

Module 1: WIC Federal Funding Basics

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Introduction

Welcome to Module 1, WIC Federal Funding Basics. In this module, we will provide an overview of WIC federal funding.

WIC Funding

WIC is funded by the United States Department of Agriculture (USDA). It is a discretionary program subject to annual congressional appropriation. Once the appropriation passes Congress and is signed into law, grants are provided to each state.

In Minnesota, the Minnesota Department of Health (MDH) administers the WIC and Peer Breastfeeding grants. Counties, cities, tribes, and private nonprofits can apply for WIC and Peer Breastfeeding grants every five years to offer these programs in their community.

WIC Participation

WIC is not an entitlement program. An “entitlement” program is a government program in which recipients automatically receive benefits that they’re eligible for based on the applicable legislation whereby an individual has the right to receive a value or benefit provided by law (i.e., Medicaid, Social Security, Medicare).

WIC participants must be certified and qualify for WIC based on income, Minnesota residency, nutrition need, and categorical eligibility (women who are pregnant, recently had a baby, or are breastfeeding, and children under 5 years old).

Reimbursement Grant

WIC is a **reimbursement grant** based upon actual costs claimed. Costs charged to the WIC Program must be supported by documentation showing that they are:

- Necessary
- Allocable
- Reasonable
- Proper for the administration of the WIC Program

Federal Fiscal Year and Funding Components

WIC operates on the Federal Fiscal year calendar, October 1 through September 30.

The WIC Grant has two federal funding components:

- Food
- Nutrition Services and Administration (NSA)

Federal Funding Components

Food funds can only be used to pay for food, including food benefits and infant formula. **NSA funds** can be used for both food and administrative purposes. **Local Agencies only receive NSA funds**; they do not receive food funds.

Local Agency Costs

Federal WIC funding may not cover all costs incurred by a Local Agency to administer or operate the WIC Program.

Communities benefit in various ways from the program by **improved health and well-being, supplemental food purchases to local retailers, referrals for families into other public health services and programs, etc.**

Local Agencies are responsible for funding any unreimbursed expenses needed to meet program requirements and provide quality services. Grantee operational decisions about staffing and program administration affect overall costs.

Caseload and Funding

Caseload and funding are calculated annually by MDH using the previously closed 12 months of July through June participant count. See the WIC website for the spreadsheet [Minnesota WIC Program Year to Date Caseload and Funding Allocations](#). The spreadsheet includes:

- Annual Funding
- Current participant rate
- Supplemental Funding
- Federal Award Identification Number (FAIN)
- CFDA Number 10.557

Other Funding

Other funding sources may be used to supplement WIC, such as:

- TANF
- Child and Teen Checkup
- State Local Public Health grant (CHBs)

Check with each program for specific program requirements.

Regulations for Spending WIC funds

The spending of WIC funds must comply with:

- WIC Grant Agreement with MDH. Check with your administrator or WIC coordinator to review a copy.
- Master Contract Agreement with MDH. Check with your administrator for this.
- [7 CFR Part 246 – USDA Federal Regulations](#)
- [2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.](#)
- [2 CFR 400 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)

Recordkeeping

To meet federal WIC program requirements, maintain accurate, current, and adequate records, which summarize and report the agency's financial status. Records that verify all expenses, whether categorized as direct or indirect, and including time reporting, payroll, and purchase records, must be maintained for six years from the end of the grant agreement end date. See MN Operations Manual [Section 1.14: Record Retention.](#)

Program Requirements

As part of program requirements:

- Costs charged to the WIC Program must be allowable costs under all federal and state regulations and standards. Refer to [Exhibit 2-D WIC Costs – Allowable and Unallowable.](#)
- Costs charged to the WIC Program must be supported by documentation.
- Use time reporting to support staff hours billed to WIC.
- Costs related to the general operation and management of the Local Agency may be claimed either as documented direct costs or as part of an approved indirect cost rate, but not both. Such as:
 - Management time, when covered by indirect, should not also be billed as direct hours. Any management time directly charged to WIC must be supported by time studies.
 - Information Technology (IT) hours included in the indirect plan may not also be charged as a direct expense to WIC.

Time Reporting for All Programs (WIC and non-WIC time)

WIC staff who work in other agency programs must document the time spent in each program to assure equitable distribution of personnel costs. Staff who only work in WIC do not need to do this. Use:

- Daily time reporting or
- Quarterly time reporting, if not more frequently, of WIC and non-WIC program staff time, for a minimum of no less than 2 consecutive weeks

Time Reporting for WIC Cost Categories

Staff must also document the time spent worked in each of the four WIC cost categories, which will be covered in Module 2. Use:

- Daily time reporting or
- Quarterly time studies, if not more frequently, for a minimum of no less than two consecutive weeks

Agencies who would like a quarterly time study form can contact your State WIC Consultant.

Thank you.

Thank you. Please contact your State WIC Consultant ([State Staff Directory – WIC/CSFP](#)) with any questions.

Reference – Complete Listing of Hyperlinks

[Minnesota WIC Program Year to Date Caseload and Funding Allocations](#)

(<https://www.health.state.mn.us/docs/people/wic/localagency/program/finance/casefundfy21.pdf>)

[7 CFR Part 246 – USDA Federal Regulations](#) (<https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-A/part-246>)

[2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#) (<https://www.govinfo.gov/app/details/CFR-2014-title2-vol1/CFR-2014-title2-vol1-part200>)

[2 CFR 400 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#) (<https://www.ecfr.gov/current/title-2/subtitle-B/chapter-IV/part-400>)

[Section 1.14: Record Retention](#)

(https://www.health.state.mn.us/docs/people/wic/localagency/program/mom/chsctns/ch1/sctn1_14.pdf)

[Exhibit 2-D WIC Costs – Allowable and Unallowable](#)

(<https://www.health.state.mn.us/docs/people/wic/localagency/program/mom/exhbts/ex2/2d.pdf>)

[State Staff Directory – WIC/CSFP](#)

(<https://www.health.state.mn.us/docs/people/wic/localagency/program/ststfflst.pdf>)

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