

WIC Fiscal 101

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Funding and Reimbursement

A. Funding Sources

- i. **Nutrition Services Administrative funds (NSA):** Administrative funding received from USDA/Food and Nutrition Service (FNS). NSA represents approximately 27% of federal WIC funds for Oregon. Used for administrative funding to 34 local agencies, state personnel expenses, banking costs associated with the redemption of vouchers, materials and services purchased by state for local agencies such as laboratory supplies, and state IT services and cost allocation.
- ii. **Food Funds:** Approximately 70% of federal funds coming into state for WIC, used for retailer payments to cover food costs for redeemed vouchers. Federal regulations also allow the state to use food funds to purchase breast pumps. Food funds cannot be converted to NSA funds.
- iii. **Infant Formula Rebate:** States are required to use a competitive bid process to contract with infant formula manufacturers for rebates on standard milk and soy based infant formulas. Oregon is part of the Western States Contracting Alliance or WSCA which is led by Washington State WIC. The current contract began in October 2012 and provides rebates for milk based infant formula from Abbott Laboratories and for the soy based infant formula from Mead Johnson. Rebates come back to the state and are added to our food funds, allowing us to serve more participants.
- iv. **Breastfeeding Peer counseling (BFPC):** Funding for BFPC comes through a separate FNS grant with different requirements and restrictions than either NSA or Food Funds. BFPC funds can be used for peer counselor coordinators, peer counselors, training and training materials related to BFPC. BFPC funds cannot be used to supplement regular WIC operations or food funds.

- v. **Farm Direct Nutrition Program:** This is the one area in Oregon WIC that is not 100% federally funded. The federal funds come from FNS through the Farmers' Market Nutrition Program, and there is also a small state match required that is funded through general funds. These funds are distributed to participants in the form of checks that can be used to purchase fresh fruit and vegetables from farmers markets and farm stands throughout Oregon.
- vi. **Special Grants:** EBT/eWIC, BF Bonus, Research grants. Special funding comes with different requirements ie. sometimes application is required, sometimes funds are distributed based on caseload.

B. Fiscal Years

- i. **Federal Fiscal Year (FFY):** October 1 through September 30
- ii. **State Fiscal Year:** July 1 through June 30, state budget cycle is two years or a biennium.

C. Determining Local Agency Annual Funding

i. WIC Funding Formula, federal food grant and caseload allocation:

- The State WIC program has negotiated a funding formula with CHLO (Conference of Local Health Officials) that guides allocation of caseload to local agencies. The formula takes into account potential eligible participants, rate of poverty in service area, and caseload performance factors.
- Total available state caseload is determined in March each year by taking the projected federal food grant (including the projected infant formula rebate) and dividing that amount by the projected average food package cost (taking into account food inflation). This caseload is then allocated based on the CHLO approved funding formula.
- Administrative (NSA) funding is distributed based on the assigned caseload and applies a "per participant" rate to support local agency operations. If caseload assignments are increased or decreased during the year, funding levels also change.

- ii. **State Contracts/ WIC Program Element:** Each state fiscal year, the state Public Health Division contracts with local agencies to provide required public health services. PHD also contracts with the two non-profits and two tribes that provide WIC services. The required services, guidelines and reporting requirements for these contracts are defined for each program in a "program element" that is reviewed and approved by CLHO. WIC's program element is #40 and can be found at:
<http://public.health.oregon.gov/ProviderPartnerResources/LocalHealthDepartmentResources/Pages/program-elements.aspx>

- iii. **Budget categories and required expenditure amounts:** Budget categories include nutrition education, breastfeeding, Farm Direct and administration. Local agencies are required to spend 20% of their NSA funds on Nutrition Education expenditures. A specific dollar amount for breastfeeding support and promotion (based on the number of breastfeeding women being served) is defined in annual budget sent to each agency.
- iv. **Local agency budget notification timelines:** Notification is sent to local agency administrators and WIC coordinators from the state WIC office in May prior to the beginning of the fiscal year. Department of Procurement and Contracts sends contracts to county health departments in June.
- v. **Special, end of year, or one time funding:** One time special funding and end of year funding needs to be spent or encumbered in the appropriate time period (ie. end of the fiscal year) and for the specific purpose as indicated when distributed. The availability of these funds varies from year to year.
- vi. **County General Funds:** Local programs in county health departments may receive support from county general funds. This funding source is not controlled by the WIC program and varies from organization to organization.

D. Reimbursement

- i. **One time funding:** Grant adjustments are made for one time funding (or special funding) and travel expense reimbursement over \$5000. Local agency contracts are amended and payments may be delayed if the amendments are not signed and returned to the state in a timely manner. Grant adjustments increase the amount of required NE expenditures on the quarterly expenditure report. Required BF expenditures are not affected by grant adjustments.
- ii. **Training and travel:** Invoicing can be used for travel expense reimbursement. Completed forms are returned to the state WIC fiscal coordinator. There is an accumulative \$5,000 limit per agency and per state fiscal year. Invoiced amounts are not included in Quarterly Revenue and Expense Reports.

Reporting and Tracking WIC Funds

A. Required Reports

- i. **Local Agency Reporting:** Quarterly Revenue and Expense Reports are filed quarterly with the Oregon Health Authority Financial Services for each grant received from the State in order to receive fiscal reimbursement.

- ii. **Quarterly Time Studies:** Required by USDA for all staff who are paid with WIC funds. WIC funds can be withheld if time studies are not completed. Time Study forms and reminders are sent out every quarter by the state WIC fiscal coordinator and posted on the Oregon WIC website. The time study summary form is due back to the state WIC fiscal coordinator by the 10th of the following month. Time studies are completed in October, January, April and July.
- iii. **Semi-annual Payroll Certification:** All staff who work 100% on any federally funded program must complete the Semi-annual Payroll Certification form in January and July each year. Non-profit agencies are exempt.
- iv. **Annual Breastfeeding Peer Counseling (BFPC) budget:** Staff paid by BFPC funds need to complete separate time studies from the quarterly WIC time studies. BFPC expenditure reports are filed quarterly.

B. Allowable WIC Expenses

- i. **Cost allocation:** Local program overhead is often paid by cost allocation. Overhead can include rent, utilities, legal services, accounting services, administration, personnel/payroll services, county administration etc. There is no specific percentage limit however, less than 20% of the total budget is generally considered reasonable.
- ii. **Staffing:** The largest expenditure for local WIC programs is personnel expenses for staff.
- iii. **Incentive purchases:** Incentive items for participant nutrition education are allowed under certain parameters. Staff incentive items are limited. See Policy 460 Program Incentive Items.
- iv. **BFPC restrictions:** BFPC funds must be used to support activities and staffing of the BFPC program. They cannot be used to purchase educational materials, breast pumps or aids, or incentives to give to participants.
- v. **Capital purchases:** Expenditures must be approved if the item to be purchased is over \$2,500. Contact the state WIC office for pre-approval from USDA Western Region office.

C. Timing of Reporting

- Quarterly reports are due on the 25th of the first month following the end of each quarter. 1st quarter: July- September, 2nd quarter: October-December, 3rd quarter: January-March, 4th quarter: April-June. Failure to turn in the appropriate reports at the correct time and with the correct amounts can result in loss of funds.

The Role of the WIC Coordinator

A. Key Concepts to Know and Understand

- i. Become familiar with WIC budget Review and the 300 series policies in the Oregon Policy and Procedure Manual.
- ii. Communicate at least quarterly with the fiscal staff of your county/health agency.
- iii. Request a copy of each quarterly revenue and expenditure reports in order to track your program budget.
- iv. Know your program's annual fiscal year grant.
- v. Review fiscal reports on a regular basis to assure that 20% of the total grant is spent on nutrition education activities and materials, and a predetermined amount must be spent on breastfeeding promotion. (The amount of money spent on NE and BF is roughly a quarter of the total amount of the grant and should be identified as such on the quarterly revenue reports.) Also review to assure that non-WIC expenditures are not charged to your program.

B. Fiscal Technical Assistance

- Communicate first with your local agency fiscal staff in order to assure that monies are appropriately managed, monitored and spent. Contact the state agency fiscal coordinator with questions.

Fiscal Quality Assurance

A. WIC Biennial Review

- Nutrition Consultant reviews payroll charges for WIC staff, which should be supported by quarterly time studies. Local agencies are also required to meet 20% Nutrition Education expenditure target and a dollar amount for BF Promotion (based on the number of breastfeeding women being served) that is defined in annual budget sent to each agency.

B. Fiscal Monitoring Review

- OHA financial services staff reviews internal controls from OHA financial services and monitors the integrity of fiscal operations. Occurs every two years in same year as WIC Biennial Review.

Definitions

- **Encumbering:** The process for recording a prior fiscal year's expenditure so that it can be paid in the following fiscal year. Materials and supplies can be encumbered, services and staffing cannot.
- **Cost allocation:** The method for determining agency overhead, usually allocated in proportion to the size of the program. Allocation plans are specific to each organization and filed with and approved by the state.
- **Capital Expenditure:** Money used to acquire or upgrade fixed, physical, non-consumable assets, such as buildings and equipment. If cost for a single item is more than \$2,500, pre-approval is needed from USDA Western Region through State WIC office. Approval is required if the WIC program's share for a purchase is over \$2500 (ie a new phone system paid for by all programs)
- **In-Kind:** Materials, supplies or services provided without cost.