition services and administration and for food benefits to 88 WIC State agencies, including Washington DC, U.S. territories, and Indian Tribal Organizations.[7]

State agencies are responsible for program operations within their jurisdictions. They contract with about 2,000 local WIC sponsoring agencies, mostly State and county health departments, but also some public and private nonprofit health or human service agencies. The WIC State agencies allocate funds to them, negotiate rebate contracts with manufacturers of infant formula, and provide assistance to local agencies with respect to program operations.[8]

The local WIC sponsoring agencies provide services to WIC participants either directly, or through almost 10,000 local service sites or clinics, including county health departments, hospitals, mobile vans, community centers, and schools. Local WIC clinics certify applicants, provide nutrition education, make referrals to health care and other social services, and distribute food vouchers to be used at participating retail stores.

WIC is funded primarily by Federal appropriations with no requirement for State matching funds, although some States use their own funds to supplement the Federal grant.[9]

[7]In addition, FNS issues regulations, monitors compliance with these regulations, provides technical assistance to the State agencies, and conducts studies of program operation and compliance.

[8]Most of the WIC State-level agencies retain a portion of the funds they receive from USDA for costs incurred for State-level program operations. However, some State agencies, including most of the Indian Tribal Organizations, operate WIC without delegating authority to local agencies (U.S. General Accounting Office, 2000).

[9]According to the U.S. General Accounting Office (2000), 11 of the 55 State-level WIC agencies (including the 50 States, the District of Columbia, American Samoa, the Commonwealth of Puerto Rico, Guam, and the U.S. Virgin Islands, but excluding Indian Tribal Organizations) reported that their State government contributed funds (totaling $38 million) for nutrition services and administration in fiscal year 1998 (States may also provide funds for food). In addition, some local agencies and Indian Tribal Organizations received non-Federal funds for nutrition services and administration. Some State-level WIC agencies, Indian tribal organizations, and local WIC agencies also received in-kind contributions from non-Federal sources.

The Federal grants to the WIC State agencies are divided into food grants and nutrition services and administration (NSA) grants.[10] Food grants cover the cost of the supplemental food while NSA grants cover the cost of certifying participants, determining nutrition risks, providing outreach and nutrition education services, breastfeeding promotion, printing food instruments, and administering the food delivery system (U.S. General Accounting Office, 1999).[11] At least one-sixth of a State's NSA expenditures must be used for nutrition education, and an additional portion of NSA funds must be used for breastfeeding promotion and support.

Priority System

WIC is a discretionary grant program funded by appropriations law on an annual basis; therefore, the number of participants that can be served each year depends upon the annual appropriation and the cost of operating the program.[12] The program provides services to as many eligible people as funding allows. Because WIC may not be able to serve all eligible persons, WIC uses a seven-point priority system in order to ensure that those persons at the greatest nutrition risk receive program benefits (table 2). In general, priority is given to persons demonstrating medically based nutrition risks over dietary-based nutrition risks, to pregnant and breastfeeding women and all infants over children, and to children over postpartum women. Expansion of the WIC program during the 1990s allowed a greater number of lower priority applicants to participate and the role of the seven-point priority system in allocating available program slots among applicants decreased in importance relative to previous years when program funds were more limited. Anecdotal evidence suggests that in recent years nearly everyone who was eligible and who applied for the program has been able to participate.

[10]Costs to the Federal Government for WIC totaled $3.9 billion in fiscal 1999, of which about 73 percent was for food and 27 percent was for nutrition services and administration (USDA, 1999d).

[11]The major expense covered by NSA grants is staff salary.

[12]In contrast, USDA's Food Stamp Program is an entitlement program whereby everyone who meets the eligibility criteria may receive benefits if they so choose.

Table 2—WIC nutritional risk criteria system

Priority	Description
I	Pregnant women, breastfeeding women, and infants at nutritional risk as demonstrated by hematological or anthropometric measurements, or other documented nutritionally related medical conditions which demonstrate the need for supplemental foods.
II	Except those infants who qualify for Priority I, infants up to 6 months of age of program participants who participated during pregnancy, and infants up to 6 months of age born of women who were not program participants during pregnancy but whose medical records document that they were at nutritional risk during pregnancy due to nutritional conditions detectable by biochemical or anthropometric measurements or other documented nutritionally related medical conditions which demonstrated the person's need for supplemental foods.
III	Children at nutritional risk as demonstrated by hematological or anthropometric measurements or other documented medical conditions which demonstrate the child's need for supplemental foods.
IV	Pregnant women, breastfeeding women, and infants at nutritional risk because of an inadequate dietary pattern.
V	Children at nutritional risk because of an inadequate dietary pattern.
VI	Postpartum women at nutritional risk.
VII	Individuals certified for WIC solely due to homelessness or migrancy and, at State agency option, previously certified participants who might regress in nutritional status without continued provision of supplemental foods.

Source: 7 CFR Subpart C, Section 246.7.

Cost-Containment Measures

Since 1989, Federal law has required that WIC State agencies enter into cost-containment contracts for the purchase of infant formula used in WIC.[13] Generally, a State agency awards a contract to a manufacturer of infant formula for the exclusive right to sell its product to WIC participants. These sole-source contracts are awarded on the basis of competitive bids: the firm offering the lowest net wholesale cost wins the WIC contract.[14] The contract-winning manufacturer is then billed by the WIC State agencies for rebates on all infant formula purchased by WIC participants with vouchers at authorized retail outlets. Any savings from cost containment accrue to the food portion of the WIC grant, thereby enabling more persons to be served. In fiscal year 2001, WIC is projected to receive almost $1.5 billion from infant formula rebates, an amount that supports 28 percent of all WIC participants (USDA, 2000b).

The WIC State agencies use a variety of cost-containment practices in addition to infant formula rebates. Some State agencies have instituted rebate systems for other foods, such as infant cereal and infant fruit juice, but their savings are much smaller than for infant formula.[15] Other cost-containment practices used by some WIC State agencies include limiting WIC food selections to the lowest cost brand, limiting the types and package sizes of WIC foods, restricting the number of vendors, and ensuring that the prices vendors charge for WIC foods are competitive (U.S. General Accounting Office, 1997a). The average cost of the monthly WIC food package in 1998 was $47.03 before rebates and $31.76 after all rebates (Bartlett et al., 2000).

[13]WIC accounts for over half of all infant formula sales in the United States (U.S. General Accounting Office, 1998b).

[14]After rebates, WIC agencies paid, on average, 85 percent less than the wholesale price for infant formula in 1996 (U.S. General Accounting Office, 1998b).

[15]Savings from rebates for other food products are lower than for infant formula in part because no other single product accounts for as large a portion of WIC costs as infant formula and because the market characteristics of other products make it unlikely that manufacturers would offer large rebates per item (U.S. General Accounting Office, 1998b).