

## Overview of the WIC Program

WIC has a number of features that make it unique among food and nutrition assistance programs. For example, WIC has a narrowly defined target population. It requires that applicants be at nutritional risk and it uses a priority system to determine who gets served when funds are short. WIC also provides participants with a package of benefits, including supplemental foods, nutrition education, and health care referrals. Food benefits are directed to specific nutritional needs. To increase budgetary efficiency, WIC negotiates substantial rebates from infant formula manufacturers.

### Participant Eligibility

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

#### *Categorical Eligibility*

To participate in the WIC program, a person must be either:

- A pregnant woman;
- A nonbreastfeeding woman up to 6 months postpartum;
- A breastfeeding woman up to 1 year postpartum;<sup>3</sup>
- An infant up to his/her first birthday; or
- A child up to his/her fifth birthday.

#### *Residential Eligibility*

WIC applicants must reside within the State where they establish eligibility.

#### *Income Eligibility*

The family income of WIC applicants must meet specified guidelines.<sup>4</sup> All WIC State agencies currently set the income cutoff at the maximum 185 percent of the Federal poverty guidelines (annual income of \$39,220 for a family of four living in the 48 contiguous States as of July 1, 2008) (table 1). Either the income of the family during the past 12 months or the family's current rate of income may be used to determine an applicant's income eligibility, whichever most accurately reflects the family's status.<sup>5</sup>

Table 1

**WIC income eligibility guidelines for the 48 contiguous States and DC (effective from July 1, 2008 to June 30, 2009)**

Family size	Annual income
<i>Number of people</i>	<i>Dollars</i>
1	19,240
2	25,900
3	32,560
4	39,220
5	45,880
6	52,540
7	59,200
8	65,860
For each additional member, add	6,660

Note: Alaska and Hawaii have higher guidelines.

Source: 73 *Federal Register* 19048.

<sup>3</sup> Breastfeeding is defined as the practice of feeding a mother's breastmilk to her infant(s) at least once a day, on average (7 Code of Federal Regulations (CFR) 246.2).

<sup>4</sup> 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, which are 185 percent of the Federal poverty guidelines (7 CFR 246.7). State agencies may set the income guideline 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 guideline and not less than 100 percent of the poverty guidelines.

<sup>5</sup> WIC regulations define "family" as a group of related or nonrelated individuals living together as one economic unit. Residents of a homeless facility or an institution shall not be considered as members of a single family (7 CFR 246.7). The regulations leave open the timeframe for determining "current" rate of income.

Applicants 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 eligibility criteria automatically and do not have to provide documentation of income when they apply.<sup>6</sup> In addition, WIC 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 Federal poverty guidelines and routinely require income documentation.

### ***Nutritional Risk***

Applicants must be at nutritional risk, as determined by a health professional, such as a physician, nutritionist, dietician, or nurse. During the determination process, the height (or length) and weight of each applicant is measured and a blood test for anemia is administered to everyone except infants under 9 months (Bartlett et al., 2007).<sup>7</sup> The medical history and dietary patterns of participants are also considered. Federal regulations recognize five major types of nutritional risk for WIC eligibility:

- Detrimental or abnormal nutritional conditions detectable by biochemical or anthropometric measurements (such as anemia, underweight, or overweight).
- Other documented nutritionally related medical conditions (such as nutrient deficiency diseases, metabolic disorders, or lead poisoning).
- Dietary deficiencies that impair or endanger health (such as inadequate dietary patterns).
- Conditions that directly affect the nutritional health of a person (including alcoholism or drug abuse).
- Conditions that predispose a person to inadequate nutritional patterns or nutritionally related medical conditions (including, but not limited to, homelessness and migrancy) (7 Code of Federal Regulations (CFR) 246.2).

WIC participants are typically eligible to receive benefits for a 6-month period. They then must be recertified to continue receiving benefits. Pregnant women, however, are certified for the duration of their pregnancy and up to 6 weeks postpartum. Breastfeeding women and their infants can be certified up to the infant's first birthday at the WIC State agency's option (table 2).<sup>8</sup>

### **Participant Benefits**

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

#### ***Supplemental Food Package***

WIC provides participants with a package of supplemental foods designed to address the nutritional needs of the specific population of low-income pregnant, breastfeeding and nonbreastfeeding postpartum women, infants,

<sup>6</sup> Applicants are also adjunctively income eligible if they are a member of a family that is certified as eligible to receive assistance under TANF or if they are a member of a family in which a pregnant woman or an infant is certified as eligible to receive assistance under Medicaid (7 CFR 246.7).

<sup>7</sup> WIC State agencies can require tests for anemia for infants younger than 9 months (7 CFR 246.7).

<sup>8</sup> Most States certify breastfeeding women and their infants for 1 year (communication from FNS on November 20, 2008).

Table 2

**Certification periods, by WIC participant categories**

Pregnant woman	For the duration of the pregnancy and up to the last day of the month in which the infant becomes 6 weeks old or the pregnancy ends.
Postpartum woman	Up to the last day of the sixth month after the baby is born or the pregnancy ends.
Breastfeeding woman	Approximately every 6 months. The State agency may permit its local agencies to certify a breastfeeding woman up to the last day of the month in which her infant turns 1 year old or until the woman ceases breastfeeding, whichever occurs first.
Infant	Approximately every 6 months. The State agency may permit its local agencies to certify an infant younger than 6 months up to the last day of the month in which the infant turns 1 year old, provided the quality and accessibility of health care services are not diminished.
Child	Approximately every 6 months and ending with the last day of the month in which a child reaches his/her fifth birthday.

Source: 7 CFR 246.7.

and children at nutritional risk. Federal regulations define specific WIC foods and the maximum quantities included in the packages (7 CFR 246.10). The food package is supplemental; it is not intended to be a primary source of food or general food assistance. The foods included in the packages are high in nutrients determined to be beneficial for pregnant, breastfeeding, and postpartum women, infants, and children, as prescribed by the Secretary (7 CFR 246.2). A lack of such nutrients may result in adverse health consequences.

Packages are designed to meet 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, while nonbreastfeeding postpartum women do not. Unlike the Food Stamp Program, the amount of food provided to recipients does not vary with household income. The authorized maximum monthly allowances for all WIC foods must be made available to participants if medically and nutritionally warranted (7 CFR 246.10). WIC State agencies, however, may tailor an individual's food package based upon their nutritional or health status, their nutritional risk factors, food restrictions, intolerances, and preferences.<sup>9</sup> WIC State agencies also have the authority to make adjustments to WIC foods for administrative convenience and to control costs (e.g., restricting container sizes, brands, types, and physical forms).

Prior to revisions in the food packages in 2007, there were seven food packages that included different types and quantities of food depending on participant category and the nutritional needs of the participant:

- Infants through 3 months.
- Infants 4-11 months.

<sup>9</sup> For example, overweight participants may be provided food instruments for low-fat rather than whole milk.

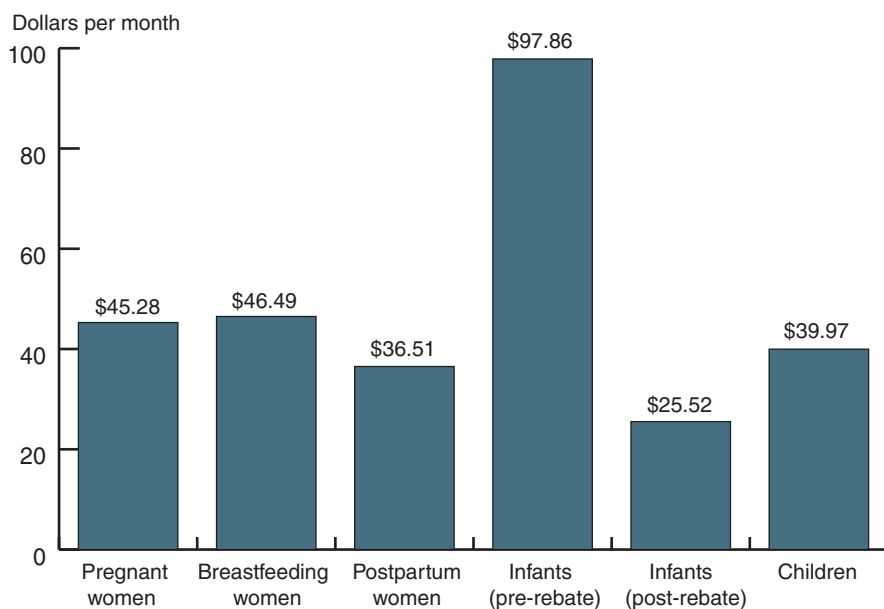
- Children or women with special dietary needs.
- Children ages 1-4.
- Pregnant and breastfeeding women (basic).
- Nonbreastfeeding postpartum women.
- Breastfeeding women (enhanced).

These packages included combinations of the following foods: iron-fortified infant formula; iron-fortified infant and adult cereal; vitamin C-rich fruit juice and/or vegetable juice; eggs; milk; cheese; peanut butter and/or dried beans or peas; tuna; and carrots. Special infant formulas and certain medical foods could also be provided by the WIC food package when prescribed by a physician or health professional for a specific medical condition. Participants received quantity-based vouchers that entitled them to specific amounts of WIC-approved foods. The monthly cost of the packages varied greatly by participant category, ranging from \$36.51 for postpartum women to \$97.86 for infants (before rebates) in FY 2005 (fig. 2).<sup>10</sup>

In December 2007, program regulations governing the WIC food packages were revised to better reflect advances in nutrition science and dietary recommendations and to address current supplemental nutritional needs of WIC participants (72 *Federal Register* 68965-69032). WIC State agencies are required to implement the new provisions between February 4, 2008, and October 1, 2009. There are still seven food packages. Food package I now covers infants up to 5 months, food package II covers infants 6-11 months, and food package III covers all individuals with medical needs, including infants.

<sup>10</sup> See section on “Cost-Containment Measures” for more information on WIC rebates.

Figure 2  
**Monthly WIC food package costs, by participant category, FY 2005**



Note: The average cost of the WIC food packages in FY 2005 was \$55.18 before rebates.  
 Source: USDA, 2007b.

Other changes to the food packages include reducing the maximum monthly allowances for some foods (e.g., milk, juice, and eggs), allowing additional foods (e.g., soy-based beverages and tofu as alternatives to milk in the women’s packages and in children’s packages with medical documentation), adding new foods (e.g., fruits, vegetables, and some whole-grain products) to most food packages, and removing juice from the older infant food package (table 3). Under the new food packages, participants will receive vouchers with a fixed monthly cash value for fruits and vegetables (\$6 for children, \$10 for fully breastfeeding women, and \$8 for all other women).<sup>11</sup> For all other WIC foods, WIC participants are still given quantity-based WIC food vouchers. (For additional details about the revised food packages, see the section on “Potential Impacts of the Revised WIC Food Packages,” pg. 44.)

<sup>11</sup> The cash-value vouchers set a dollar limit on the amount of food that can be purchased and provide greater flexibility to participants on the quantity and variety of food they can purchase.

### ***Nutrition Education***

WIC makes nutrition education available to all participants (or to the parents or caretakers of infant/child participants). The nutrition education is designed to achieve two broad goals:

1. Emphasize the relationship between nutrition, physical activity, and health, with special emphasis on the nutritional needs of pregnant, postpartum, and breastfeeding women, infants, and children younger than 5 and awareness about the dangers of using drugs and other harmful substances during pregnancy and while breastfeeding.
2. Assist individuals at nutritional risk improve their health status and achieve a positive change in dietary and physical activity habits, resulting in improved nutritional status and in the prevention of nutrition-related problems through optimal use of the supplemental foods and other nutritious foods (7 CFR 246.11).

All pregnant participants are encouraged to breastfeed, unless contraindicated for health reasons. Local WIC agencies are required to offer participants or caretakers at least two nutrition education sessions during each 6-month period. Individuals who do not attend the nutrition education activities, however, 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 immunizations, food stamps, and Medicaid) either through onsite health services or referrals to other agencies.

Table 3

**WIC food packages, before and after the 2007 revisions**

Food	Food package and participant group						
	I	II	III	IV	V	VI	VII
<i>Prior to 2007 revisions</i>							
	Infants 0-3 months	Infants 4-11 months	Children/ women with special dietary needs	Children 1-4 years	Pregnant and breastfeeding women (basic)	Nonbreast- feeding postpartum women	Breastfeeding women (enhanced)
Infant formula	X	X	X				
Juice		X	X	X	X	X	X
Infant cereal		X					
Cereal			X	X	X	X	X
Milk				X	X	X	X
Eggs				X	X	X	X
Cheese							X
Dried beans/peas and/or peanut butter				X	X		X
Tuna (canned)							X
Carrots							X
<i>After 2007 revisions</i>							
	Infants 0-5 months <sup>1</sup>	Infants 6-11 months <sup>1</sup>	Infants/ children/ women with special dietary needs <sup>2</sup>	Children 1-4 years	Pregnant/ partially breastfeeding women	Postpartum women	Fully breastfeeding women
Infant formula	X	X	X				
Infant cereal		X					
Baby food (fruits/vegetables)		X	X				
Baby food (meat) <sup>3</sup>		X					
Juice			X	X	X	X	X
Cereal			X	X	X	X	X
Milk			X	X	X	X	X
Eggs			X	X	X	X	X
Cheese			X				X
Fruits/vegetables			X	X	X	X	X
Whole-wheat bread and other whole grains			X	X	X	X	X
Legumes and/or peanut butter			X	X	X	X	X
Fish (canned)			X				X

<sup>1</sup> The amount of formula, and the types and quantities of other foods in food package II, varies according to infant feeding option (fully formula feeding, partially breastfeeding, or fully breastfeeding).

<sup>2</sup> Participants receiving food package III receive the same types and amounts of food they would be entitled to in their respective categories with the addition of WIC formula, which also includes exempt infant formula and WIC-eligible medical foods.

<sup>3</sup> Allowable only to fully breastfeeding infants who do not receive any WIC formula.

Source: 72 *Federal Register* 68965-69032.

## Food Delivery Systems

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

- Retail—participants obtain supplemental food by exchanging a food instrument (e.g., check or voucher) at authorized retail outlets.<sup>12</sup>
- Home delivery—supplemental food is delivered to the participant’s home.
- 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 to take advantage of discounts. Most State agencies, however, have found that these systems were not feasible 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.<sup>13</sup> Under retail food delivery systems, WIC State agencies provide food instruments to participants who then exchange them for supplemental foods at authorized retail outlets. The food instrument specifies the types and quantities of supplemental foods that can be purchased. Food instruments may be issued to participants every 1, 2, or 3 months (7 CFR 246.12).<sup>14</sup> Most participants pick up their food instruments in person at the local agency or clinic. WIC State agencies, however, may issue the food instrument through alternative means, such as mailing or electronic benefit transfer (EBT).<sup>15</sup>

## WIC Vendors

Only vendors authorized by the WIC State agency may accept WIC food instruments. Although WIC State agencies are not required to authorize all qualified stores, they must authorize an appropriate number of stores in a geographic distribution that ensures the lowest practicable food prices consistent with adequate participant access and effective WIC State agency management and oversight (7 CFR 246.12). WIC State agencies are also required to establish minimum requirements for the variety and quantity of WIC foods that vendors must stock. Vendors are authorized for a maximum of 3 years, at which time they must apply for reauthorization. To ensure that vendors charge competitive prices for WIC foods, WIC State agencies are required to establish a vendor peer group system with distinct competitive price criteria and allowable reimbursement levels for each peer group.<sup>16</sup> By regulation, WIC food purchases are not subject to State or local sales taxes (7 CFR 246.12).

At the end of FY 2005 (the latest data available), there were 44,458 authorized WIC vendors nationwide (USDA, 2008c).<sup>17</sup> Ninety percent of authorized vendors were regular retail vendors, 6 percent were pharmacies, 3 percent were “WIC-only” or “above-50-percent” vendors, 1 percent

<sup>12</sup> Checks are routed through the banking system from the vendor’s bank account to the State agency’s account with a contractor bank, while vouchers refer to food instruments that the vendor submits directly to the State agency (USDA, 2008c).

<sup>13</sup> Vermont uses a home delivery system, while Mississippi, parts of Chicago, IL, and two Indian Tribal Organizations State agencies use direct distribution. All other State agencies currently use a retail food delivery system.

<sup>14</sup> The requirement that prevents WIC agencies from issuing more than a 3-month supply of food instruments to a recipient at a single time was first implemented in 1977 to encourage recipients to attend the local WIC clinic more frequently than once every 6 months (the length of the certification period for most WIC participant categories) and thus take part in nutrition education classes (42 *Federal Register* 43206-43220).

<sup>15</sup> EBT is an electronic process that replaces the paper WIC food instrument. It allocates WIC food prescriptions to a participant account, which is accessed electronically during the checkout process at an authorized retailer point of sale, and WIC food benefits are electronically reconciled against the available food balance. As of May 2008, only Wyoming and New Mexico had implemented statewide EBT systems.

<sup>16</sup> State agencies must include at least two criteria for establishing peer groups, one of which must be a measure of geography, such as metropolitan or other statistical areas that form distinct labor and product markets (7 CFR 246.12).

<sup>17</sup> Over 90 percent of WIC vendors were also authorized Food Stamp Program retailers (USDA, 2008c).

participated in the home delivery or direct distribution systems, and less than 1 percent were military commissaries.<sup>18</sup>

## The WIC Farmers' Market Nutrition Program

The WIC Farmers' Market Nutrition Program (FMNP) was established in 1992 to provide fresh, unprepared, locally grown fruits and vegetables to WIC participants and to expand the awareness of, use of, and sales at farmers' markets (7 CFR 248.1). In FY 2007, the FMNP operated in parts of 38 States, the District of Columbia, Guam, Puerto Rico, and 5 Indian Tribal Organizations (ITOs). Federal funds support 100 percent of the program's food costs and 70 percent of its administrative costs. States operating the FMNP must therefore contribute at least 30 percent of the program's total administrative cost. Women, children, and infants over 4 months who have either been certified to receive WIC program benefits or who are on a waiting list for WIC certification are eligible to participate in the program. Eligible WIC participants are issued FMNP coupons in addition to their regular WIC food instruments. These coupons can be used to buy fresh, unprepared fruits, vegetables, and herbs from farmers, farmers' markets, or roadside stands approved by the FMNP State agency to accept FMNP coupons. Until the December 2007 revisions to the WIC food packages, FMNP provided the only source of fruits and vegetables not in juice form to WIC participants other than the provision of carrots to breastfeeding women. The Federal food benefit level for FMNP recipients may not be less than \$10 or more than \$30 per year per recipient. During FY 2007, 2.3 million WIC participants received benefits from farmers' markets. That same year, 15,062 farmers, 3,217 farmers' markets, and 2,371 roadside stands were authorized to accept FMNP coupons.<sup>19</sup> Coupons redeemed through the FMNP resulted in over \$20 million in revenue to farmers for FY 2007.

## Administration of WIC

WIC operates through a Federal/State/local partnership.

- At the Federal level, WIC is administered by USDA's Food and Nutrition Service (FNS), which provides separate cash grants for food benefits and for Nutrition Services and Administration (NSA) to the 90 WIC State agencies. In addition, FNS issues regulations, monitors compliance with these regulations, provides technical assistance to the WIC State agencies, and conducts studies of program operations and compliance.
- WIC State agencies are responsible for program operations within their jurisdictions.<sup>20</sup> They allocate funds to local WIC sponsoring agencies, negotiate rebate contracts with infant formula manufacturers, and provide assistance to local agencies with respect to program operations. WIC State agencies have considerable latitude in operating their programs within broad regulatory guidelines (Macro International, 1995).<sup>21</sup> For example, WIC State agencies decide the specific brands, forms, and package sizes to include in their list of approved WIC foods.
- About 2,000 local WIC agencies, mostly State and county health departments, but also some public and private nonprofit health or human service agencies, provide services to WIC participants either directly

<sup>18</sup> An above-50-percent vendor derives more than 50 percent of its annual food sales revenue from WIC food instruments, and a WIC-only vendor is a type of above-50-percent vendor that derives all or nearly all of its annual food sales revenue from WIC food instruments. Pharmacies provide only infant formula, exempt infant formula, and/or WIC-eligible medical foods in exchange for WIC food instruments.

<sup>19</sup> Data provided by FNS on October 3, 2008.

<sup>20</sup> Most of the WIC State agencies retain a portion of the funds from USDA to cover costs incurred for State-level program operations. In addition, some State agencies, including most of the ITOs, operate WIC without delegating authority to local agencies (U.S. General Accounting Office, 2000).

<sup>21</sup> It is important to note that the most successful cost-containment strategy used in WIC—the use of infant formula rebates—was initiated by the States.



or through about 10,000 local service sites or clinics, including county health departments, hospitals, mobile vans, community centers, schools, and migrant health centers and camps. Local WIC clinics certify applicants, provide nutrition education, make referrals to health care and other social services, and distribute food instruments.

Unlike other food and nutrition assistance programs, WIC is 100 percent federally funded (i.e., State matching funds are not required).<sup>22</sup> Federal grants to WIC State agencies are divided into food grants and NSA grants. Total spending for the WIC program in FY 2008 was \$6.2 billion, of which \$4.5 billion (73 percent) was spent on food and \$1.7 billion (27 percent) was spent on NSA (USDA, 2008b).<sup>23</sup> Food grants cover the cost of supplemental foods, while NSA grants cover nonfood costs, such as certifying participants, determining nutritional risks, conducting blood tests for anemia, providing outreach and nutrition education services, breastfeeding promotion and support, referrals to health and social services, printing food instruments, administering the food delivery system, and staff salaries. At least a sixth of a State agency's NSA expenditures must be used for nutrition education, and an additional portion of NSA funds must be used for breastfeeding promotion and support (7 CFR 246.14). (For more information on NSA, see the section on "Funding for Nutrition Services and Administration (NSA)," p. 39.)

## Priority System

WIC is a discretionary grant program funded annually by appropriations law. The number of participants that can be served each year depends on the annual appropriation and WIC's operating costs.<sup>24</sup> Because WIC may not be able to serve all eligible people, WIC uses a seven-point priority system to ensure that people with the greatest nutritional risk and most likely to benefit from WIC intervention receive program benefits (table 4).

Once a local agency has reached its maximum participation level (i.e., is serving the maximum number of participants under its current budget), the priority system is applied to people on the local agency's waiting list. In general, priority is given to people demonstrating medically based nutritional risks over dietary based nutritional risks, to infants and pregnant and breastfeeding women over children, and to children over postpartum women. Increases in funding and savings from infant formula rebates during the 1990s allowed a greater number of lower priority applicants, such as children, to participate. As a result, 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. As of spring 2008, anecdotal evidence indicates that funding in recent years has been sufficient to provide benefits to all eligible people seeking to enroll in the program, including those at the lowest priority levels.

<sup>22</sup> A few States, however, use their own funds to supplement the Federal grant. For example, in 2001, 13 States contributed about \$45 million to WIC (some State-level WIC agencies, ITOs, and local WIC agencies also received in-kind contributions) (U.S. General Accounting Office, 2001b). The General Accounting Office also noted evidence that non-Federal support for NSA has decreased since FY 1992.

<sup>23</sup> Food and NSA grants are allocated to WIC State agencies through a complex funding formula, and a particular State's funding level is not necessarily proportional to the number of WIC-eligible people in that State (7 CFR 246.16).

<sup>24</sup> 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 4

**WIC nutritional risk priorities**

Priority (from highest to lowest)	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 that 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 that 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 that 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.

Notes: Priorities I through VI must be used in all States. State agencies may, at their discretion, expand the priority system to include Priority VII.

Source: 7 CFR 246.7.

## Cost-Containment Measures

Because WIC can serve only as many participants as funding allows, WIC State agencies have tried to reduce food costs through a variety of cost-containment measures. The most effective cost-containment measure is the use of infant formula rebates. WIC accounts for over half of all infant formula sales in the United States (Oliveira et al., 2004). Since 1989, Federal law has required that WIC State agencies enter into cost-containment contracts for the purchase of the infant formula used in WIC. Typically, WIC State agencies obtain significant discounts in the form of rebates from infant formula manufacturers for each can of formula purchased. In exchange for the rebates, a manufacturer is given the exclusive right to provide its product to WIC participants in that State. As a result, WIC pays the lowest price for infant formula. (See the section on "Infant Formula Costs," p. 51, for more information on the WIC infant formula rebate system.)

In FY 2005, pre-rebate food package costs (i.e., estimated retail cost of WIC foods at the time of purchase) averaged \$55.18 per participant compared with \$37.42 per participant post-rebate (i.e., after taking into account savings from infant formula rebates) (USDA, 2007b). Estimated infant formula rebates for FY 2007 totaled \$1.8 billion, an amount that supported about a quarter of WIC participants (USDA, 2008d).

Some WIC 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.<sup>25</sup> Additional cost-containment practices used by some WIC State agencies include limiting authorized food vendors (such as supermarkets and grocery stores) to outlets with lower food prices and limiting food-item selection according to brand, package size, form, or price (for instance, requiring purchase of least-cost items) (Kirlin et al., 2003).

<sup>25</sup> Savings from rebates for other food products are lower than for infant formula, partly because no other single product accounts for as large a portion of WIC costs as infant formula, but also because the market characteristics of other products make it unlikely that manufacturers would offer large rebates per item (U.S. General Accounting Office, 1998).