

February 2013

WIC PROGRAM

Improved Oversight of Income Eligibility Determination Needed



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Highlights of [GAO-13-290](#), a report to congressional requestors

Why GAO Did This Study

WIC provides nutritious foods and assistance to low-income pregnant and postpartum women, infants, and young children. Research has shown that WIC helps to improve birth and dietary outcomes and contain health care costs. USDA's FNS oversees the program, which is administered by state and local agencies. While federal regulations define criteria that must be used to determine applicants' income eligibility for WIC, state and local agencies are also given some discretion. In addition, since 1989, federal law has allowed families who participate in other assistance programs, such as Medicaid, to be automatically income-eligible for WIC. GAO was asked to provide information on WIC income eligibility determination. GAO assessed: (1) How do state and local criteria for determining WIC income eligibility vary? (2) To what extent are individuals who would otherwise be ineligible for WIC deemed eligible due to their participation in other programs? (3) How does USDA assist and monitor state determination of WIC income eligibility? GAO reviewed federal laws and regulations; analyzed USDA's national data from 2010, recent survey findings, and monitoring reports; reviewed WIC policy manuals from 10 states chosen to provide population size and geographic diversity; and interviewed federal, state, and local officials.

What GAO Recommends

GAO recommends that USDA develop a timeline for reviewing its monitoring reports to assess national program risks and target assistance. USDA agreed with GAO's recommendation.

View [GAO-13-290](#). For more information, contact Kay E. Brown at (202) 512-7215 or brownke@gao.gov.

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Improved Oversight of Income Eligibility Determination Needed

What GAO Found

The discretion granted by federal law, regulations, and guidance in certain areas of income eligibility determination for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) has resulted in policy variation across states and localities. For example, while national survey data show that many states use an applicant's current income to determine income eligibility, GAO's review of 10 state policy manuals found that states differ in how they define the time period covered by current income, with some looking at income from the most recent 30 days and others using longer time periods. WIC administrators also have discretion in determining which members of an applicant's household should be considered part of the applicant's family, and both national data and state policy manuals suggest that states often provide local agencies with guidance in this area at the same time as they pass this flexibility to them. State policies also vary to some extent as to the sources of income that are included and excluded when determining an applicant's income eligibility for the program, according to national survey data.

GAO's analysis of administrative data found that 2 percent of WIC participants in 2010 were eligible solely because of their participation in another program, as they had incomes over the federal WIC income limit. Because income data were not available for an additional 7 percent of participants in 2010, GAO could not determine if these participants also had incomes over the federal WIC income limit. In recent years, some states have expanded Medicaid eligibility to pregnant women, infants, and children with incomes above the WIC income limit, and many WIC participants who are eligible for WIC due to their participation in another program receive Medicaid. However, the relationship between Medicaid expansions and WIC participation is unclear. While studies generally find that Medicaid recipients are more likely to participate in WIC than others, some suggest that expanded Medicaid income eligibility has not had a substantial effect on WIC participation because eligible families with relatively higher incomes are less likely to participate in WIC than lower-income families.

The U.S. Department of Agriculture's (USDA) Food and Nutrition Service (FNS) regularly assists and monitors states' administration of WIC, but it does not review monitoring results at the national level to target assistance to states. Although FNS regularly provides assistance to states in administering WIC, this assistance has generally not been focused on key income eligibility requirements, such as determination of family size and the time period of income assessed, in recent years. However, through its monitoring reports from the last few years, FNS has identified problems with or concerns about income eligibility determination policies or procedures in one-third of the states reviewed. Although FNS officials said that they plan to begin regularly reviewing monitoring findings at the national level to identify areas of program risk and target assistance to states accordingly, officials did not indicate when those reviews will begin. A timeline for reviewing monitoring reports to assess national program risks could better position FNS to show progress in completing its planned actions.

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Abbreviations

FNS	Food and Nutrition Service
SNAP	Supplemental Nutrition Assistance Program
TANF	Temporary Assistance for Needy Families
USDA	U.S. Department of Agriculture
WIC	Special Supplemental Nutrition Program for Women, Infants, and Children

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United States Government Accountability Office
Washington, DC 20548

February 28, 2013

The Honorable John Kline
Chairman
Committee on Education and the Workforce
House of Representatives

The Honorable Robert Aderholt
Chairman
Subcommittee on Agriculture, Rural Development, Food
and Drug Administration and Related Agencies
Committee on Appropriations
House of Representatives

The Honorable Larry Bucshon
House of Representatives

The Honorable Jack Kingston
House of Representatives

The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) provided food, nutrition education, and health and social service program referrals to approximately 9 million low-income pregnant and postpartum women, infants, and young children in fiscal year 2011. The 2 million infants who receive WIC benefits annually account for about half of the infants born in the United States. WIC is overseen by the U.S. Department of Agriculture (USDA) and cost the federal government \$7.2 billion in fiscal year 2011. Federal WIC appropriations and participation have generally increased since WIC was established as a national program in the mid 1970s, primarily because of federal funding decisions but also due to policy changes that have expanded access to the program. For example, although federal law generally requires that families applying for WIC have incomes below 185 percent of the federal poverty guidelines, the 1989 federal enactment of adjunctive eligibility modified that requirement. Under adjunctive eligibility, families applying for WIC who receive benefits from Medicaid, Temporary Assistance for Needy Families (TANF), or the Supplemental Nutrition Assistance

Program (SNAP)¹ are automatically income-eligible for WIC. When adjunctive eligibility was enacted, these programs had income eligibility thresholds for pregnant women, infants, and children that were equal to or less than 185 percent of the poverty guidelines, and therefore, this policy simply eased the WIC application process and increased coordination between related programs. However, since then, some states have expanded eligibility for these programs to include those with incomes above the WIC eligibility threshold, thereby potentially increasing the population eligible for WIC.

For families not adjunctively eligible for WIC, federal law and regulations define certain criteria that state and local agencies administering the program must use to determine applicants' income eligibility. However, state and local agencies have some discretion in assessing applicants' income eligibility. Because of this discretion, the characteristics of households determined income-eligible for WIC may vary across and within states.

This report is in response to your request for information on WIC income eligibility determination. We assessed: (1) How do state and local criteria for determining WIC income eligibility vary? (2) To what extent are individuals who would otherwise be ineligible for WIC deemed eligible for the program under adjunctive eligibility? (3) How does the USDA assist and monitor states' processes for determining WIC income eligibility?

As criteria for our review, we examined relevant federal laws as well as USDA regulations and guidance related to WIC income eligibility determination and administrative oversight. To answer our research questions, we collected and analyzed information through several methods. At the federal level, we analyzed WIC administrative data on participant characteristics from 2010 and USDA's national survey data on state and local WIC policy variation,² which we determined were

¹ Medicaid generally provides health insurance coverage for low-income families and low-income individuals who are aged or disabled, SNAP provides low-income families and individuals with benefits to purchase food, and TANF provides cash benefits and services to low-income families with children.

² USDA, Food and Nutrition Service, Office of Research and Analysis, *National Survey of WIC Participants II: Volume 2: State and Local Agencies Report* (Alexandria, VA.: 2012). This study collected data on WIC in 2008 and 2009.

sufficiently reliable for the purposes of this report.³ We also examined USDA's monitoring reports from all reviews conducted from fiscal years 2010 through 2012 that assessed states' certification policies and procedures and interviewed USDA officials. At the state level,⁴ we collected WIC policy manuals from a nongeneralizable sample of 10 states that were selected to ensure diversity in population size and geography and reviewed sections related to income eligibility determination.⁵ We also interviewed state and local WIC administrators representing nine states, two Indian Tribal Organizations, and six local agencies, all of whom are members of the National WIC Association.⁶ To gather additional information on the effect of adjunctive eligibility on WIC participation, we conducted a literature review and examined six research studies that assessed the relationship between recent changes in income eligibility thresholds for Medicaid and WIC participation. We assessed the methodologies and findings of each of these studies and determined that they were sufficiently reliable for the purposes of this report.

We conducted this performance audit from October 2012 through February 2013 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

³ We assessed the reliability of the WIC administrative data on participant incomes by (1) performing electronic testing of required data elements, (2) reviewing existing information about the data and the system that produced them, and (3) interviewing agency officials knowledgeable about the data. We assessed the reliability of the national survey data by reviewing existing information about the data and the system that produced them and interviewing agency officials knowledgeable about the data.

⁴ Throughout this report, our analyses of states reflect the 50 states, the District of Columbia, 34 Indian Tribal Organizations, and five U.S. Territories that administer WIC, unless otherwise noted.

⁵ We selected California, Connecticut, Georgia, Idaho, Kansas, Michigan, Texas, Utah, Virginia, and Washington.

⁶ National WIC Association staff assisted us in contacting these officials, most of whom are Association board members. While the administrators we interviewed represented a range of geographic locations, the views they shared are not generalizable to all states.

Background

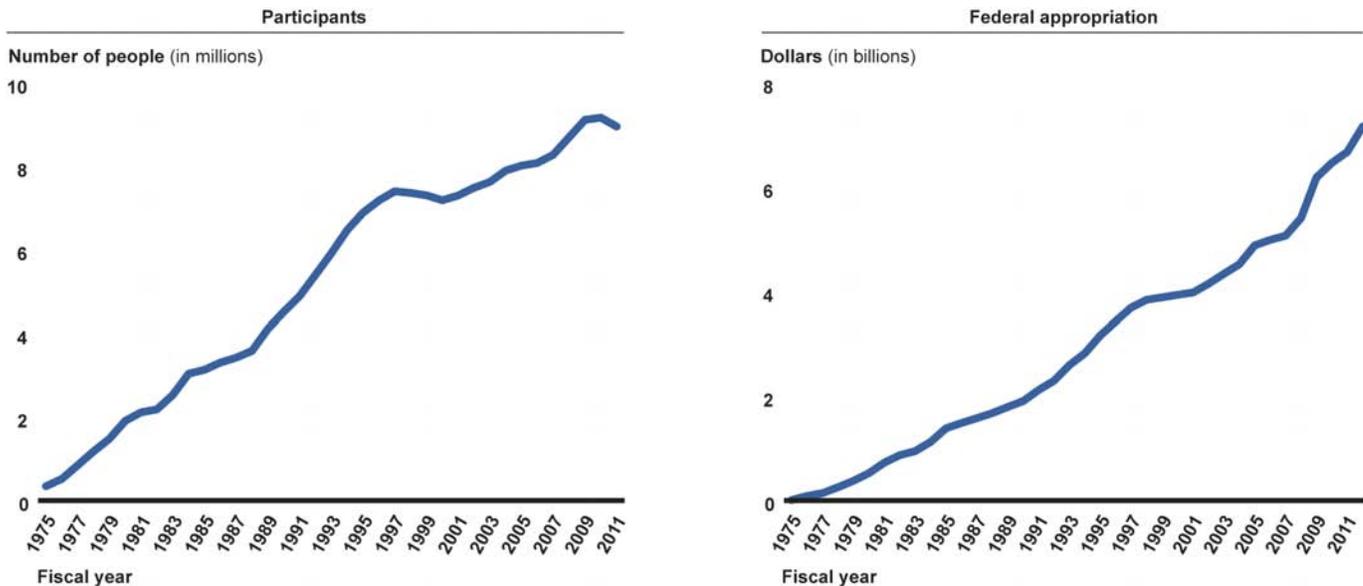
Established as a national program in the mid 1970s,⁷ WIC is designed to improve the health and nutritional well-being of pregnant and postpartum women, infants, and young children by providing nutritious supplemental foods, nutrition education, and referrals to health and social service programs. Research has shown that WIC helps to improve birth and dietary outcomes and contain health care costs, and USDA considers WIC to be one of the nation's most successful and cost-effective nutrition intervention programs. The program is available in each state, the District of Columbia, 34 Indian Tribal Organizations, and five U.S. Territories. USDA's Food and Nutrition Service (FNS) oversees the program, which is administered by state and local agencies through approximately 10,000 clinic sites.

Federal WIC appropriations and participation have generally increased since the program was established and totaled \$7.2 billion and 9 million participants in fiscal year 2011 (see figure 1). WIC is almost entirely federally-funded. WIC is not an entitlement program; the federal government is not legally required to provide benefits to every eligible individual. Instead, WIC is a federal grant program for which Congress appropriates a specific amount of funds each year. In order to help inform budgetary decisions for the program, USDA annually estimates the number of people who are eligible for the program and the number who are expected to participate. Although federal funding has been sufficient to serve all eligible people who sought program benefits in recent years, some eligible people do not participate in WIC. Since 2000, WIC's national coverage rate has been around 60 percent,⁸ but coverage rates vary by state and participant type. For example, in 2009, the coverage rate for children aged 1 to 4 was 51 percent, while the coverage rate for infants was 83 percent.

⁷ WIC began as a 2-year pilot program, the Special Supplemental Food Program, which was established in 1972. The program was renamed WIC in 1973, and legislation established WIC as a permanent national nutrition program in 1975.

⁸ USDA determines WIC coverage rates by dividing the number of program participants by the estimated number of people eligible for the program. Although WIC coverage rates have been estimated for many years, concerns that the estimates of people eligible for WIC did not reflect adjunctive eligibility and other eligibility factors led to recent changes. In 2003, the Committee on National Statistics of the National Research Council published a report outlining recommendations for improving WIC coverage rate estimates, and USDA has since modified its methodology based on those recommendations.

Figure 1: WIC Participants and Federal Appropriations, Fiscal Years 1975-2011



Source: USDA.

In enacting WIC, Congress intended the program to provide women, infants, and young children with supplemental foods during critical times of growth and development. WIC participants typically receive food benefits in the form of vouchers or coupons that they redeem at authorized retail vendors to obtain, at no cost to the participants, certain approved foods, including infant formula. State WIC agencies then reimburse the retail vendors for the food purchased by WIC participants. Since 1989, state WIC agencies have been required by law to contain the cost of infant formula using a competitive bidding process to award sole-source contracts. Under these contracts, formula manufacturers agree to provide a rebate to the state WIC agency for every container of infant formula purchased under the WIC contract. Infant formula rebates have become an important source of funding for the WIC program, and in fiscal year 2011, infant formula companies provided more than \$1.3 billion in rebates to states. As a result, while the average monthly WIC benefit cost to the federal government was \$47 per participant in that year, the average monthly benefit value per participant was \$59.

Eligibility

Pregnant and post-partum women, infants, and children up to age 5 are eligible for WIC if they are found to be at nutritional risk and have incomes below a certain threshold. Federal law and regulations set the WIC

income eligibility threshold at a maximum of 185 percent of the federal poverty guidelines,⁹ specify certain income sources that must be included and excluded when determining income eligibility, and require applicants to provide proof of income. However, federal regulations also provide state WIC administrators with discretion to further define income eligibility criteria. For example, federal regulations indicate that state agencies have the flexibility to decide whether to use an applicant's annual or current rate of income, as well as the specific time period that equals current income, when determining applicants' income eligibility. In addition, federal regulations broadly define the family or economic unit to be used for WIC income eligibility determination purposes, and federal guidance provides further clarification of this definition while also acknowledging that an answer is not available for every question that may arise in a specific case. Because of this, federal guidance also indicates that state and local agencies need to exercise discretion and use judgment in determining each applicant's income eligibility within the general framework of regulatory requirements and basic program policy.¹⁰

Applicants may also be deemed income-eligible for WIC if they receive benefits from certain other federal assistance programs for low-income families—a policy known as adjunctive eligibility. Adjunctive eligibility was created by the Child Nutrition and WIC Reauthorization Act of 1989, and it makes recipients of Medicaid, TANF, and SNAP automatically income-eligible for WIC.¹¹ In practice, once WIC applicants provide proof of their participation in one of these programs, they are determined income-

⁹ States have the option of setting the WIC income eligibility threshold to equal either (1) the maximum income eligibility threshold specified in the National School Lunch Act for free and reduced price meals—185 percent of the federal poverty guidelines, or (2) the income eligibility threshold used for state or local free or reduced-price health care, as long as this guideline is at least 100 percent and no greater than 185 percent of the federal poverty guidelines. According to USDA, all states set the income eligibility threshold at 185 percent of the federal poverty guidelines. Federal poverty guidelines are determined annually by the U.S. Department of Health and Human Services.

¹⁰ For example, when assessing eligibility, local agencies may review families' income from the last 30 days, 12 months, or another time period, or include the income of all members of an applicant's household or just the income of the mother and child.

¹¹ Adjunctively-eligible applicants are still required to meet other WIC program eligibility criteria. When adjunctive eligibility was created, it made Medicaid, Aid to Families with Dependent Children (AFDC), and Food Stamp Program participants automatically income-eligible for WIC. However, TANF replaced AFDC in 1996, and the Food Stamp Program was renamed SNAP in 2008.

eligible and do not need to provide proof of their incomes.¹² As a result, adjunctive eligibility streamlines the determination of income eligibility, easing the paperwork burden on both the applicant and the administrator. When adjunctive eligibility was enacted, income eligibility thresholds for Medicaid, TANF, and SNAP were below WIC's income eligibility threshold of 185 percent of the federal poverty guidelines.

While WIC is not necessarily time-limited, because of the types of individuals it serves, it is generally a short-term program. WIC participants are certified as eligible for program benefits for time periods that vary based on the type of WIC participant—pregnant, post-partum, or breastfeeding woman; infant; or child—and state policy choices.¹³ The longest period for which any participant may be certified is 1 year.¹⁴ Once a participant's certification period ends, the participant may reapply for benefits, at which time eligibility is redetermined. Between certification periods, WIC participants are generally not required to report changes in their circumstances—such as income or family size—that may affect their eligibility.¹⁵

Program Oversight

Federal regulations require FNS to monitor state administration of WIC. To meet this requirement, FNS conducts Management Evaluations of states through its regional offices. The evaluations assess the accomplishment of program objectives and state and local agency compliance with federal requirements, including those related to income eligibility determination. FNS produces a report following each state evaluation that includes review findings and observations. If state or local program operations are found to be non-compliant with federal requirements, FNS identifies required corrective actions in the report.

¹² Although adjunctively-eligible WIC applicants do not need to provide proof of their incomes, FNS asks states to obtain self-reported income information from these applicants.

¹³ Federal regulations establish timeframes for certification periods but also permit state agencies to make some limited policy decisions within the federal limits.

¹⁴ For example, states may establish 1 year certification periods for certain breastfeeding women, infants, and children.

¹⁵ However, federal regulations require local agencies to reassess participant income mid-certification if the agency receives information indicating the participant's income has changed.

States are then required to develop a corrective action plan and implementation timeframes.

Federal regulations also require states to monitor all local agencies administering WIC biennially and define the minimum number of clinic sites that states must review for each local agency. Income eligibility determination must be reviewed. Similar to federal reviews of states, local agencies must be notified of areas in which they are found to be non-compliant with requirements and must develop and implement corrective action plans to address these findings. States must also require local agencies to establish a system for reviewing their own operations, including those at clinic sites.

The Exercise of Allowable Discretion Has Led to Some Variation in State and Local Income Eligibility Policies

The discretion granted by federal law, regulations, and guidance in certain areas of WIC income eligibility determination has resulted in some variation in policy across states and localities. As a result, a family may be correctly deemed income-eligible for WIC in one locality even though in another locality, the family would be considered ineligible. State and local WIC administrators we spoke to discussed the use of discretion in determining income eligibility and noted its importance because some WIC applicants have unique income and family situations that make income determination particularly difficult. Similarly, an FNS official noted that because of varied family circumstances, guidance cannot provide clarification on every situation that may arise. Federal guidance also states that discretion is necessary in part because the department does not intend WIC income eligibility determination to be a complicated and lengthy procedure.

The time period for which an applicant's income is assessed is one area in which states are granted flexibility in federal regulations, and while there are some similarities in state policies, there are also some differences. Although federal regulations provide state agencies discretion to assess applicants' current or annual income, the one example provided in regulations requires states to use current income when assessing the eligibility of unemployed applicants. According to

national survey data,¹⁶ most states assess current income to determine eligibility for all applicants.¹⁷ However, how states define current income differs. In 5 of the 10 state WIC policy manuals we reviewed, 2 define current income as income from the last 30 days, 1 defines it as income from the last 60 days, and 2 others do not clearly define it. In practice, this means families with a temporary drop in income—such as those in which a parent’s work hours have been reduced—may be found eligible for the program at the time of application, even if their annual incomes are above 185 percent of the federal poverty guidelines. The 5 other state manuals we reviewed indicate that local agencies may assess an applicant’s current or annual income, depending on which most accurately reflects the applicant’s income situation. For example, one state’s manual indicates that the decision of whether to use current or annual income should be made on a case-by-case basis. The policies of these 5 states indicate that these states chose to pass the discretion explicitly provided to them in federal regulations to their local agencies. This is consistent with national survey data, which show that about half of the states pass some of the federally-allowed discretion for WIC income eligibility determination on to their local agencies.¹⁸

Another area in which states are given flexibility is in determining an applicant’s family size. Because the family’s total income is assessed to determine income-eligibility for WIC, and total income must fall below 185 percent of the federal poverty guidelines, determination of the applicant’s

¹⁶ National Survey of WIC Participants II (2012). Throughout our report, references to national survey results are based on the state agency survey results from this study. All state agencies administering WIC were surveyed—representing 50 states, the District of Columbia, 34 Indian Tribal Organizations, and five U.S. Territories. Survey respondents included 49 states, the District of Columbia, 27 Indian Tribal Organizations, and five U.S. Territories.

¹⁷ Sixty-two percent of states reported using current income for WIC income eligibility determination, 4 percent reported using annual income, and an additional 13 percent of states let local agencies define the income time period. Twenty-one percent of states responded “other” to this survey question.

¹⁸ Fifty-four percent of states give some discretion to local agencies regarding the determination of income eligibility.

family size directly impacts income eligibility.¹⁹ According to national survey data, 42 percent of states give additional discretion to local agencies in determining the WIC family or economic unit. In the 10 state WIC manuals we reviewed, 9 suggest that local agencies have discretion in defining the applicant's family size, though all provide specific examples of family situations in order to assist local agencies with these determinations. For example, all 10 manuals clarify situations in which an applicant living in a household with other adults constitutes a separate economic unit from those adults.²⁰ In such situations, a mother and infant living in a household in which total income is above 185 percent of the federal poverty guidelines may be found eligible for WIC if they are not receiving assistance from others in the household and if their own income is below that threshold. According to two WIC administrators we interviewed, determining a teenage mother's economic unit can be particularly difficult if she is living with her parents or others. These administrators added that local staff ask these applicants many questions to try to determine whether the mother and her children are their own economic unit or whether they are part of a larger economic unit that includes the mother's parents or other household members. Two additional WIC administrators echoed this statement more generally, noting that the varied household situations of WIC applicants sometimes require local agencies to make decisions about family size on a case-by-case basis. However, some added that discretion is generally not passed on to individual staff who determine eligibility. Rather, to facilitate consistent application of eligibility determination policies, all of the administrators we interviewed indicated that they provide specific protocols for staff to follow, and these protocols are often programmed into the computer system used for income eligibility determination. Additionally, two administrators noted that when staff encounter a unique

¹⁹ Federal poverty guidelines are adjusted for the number of people within a family, and income that equals 185 percent of the poverty guidelines is greater as family size increases. For example, in 2012, a family of two with an annual income at or below \$27,991 met the WIC income eligibility threshold in the 48 contiguous states, the District of Columbia, and the U.S. Territories, as did a family of three with an annual income at or below \$35,317.

²⁰ Federal regulations define a family to be a group of related or nonrelated individuals who are living together as one economic unit. Federal guidance adds that the production and consumption of goods or services are related in an economic unit, and therefore, it is possible for two separate economic units to reside under the same roof. Guidance also notes that state and local agencies will need to exercise judgment regarding the economic dependence or independence of each applicant.

case they are not able to resolve, they are instructed to seek supervisory review. Similarly, one of the state policy manuals we reviewed recommends supervisory review for all applicants who qualify as a separate economic unit within a household and notes that these applicants should be approved on an exception basis.

State policies also vary to some extent as to the sources of income that are included when determining an applicant's income eligibility for WIC. Federal regulations include a list of income sources that must be included and excluded, but the list is not exhaustive, and some discretion is explicitly allowed. For example, national survey data show that only about one-quarter of states include energy, rental, or medical assistance (between 22 and 28 percent)—which are not directly mentioned in federal regulations—when assessing an applicant's income.²¹ In contrast, there is significant consistency among states related to income sources that are included in federal regulations, as between 94 and 100 percent of states include wages, salaries, and fees; self-employment income; unemployment compensation; child support; or Social Security when assessing an applicant's income. Federal regulations give states discretion regarding the exclusion of certain types of military compensation, and as a result, while 77 percent of states exclude the basic allowance for off-base and privatized housing in the United States, about half of states exclude certain other allowances for housing according to national survey data.²² As a result of the variation in income sources that are included when determining eligibility, one state could determine a family's income to be under 185 percent of the federal poverty guidelines while another state could find that same family's income to be over that level.

²¹ In addition, there is also notable variation based on the type of state agency. The states and the District of Columbia are more likely than Indian Tribal Organizations and U.S. Territories to include certain sources of income when determining income eligibility for WIC. For example, 90 percent of the states and the District of Columbia include federal Supplemental Security Income compared to 67 percent of Indian Tribal Organizations and 40 percent of U.S. Territories.

²² For example, 52 percent of states exclude Family Separation Housing provided to military personnel for overseas housing, and 55 percent of states exclude the Overseas Housing Allowance provided to military personnel living overseas.

At Least 2 Percent of WIC Participants Are Eligible Solely Due to Adjunctive Eligibility

Some adjunctively-eligible WIC participants have incomes greater than the WIC eligibility threshold and are therefore income-eligible for WIC solely because of their receipt of benefits from another program, though most adjunctively-eligible participants have incomes below the WIC threshold. In 2010, 69 percent of WIC participants were adjunctively eligible,²³ with almost all of those participants eligible due to their receipt of Medicaid.²⁴ Further, in some states, pregnant women, infants, and children with incomes greater than the WIC income eligibility threshold are eligible to receive Medicaid.²⁵ According to national WIC administrative data, about 2 percent of all WIC participants were adjunctively eligible and had incomes over the WIC eligibility threshold of 185 percent of the federal poverty guidelines in 2010. Because income data were not reported for an additional 7 percent of participants who were adjunctively eligible, we could not determine if these participants were also eligible for WIC solely due to adjunctive eligibility in that year. (See table 1).

²³ For many years, a substantial portion of WIC participants have been adjunctively eligible due to receipt of Medicaid, TANF, or SNAP, according to national WIC administrative data. For example, in 1996, 59 percent of WIC participants were adjunctively eligible due to their receipt of one of these programs.

²⁴ Specifically, in 2010, 66 percent of WIC participants received Medicaid, either alone or in combination with SNAP or TANF. In addition to adjunctive eligibility linking Medicaid to WIC, federal law and regulations mandate coordination between the two programs. For example, WIC agencies are required to refer potentially eligible WIC participants to Medicaid. A 2007 report on coordination between the two programs found that 72 percent of state Medicaid agencies require their Managed Care Organizations to inform their members about WIC.

²⁵ Each state operates its own Medicaid program within federal guidelines. Because the federal guidelines are broad, states have a great deal of flexibility in designing and administering their programs. Although certain mandatory populations must be covered by Medicaid for states to receive federal funding, states may choose to cover additional populations. As a result, Medicaid eligibility can and often does vary widely from state to state.

Table 1: Adjunctively-Eligible WIC Participants, 2010

	With Incomes Over 185 Percent of the Federal Poverty Guidelines		With No Income Data Reported	
	Number	Percentage of All WIC Participants	Number	Percentage of All WIC Participants
Total Participants	166,289	1.7%	694,578	6.9%
Pregnant Women	17,731	1.7%	65,656	6.5%
Breastfeeding Women	10,464	1.6%	35,570	5.4%
Postpartum Women	9,686	1.4%	61,084	9.0%
Infants	35,621	1.5%	185,416	7.8%
Children	92,788	1.8%	346,852	6.5%

Source: GAO analysis of USDA data on all WIC participants in April 2010.

Notes: "Participants" include all persons on WIC master lists or persons listed in WIC operating files who were certified to receive WIC benefits in April 2010. Adjunctively-eligible participants with no income data reported include those for whom data on income, income time period, or size of the economic unit were missing or reported as zero. Because adjunctively eligible participants do not need to provide proof of income, these income data have not been verified.

Although the national WIC administrative data are the best available for examining the income of the entire population of WIC participants,²⁶ both federal WIC requirements and the exercise of state discretion affect these income data. For example, federal regulations require that income data be collected from WIC participants at one point in time, which is the date of application. As a result, these data generally do not reflect increases or decreases in income that may occur during the time period for which a participant has been certified as eligible.²⁷ In addition, federal regulations do not require states to assess income data for adjunctively-eligible participants, but rather, USDA requests that states submit self-reported income information for these participants to the department. Consequently, these data do not have to be verified either through participant-provided documentation or other means, such as state wage

²⁶ This statement reflects our assessment of the administrative data. See Appendix I for an overview of other datasets that may be used to assess WIC participants' incomes.

²⁷ As previously noted, WIC applicants are generally not required to report changes in income that occur generally after a participant is determined to be eligible until the certification period ends. However, federal regulations require local agencies to reassess participant income mid-certification if the agency receives information indicating the participant's income has changed. The longest time period for which a participant can be certified is 1 year.

records,²⁸ and they are also not consistently reported by states. In 2010, income information was not available for 7 percent of adjunctively-eligible WIC participants.²⁹ The share of participants with no reported income information varied significantly by state, which may reflect differences in state policy.³⁰ The WIC director from one state that did not report income information for the majority of its participants told us that the state directs its local agencies not to enter income for adjunctively-eligible participants because self-reported income information does not reflect a full income assessment. The director explained that the state instead relies on the determination of income eligibility that has already been made by the program through which the applicant is adjunctively eligible, as that is the point of the adjunctive eligibility policy.

A review of state changes in income eligibility thresholds for the programs through which a WIC applicant can be deemed adjunctively eligible provides additional context for understanding the relationship between adjunctive eligibility and WIC participation. Since adjunctive eligibility was created, some states have increased the income eligibility thresholds for SNAP and Medicaid above the WIC income eligibility threshold of 185 percent of the federal poverty guidelines. For example, according to USDA, 13 states have increased SNAP income eligibility thresholds to

²⁸ According to federal guidance, WIC administrators are not required to verify income information reported by adjunctively-eligible WIC participants because it is assumed that income was already verified by the program through which the participant is adjunctively eligible, such as Medicaid.

²⁹ USDA officials told us that, over the years, they have worked with the states to increase the reporting of participant income data. The WIC administrative data show that this has improved. For example, while income information was not available for 16 percent of WIC participants in 2002, this percentage has steadily decreased since then. However, it is likely that there will always be some WIC participants with missing income information, as federal guidance provides states discretion to grant temporary benefits for 30 days to individuals who lack proof of income or adjunctive eligibility at the time of application.

³⁰ For example, of the 90 state agencies administering WIC, 57 states—37 states, 15 Indian Tribal Organizations, and five U.S. Territories—reported income information for 90 percent or more of their WIC participants. In contrast, 10 states—3 states and 7 Indian Tribal Organizations—reported income information for less than half of their WIC participants. If WIC participants' incomes were distributed similarly across states that reported participants' incomes and those that generally did not report incomes, the share of adjunctively-eligible WIC participants who had incomes above 185 percent of the federal poverty guidelines would have been about 2 percent.

200 percent of the guidelines.³¹ For Medicaid, some states similarly increased income eligibility thresholds to 200 percent of the guidelines, while others increased thresholds up to 300 percent of the guidelines.³² Specifically, infants in families with incomes greater than 185 percent of the federal poverty guidelines were Medicaid-eligible in 25 states, pregnant women in such families were Medicaid-eligible in 23 states, and children aged 1 to 5 in such families were Medicaid-eligible in 14 states, as of January 2012. (See table 2.)

Table 2: Number of States with Medicaid Income Eligibility Thresholds Greater than the WIC Eligibility Threshold, as of January 2012

Federal Poverty Guidelines	Infants	Pregnant Women	Children Aged 1-5
186-200%	15	14	7
201-250%	3	5	3
251-300%	7	4	4
Total	25	23	14

Source: Kaiser Family Foundation. Based on a national survey conducted by the Kaiser Commission on Medicaid and the Uninsured with the Georgetown University Center for Children and Families.

Notes: This analysis includes the 50 states and the District of Columbia. States included are those that have income eligibility thresholds for the specified groups set at levels above 185 percent of the federal poverty guidelines for Medicaid or Medicaid expansions funded by the Children’s Health Insurance Program. State income eligibility thresholds for separate state programs funded by the Children’s Health Insurance Program are not included in this analysis because recipients of these programs are not adjunctively eligible for WIC. We did not independently verify this information.

Although a number of states have expanded Medicaid income eligibility thresholds above the WIC threshold, the extent to which these expansions have increased WIC participation is unclear. While studies generally find that Medicaid recipients are more likely to participate in

³¹ As of November 2012, 13 states had implemented broad-based categorical eligibility policies for SNAP that increased the SNAP income eligibility limit to 200 percent of the federal poverty guidelines, according to USDA’s “Broad-Based Categorical Eligibility” table, which is available on the department’s website. The difference between 185 and 200 percent of the federal poverty guidelines was about \$240 per month for a family of three in 2012. We recently reported on broad-based categorical eligibility for SNAP in *Supplemental Nutrition Assistance Program: Improved Oversight of State Eligibility Expansions Needed*, [GAO-12-670](#) (Washington, D.C.: July 26, 2012).

³² The majority of states that increased SNAP income eligibility thresholds to 200 percent of the federal poverty guidelines also expanded Medicaid income eligibility above the WIC income eligibility threshold.

WIC than others, some studies suggest that expanded Medicaid income eligibility has not had a substantial impact on WIC participation because eligible families with relatively higher incomes are less likely to participate in WIC than lower-income families. For example, one study that focused on recent increases in WIC participation among children aged 1 to 4 found that those increases were not related to higher-income families receiving Medicaid.³³ Another study noted that the connection is unclear, but it added that increases in states' Medicaid income eligibility thresholds did not seem to change the proportion of WIC participants who were determined eligible for WIC due to adjunctive eligibility.³⁴ Two of the state administrators we interviewed were from states that had recently expanded Medicaid eligibility above the WIC threshold, and they similarly noted that they did not see an increase in WIC participation after Medicaid was expanded.

FNS Assists and Monitors States' Income Eligibility Determinations; However, It Does Not Currently Use Monitoring Results to Target Assistance

FNS regularly provides assistance to states in administering WIC, though this assistance has generally not been focused on key income eligibility requirements, such as determination of family size and the time period of income assessed, in recent years. While FNS headquarters' staff are responsible for formulating WIC policy and guidance, FNS's regional offices are the primary federal contact for states on WIC administration.³⁵ Regional office staff are responsible for regularly reviewing changes to each state's WIC State Plan of Operation to ensure it is consistent with federal requirements and providing states with technical assistance. However, in recent years, FNS's assistance to states on income eligibility determination has been focused primarily on clarifications of particular situations that have arisen. For example, FNS guidance from the last few years has clarified the exclusion or inclusion of income sources such as combat pay, compensation payments made to certain veterans, and earned income of temporary Census workers. Although FNS

³³ M. Bitler and J. Currie, "Medicaid at Birth, WIC Take-Up, and Children's Outcomes," Institute for Research on Poverty, Discussion Paper no. 1286-04 (2004).

³⁴ C.A. Swann, "WIC Eligibility and Participation: the Roles of Changing Policies, Economic Conditions, and Demographics," *The B.E. Journal of Economic Analysis & Policy*, vol. 10, no. 1 (2010).

³⁵ According to FNS headquarters' officials responsible for WIC, their primary role is to formulate WIC policy and guidance and disseminate this information to FNS's seven regional offices and the states.

headquarters' officials noted that questions regarding particular situations are frequently addressed, FNS has not recently clarified key income eligibility requirements. Rather, FNS's primary policy guidance on those requirements was issued in 1988 and 1999. State WIC officials we interviewed indicated that FNS regional office staff are helpful and responsive to questions they raise regarding WIC administration, but none of the officials could recall asking FNS questions about key income eligibility requirements in recent years.

FNS regularly monitors state and local WIC administration through Management Evaluations conducted by its regional offices,³⁶ and in one-third of the states reviewed since 2010, FNS found problems with income eligibility determination policies and procedures. Specifically, in the Management Evaluation reports we reviewed,³⁷ regional FNS reviewers found problems with or expressed concerns about income eligibility determination policies or procedures in 23 states (including 15 states, 6 Indian Tribal Organizations, and 2 U.S. Territories), despite the flexibilities allowed in federal regulations in this area.³⁸ The most common finding related to adjunctive eligibility was insufficient proof of adjunctive eligibility in participant case files (5 states). Concerning other aspects of income eligibility determination, problems were found related to a lack of required income information in participant case files (6 states),³⁹ the income sources included or excluded (5 states), and the determination of an

³⁶ Similar to FNS assistance to states, FNS headquarters officials produce Management Evaluation guidance that is distributed to FNS regional offices and the states.

³⁷ To analyze monitoring findings related to income eligibility determination, we reviewed FNS's reports from all Management Evaluations of states conducted from fiscal years 2010 through 2012 that addressed certification. These reports covered 68 of the 90 state agencies that administer WIC, though some states were reviewed more than once during this period. According to FNS officials, all states are to be reviewed at least once every 4 years. Some FNS regions review states once every 4 years, at which time they review all required areas. In other regions, states are reviewed annually only on a selection of required areas. Certification, which includes income eligibility determination, is one of the required review areas.

³⁸ Some of these states had multiple findings related to income eligibility determination.

³⁹ In two of these six states as well as two additional states, FNS reviewers also noted problems related to a lack of income information in adjunctively-eligible participants' case files. While USDA requests that states submit self-reported income information for adjunctively-eligible participants, they are not required to do so. Therefore, these Management Evaluation findings suggest that there may be inaccurate interpretations of federal requirements in this area by FNS reviewers.

applicant's family size (5 states). Other income eligibility determination policy and procedural issues were found in 13 states, such as a lack of procedures to follow when a participant's income eligibility was in question and the provision of temporary certification without income proof for a period longer than the maximum 30 days. Because these Management Evaluations involve FNS review of state WIC administration, as well as administration in selected local agencies, some of the findings represent systemic problems within a state while others reflect more localized issues. For example, in some instances, FNS found that certain aspects of state income eligibility determination policies were not consistent with federal requirements, while in others, some local agencies' procedures were not consistent with requirements.

FNS's Management Evaluation reports also reflect that there are weaknesses in some states' administration of WIC that may indirectly affect income eligibility determination. According to FNS headquarters' officials, states have primary responsibility for overseeing and monitoring WIC administration through the dissemination of state policy and procedures and biennial reviews of all local agencies. However, the Management Evaluation reports we reviewed noted problems with staff training and state and local monitoring, which—while not directly related to income eligibility determination policy or procedures—are areas of weakness in the internal control system designed to ensure accomplishment of program objectives and compliance with federal requirements. For example, FNS reviewers found problems related to staff training in 16 states (including 9 states, 5 Indian Tribal Organizations, and 2 U.S. Territories). Although most of these findings related to insufficient training of state or local staff or a lack of documentation that staff had received training, in 2 of these 16 states, FNS reviewers noted that the state staff person responsible for monitoring local agencies had not received training on federal WIC requirements. The Management Evaluation reports we reviewed also included findings related to state or local monitoring of WIC administration in 17 states (including 12 states and 5 Indian Tribal Organizations). Within those states, a range of issues were found, such as state reviews of local agencies that did not assess all of the required review areas, states that did not review all local agencies within the required time period, and incomplete or missing local agency corrective action plans to address deficiencies found by state reviewers.

Although FNS plans to begin regularly reviewing Management Evaluation findings at the national level to identify areas of program risk and target assistance accordingly, officials had not previously done so because

findings were not easily compiled at FNS headquarters. Standards for Internal Control in the Federal Government call for management to comprehensively identify risks and indicate that methods to do so may include consideration of findings from audits and other assessments.⁴⁰ Because Management Evaluations provide key information on WIC administration nationwide, upper management reviews of states' actual performance cited in these Evaluations are essential to an effective internal controls system and FNS's ability to take appropriate actions to address risks. However, FNS headquarters' officials told us that, in the past, they have only reviewed regional offices' monitoring findings on an ad hoc basis. Further, they have not reviewed findings on income eligibility determination, and, as a result, they have not focused their technical assistance in this area. Officials said that they plan to begin reviewing monitoring findings more regularly to help identify areas in which additional assistance may be needed, and the national Management Evaluation tool FNS implemented in 2010 will make this feasible. This electronic tool is accessible at FNS headquarters, and it includes findings from all Management Evaluations conducted by FNS regional offices nationwide. Officials said that they have been focused on ensuring that the tool is being implemented effectively, but they did not indicate when they plan to start using it to systematically analyze monitoring findings. A timeline for reviewing these evaluations, consistent with standard management practices for implementing programs, could better position FNS to demonstrate progress towards completing its planned actions.⁴¹ In addition, officials are also in the process of reviewing findings from the National Survey of WIC Participants II, which was released in April 2012, to determine areas in which additional clarification of federal requirements is likely needed.⁴²

⁴⁰ GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: November 1999).

⁴¹ Standard practices for project management established by the Project Management Institute state that managing a project involves, among other things, developing a timeline to reassess efforts underway. The Project Management Institute, *The Standard for Program Management* © (2008).

⁴² Because FNS guidance is distributed by headquarters to both FNS regional offices and states, additional guidance clarifying federal requirements should improve both state WIC administration and the assistance states receive from FNS regional offices.

Conclusions

WIC provides essential nutrition and assistance to low-income families during pregnancy and in the important early years of a child's development. Strong support for WIC over the years has led to increased federal funding that has enabled all eligible families who seek assistance from the program to receive benefits, but as the federal government continues to seek ways to manage with fewer resources, ensuring the program serves those it is intended to is critical. While state and local income eligibility determination policies for WIC differ to some extent and result in families' eligibility for the program being somewhat dependent on where they live, the discretion granted in federal regulations and guidance suggests this result may be in line with program goals.

With adjunctive eligibility, however, whether program goals continue to be served is less clear. Adjunctive eligibility in WIC streamlines eligibility determination by allowing those eligible for another program that serves the low-income population to be deemed automatically income eligible for WIC—easing both administrative and client burden and improving program access. However, because programs change over time, it is important to continually assess the effect of these program interactions. In the case of WIC and Medicaid, two-thirds of WIC participants are now eligible for WIC benefits due to their receipt of Medicaid, and data show that increases in Medicaid's income eligibility thresholds have enabled some women, infants, and children to receive WIC who would otherwise have been found ineligible. Given the current economic constraints, the impact of adjunctive eligibility may not be in line with program goals. However, if modifications to adjunctive eligibility are considered, because the policy currently eases administrative and participant burden for the majority of WIC participants, such changes should carefully weigh the potential benefits and costs.

Along with ensuring that WIC applicants' income eligibility is determined consistent with program goals, it is important to ensure that the program operates effectively and in line with federal requirements. While federal regulations specify oversight and monitoring procedures aimed at ensuring requirements are met, as with any internal controls system, both the design and implementation of the system are key to its effectiveness. With WIC, FNS monitoring of states has identified areas related to income eligibility determination in which additional guidance and assistance may help improve WIC administration. To date, FNS has not taken advantage of available opportunities to improve program effectiveness by regularly reviewing monitoring results to identify and target assistance to states in these areas. Because officials have said they plan to do such reviews in the future, a timeline for reviewing its monitoring results could better

position FNS to demonstrate progress towards completing its planned actions. Although little has changed in federal income eligibility determination policies in recent years, the existence of monitoring findings in this area suggest additional assistance and clarification would be beneficial in ensuring overall program integrity.

Recommendation for Executive Action

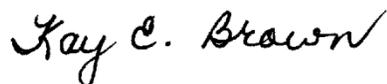
To improve WIC oversight and administration, we recommend that the Secretary of Agriculture direct FNS to develop a timeline for reviewing Management Evaluation reports to assess program risks at a national level and target assistance to states.

Agency Comments

We provided a draft of this report to USDA for review and comment. In oral comments, USDA officials concurred with our recommendation. Officials also provided technical comments, which we incorporated into the report as appropriate.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution of it until 30 days from the report date. At that time, we will send copies of this report to the appropriate congressional committees, the Secretary of Agriculture, and other interested parties. In addition, this report will be available at no charge on GAO's website at <http://www.gao.gov>.

If you or your staff have any questions concerning this report, please contact me at (202) 512-7215 or brownke@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in Appendix II.



Kay E. Brown
Director, Education, Workforce, and Income Security Issues

Appendix I: Other Datasets that Provide Information on WIC Participant Incomes

In addition to the national administrative data on participants in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), two Census Bureau datasets have been used by other researchers to examine WIC participant characteristics, including incomes.

- The Current Population Survey (CPS), Annual Social and Economic (ASEC) Supplement is an annual survey that collects data on household income, participation in federal programs, and demographic characteristics of the household. Over 70,000 housing units are sampled. The CPS ASEC Supplement collects detailed information about annual income for the previous year, but it does not collect monthly income data. It also collects information on household participation in WIC, as well as programs used to confer adjunctive eligibility for WIC, including Medicaid, the Supplemental Nutrition Assistance Program (SNAP), and Temporary Assistance for Needy Families (TANF).
- The Survey of Income and Program Participation (SIPP) is a longitudinal household survey. The survey design is a continuous series of national panels, with sample sizes ranging from approximately 14,000 to 36,700 interviewed households. The duration of each panel ranges from 2 ½ years to 4 years. The first SIPP panel was in 1984, and the most recent panel began in 2008. Households in the panel are interviewed every four months. The SIPP collects detailed information on each household's monthly income, as well as information on participation in federal programs. Specifically, data about monthly participation in WIC, Medicaid, SNAP, and TANF are collected.

In 2003, the Committee on National Statistics of the National Research Council published a report that reviewed the use of CPS and SIPP data for estimating WIC eligibility and participation.¹ The Committee found that WIC participation is underreported in both of these datasets. Despite this limitation, the Committee noted that research has shown that WIC participants' characteristics are generally similar in the CPS, SIPP, and administrative data, with the exception of participants' incomes, which

¹ National Research Council, Committee on National Statistics, *Estimating Eligibility and Participation for the WIC Program: Final Report*. The National Academies Press (Washington, D.C.: 2003).

have been found to be higher in the CPS and SIPP than in the administrative data.² The Committee concluded that this is not surprising given the flexibility that WIC administrators have in determining the time period for which income is measured to establish eligibility, as well as income variability over the course of a year, which has been found to be significant for the WIC-eligible population. As a result, researchers may reach different conclusions depending on the dataset analyzed.

² M. Bitler, J. Currie, and J. Scholz, "WIC Eligibility and Participation," *Journal of Human Resources* 38(S):1139-1179 (2003).

Appendix II: GAO Contacts and Staff Acknowledgments

GAO Contact

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Staff Acknowledgments

Kathy Larin (Assistant Director), Rachel Frisk (Analyst-in-Charge), and Robert Campbell made significant contributions to all aspects of this report. Also contributing to this report were Carl Barden, Holly Dye, Chuck Ford, Ashley McCall, Sheila McCoy, Jean McSween, Dae Park, Kathy Peyman, Almeta Spencer, and Roger Thomas.

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