USDA

United States
Department of
Agriculture

Food and
Consumer
Service

3101 Park
Center Drive

Alexandria, VA
22302-1500

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SUBJECT: Reissue of FMNP Final Policy Memorandum #98-1
Use of Welch's Grant Funds for the FMNP

TO: Regional Directors
Supplemental Food Programs
All Regions

This policy memorandum provides clarification concerning the use of Welch's grant funds to support activities in the WIC Farmers' Market Nutrition Program (FMNP). A corresponding policy memorandum is being sent to WIC State agencies.

Several States have asked us if they can use the funds received from Welch's, provided in response to States including Welch's grape juice on their WIC-approved food lists, to support expansion and/or other FMNP activities. These grant funds are based on the total Welch's product shipped to a State, without regard to how much of the product is actually purchased with WIC food instruments.

The grant funds received from Welch's are classified as WIC Program income. As such, they must be used in accordance with section 246.15(b) of the WIC Program regulations which states:

> "The State agency may use current Program income for costs incurred in the current fiscal year and, with the approval of FCS, for costs incurred in previous or subsequent fiscal years. With the approval of FCS, Program income may be used for costs which are in addition to the allowable costs of the Program but which nevertheless further the objectives of the law authorizing the Program. Provided that the costs supported by the income further the broad objectives of the Program, they need not be a kind that would be permissible as charges to Federal funds."

If the WIC State agency determines that FMNP activities further the broad objectives of the WIC Program, they may seek permission from FCS to use WIC Program income, including Welch's grant funds, for FMNP related activities. Because the law authorizing the WIC Program, Section 17 of the Child Nutrition Act, covers both WIC and the FMNP, the use of WIC Program income is limited to these two programs.

The contents of this guidance document do not have the force and effect of law and are not meant to bind the public in any way. This document is intended only to provide clarity to the public regarding existing requirements under the law or agency policies.

WIC Program income cannot, however, be used for meeting the State FMNP match requirement. Under 7 CFR 3016.25(g)(2)-(3), program income can be used to meet cost sharing or matching requirements of the Federal grant agreement only when authorized. Neither the FMNP authorizing legislation nor FMNP regulations permit the use of WIC Program income to be used for meeting the FMNP State match requirement.

Deborah A. McIntosh

DEBORAH A. MCINTOSH
Acting Director
Supplemental Food Programs Division