

Overview of the WIC Program

WIC was created as a 2-year pilot program in 1972 by an amendment to the Child Nutrition Act of 1966 (Public Law 92-433). The program was made permanent in 1975 by P.L. 94-105, which states that “Congress finds that substantial numbers of pregnant women, infants, and young children are at special risk in respect to their physical and mental health by reason of poor or inadequate nutrition or health care, or both.” WIC is based on the premise that early intervention programs during critical times of growth and development can help prevent future medical and developmental problems. Administered by USDA’s Food and Nutrition Service (FNS), the program currently provides grants for supplemental foods, nutrition services, and administration to 88 WIC State agencies, including the 50 States, the District of Columbia, Guam, the U.S. Virgin Islands, American Samoa, the Commonwealth of Puerto Rico, and 33 Indian Tribal Organizations.

WIC has expanded dramatically since its beginning, and is now one of the central components of the Nation’s food assistance system. Recent program expansion, since 1988, is due in part to the savings generated from infant formula rebates (fig. 2-1). Of the average 7.5 million participants served per month in FY 2002, roughly one-quarter were infants, one-quarter were women, and one-half were children (USDA, 2003). Federal program costs totaled approximately \$4.3 billion in FY 2002, making WIC the country’s third-largest food assistance program in terms of total expenditures, exceeded only by the Food Stamp Program (\$20.7 billion) and the National School Lunch Program (\$6.9 billion) (USDA, 2002). WIC accounts for about 11 percent of total Federal Government expenditures for food and nutrition assistance.

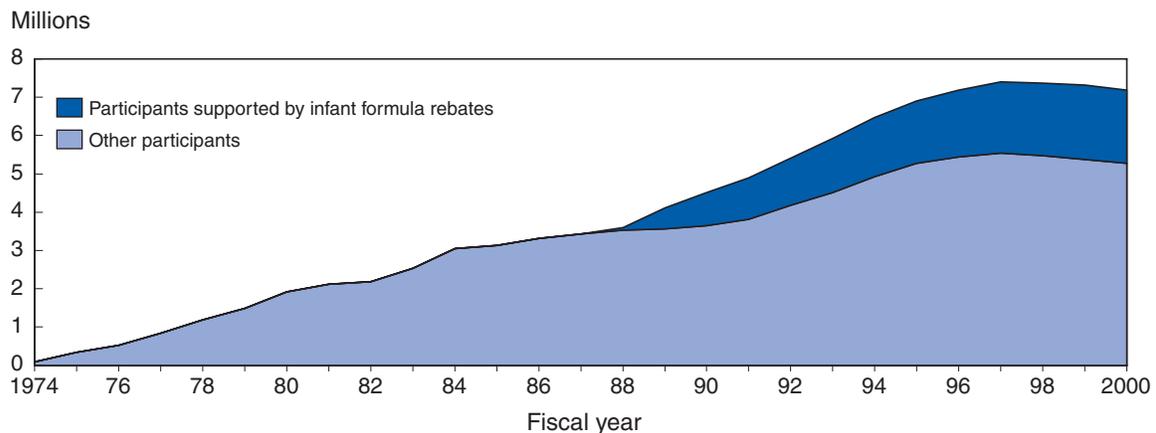
Participant Eligibility

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

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,

Figure 2-1
Average monthly number of WIC participants, 1974-2000



Source: USDA's Food and Nutrition Service.

- A breastfeeding woman up to 1 year postpartum,
- An infant under 1 year of age, or
- A child up to his/her fifth birthday.

Income Eligibility. The family income of WIC applicants must meet specified guidelines.¹ All States currently set the income cutoff at the maximum 185 percent of the Federal poverty line (\$31,543 for a family of four in July 2000). Applicants who participate in 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 eligibility criteria automatically.²

Residential Eligibility. The applicants must reside in the State in which they apply.

Nutritional Risk. Applicants must be at nutritional risk, as determined by a health professional such as a physician, nutritionist, or nurse. Federal regulations recognize five major types of nutritional risk for WIC eligibility:

- (1) detrimental or abnormal nutritional conditions detectable by biochemical or anthropometric measurements,
- (2) other documented nutritionally related medical conditions,
- (3) dietary deficiencies that impair or endanger health,
- (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 *Code of Federal Regulations* (CFR) 246.2).

Participant Benefits

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

Supplemental Food Package. WIC provides participants with supplemental foods that are high in five target nutrients—protein, calcium, iron, and vitamins A and C. These nutrients are frequently lacking in the diets of the program’s target population, which may result in adverse health consequences. There are seven different food packages, based on the category of the participant, as follows:

- (1) infants through 3 months old,
- (2) infants 4-12 months old,
- (3) children 1-4 years old,
- (4) pregnant and breastfeeding women (basic),
- (5) nonbreastfeeding postpartum women,

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, which are 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 greater than 100 percent of the poverty guidelines.

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

- (6) breastfeeding women (enhanced), and
- (7) children or women with special dietary needs.

WIC supplemental foods include iron-fortified infant and adult cereal, vitamin C-rich fruit and/or vegetable juice, eggs, milk, cheese, peanut butter, tuna fish, carrots, and dried beans or peas, in addition to iron-fortified infant formula.³ Exempt 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 condition.⁴ Breastfeeding women whose infants do not receive formula from WIC can receive an enhanced food package that includes tuna and carrots in addition to other WIC foods.

Nutrition Education. WIC makes nutrition education, including breastfeeding promotion and support, available to all participants (or to the parents or caretakers of infant or child participants). The nutrition education is designed to achieve two broad goals:

- (1) to stress the relationship between proper nutrition and good health and raise awareness about the dangers of using drugs and other harmful substances, and
- (2) to 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 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 a group setting. However, 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 operate as an adjunct to health care. Local WIC agencies assist WIC participants in obtaining health care and social services (such as food stamps, Medicaid, immunizations, etc.), either through onsite health services or referrals to other agencies.

Food Delivery Systems

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

- Retail food delivery systems—participants obtain supplemental food by transacting a food instrument (e.g., check or voucher) at authorized retail vendors.
- Home food delivery systems—supplemental foods are delivered to the participant's home.
- Direct distribution food delivery systems—participants pick up supplemental foods from storage facilities operated by the State or local agency.

³ The maximum monthly allowance for food package I—infants 0-3 months—is 403 fluid ounces of concentrated liquid infant formula (powdered or ready-to-feed formula may be substituted at specified rates). The maximum monthly allowance for food package II—infants 4-12 months—is the same as that for package I with the addition of 96 fluid ounces of reconstituted fruit juice and 24 ounces of infant cereal.

⁴ Exempt infant formula is defined in the Federal Food, Drug, and Cosmetic Act as any infant formula that is represented and labeled for use by an infant who has an inborn error of metabolism or a low-birth weight, or who otherwise has an unusual medical or dietary problem.

The vast majority of WIC participants receive their supplemental foods via retail food delivery systems. Under the retail food delivery system, WIC State agencies issue food instruments to participants, who then transact the food instruments for specific supplemental foods at authorized retail vendors (e.g., grocery stores). The food instrument specifies the type and amount of supplemental foods that can be obtained. Only those vendors who are authorized by the WIC State agency may transact and redeem food instruments. WIC State agencies develop the criteria for selecting vendors. However, the selection criteria must include four mandatory criteria:

- (1) the WIC State agency must consider the prices a vendor applicant charges for WIC foods as compared with the prices charged by other applicants and authorized vendors,
- (2) the WIC State agency must establish minimum requirements for the variety and quantity of supplemental foods that a vendor must stock to be authorized,
- (3) the WIC State agency must consider the business integrity of a vendor applicant, and
- (4) the WIC State agency may not authorize an applicant vendor that is disqualified from the Food Stamp Program or that has been assessed a Food Stamp Program disqualification or civil money penalty for hardship, unless it would result in inadequate participant access (7 CFR 246.2).

During FY 2000, 49,682 vendors were authorized by the WIC program nationwide (U.S. Department of Agriculture, 2001c). The vast majority of these vendors were either supermarkets or grocery stores. In addition, about 6 percent of WIC authorized stores were pharmacies that were not operated as part of a retail store.⁵ Outlets such as Wal-Mart that contain grocery stores may be authorized as WIC vendors provided that they meet the State agency's vendor selection criteria, including the criteria for minimum variety and quantity of WIC supplemental foods.

WIC Funding and Cost-Containment Measures

WIC is a discretionary grant program funded annually at a specific grant level determined by appropriations law. Therefore, the number of participants that can be served depends upon the annual Congressional appropriation as well as the cost of operating the program.^{6,7} In the event WIC does not have the funds to enroll all eligible applicants, WIC developed a priority system in order to ensure that those persons at the greatest nutrition risk receive program benefits. Expansion of the WIC program during the 1990s allowed a greater number of lower priority applicants to participate, and the role of the 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.

Because program funding is a fixed level, cost-containment practices allow WIC to maximize the number of applicants it can enroll. The WIC State agencies use a variety of cost-containment practices in addition to infant formula rebates, including rebate systems for other foods, such as infant

⁵ Typically, these pharmacy vendors only provide exempt infant formula and WIC-eligible medical foods. However, some State agencies allow pharmacy vendors to transact and redeem food instruments for all infant food packages, including infant formula (USDA, 2001b).

⁶ By contrast, the Food Stamp Program is an entitlement program whereby everyone who meets the eligibility criteria may receive benefits if they so choose.

⁷ Although there is no requirement for State matching funds, some States use their own funds to supplement the Federal grant.

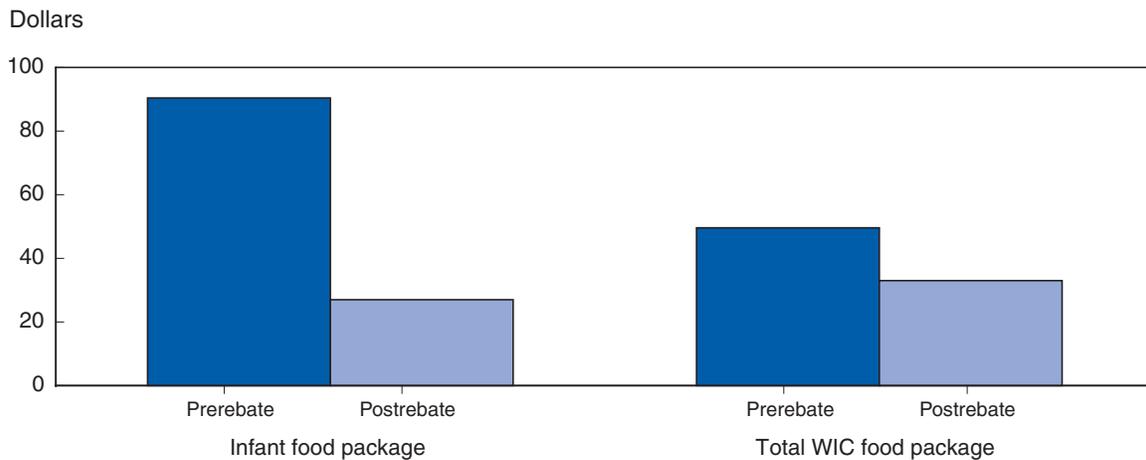
cereal and infant fruit juice.⁸ However, savings from rebates for other food products are much lower than for infant formula in part because no other single product accounts for as large a portion of WIC costs as infant formula and because the market characteristics of other products make it unlikely that manufacturers would offer large rebates per item (U.S. GAO, 1998).⁹

The effect of the infant formula rebates on program costs is significant. For example, the average cost of the monthly WIC food package for infants in FY 2000 was \$90.45 before rebates (i.e., estimated retail cost of WIC foods at the time of purchase), but only \$27.09 after taking into account savings from infant formula rebates (fig. 2-2). The average prerebate monthly food package for all WIC recipients (including women and children in addition to infants) was \$49.72 compared with \$33.05 after infant formula rebates. Infant formula accounted for 50 percent of total WIC food costs on a prerebate basis but only 24 percent on a postrebate basis (USDA, 2001a).

⁸ 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. GAO, 1997).

⁹ In addition, the administrative costs associated with operating rebates for other WIC foods could be higher than those of infant formula, partially offsetting the savings in food costs obtained from the rebates (U.S. GAO, 1998).

Figure 2-2
Average monthly WIC food package cost per participant, FY 2000



Source: USDA, 2001a.