

Summary and Q&As from USDA/FNS and WIC State Agency Call January 10, 2019

Summary: USDA/FNS convened a conference call with WIC State agencies in order to provide an overview of the Agency's funding actions taken so far, discussion of planned next steps, and to provide WIC State agencies with the opportunity to ask funding and operational questions. All WIC State agencies were invited to participate.

Diane Kriviski, Deputy Administrator for the Supplemental Nutrition and Safety Programs, kicked off the call by thanking the WIC State agencies for their commitment to the Program. Brandon Lipps, Acting Deputy Under Secretary for the Food, Nutrition and Consumer Services, also expressed gratitude on his behalf and of the Secretary for tackling the challenges in front of the Program. Mr. Lipps also stated that FNS wants to work closely with all of the State agencies to continue WIC through the month of February.

FNS Program staff summarized the actions taken, so far, to support Program operations:

- Provided first quarter funding under the Continuing Resolution, which expired on midnight on December 21, 2018.
- Reallocated recovered unspent 2018 funding (\$248 million).
- Recovered additional unspent 2018 funding and provided a second reallocation of Program funding (\$89 million).
- Issued a reminder about the use of unspent 2018 NSA funding. State agencies can spend forward these funds for operational needs during a shutdown, capped at no more than 3% of the State agency's total FY 2018 grant amount. The capped amount is fixed in regulation and cannot be waived or raised.

FNS staff also provided two reminders for State agencies on the call:

- Do not overcommit on spend forward. State agencies need to make sure they have enough FY 2018 NSA to liquidate all FY 2018 obligations.
- State agencies cannot hold on to unspent FY 2018 food funds for use in FY 2019. FNS needs to recover and reallocate these funds to State agencies through the funding formula prescribed in regulation.

FNS staff described the actions planned for the week of January 14, 2019. These include:

- State agencies identifying remaining unspent FY 2018 funds for recovery by Wednesday, January 16th so FNS can reallocate by the end of the following week.
- State agencies should review and assess all available resources, which could include monthly rebates, program income, as well as State appropriated or general funds.
- FNS stated that the reallocated funding provided in January is expected to cover February expenditures.
- FNS asked State agencies to let them know the funding amount needed in February to continue program operations. FNS asked for this information by Friday, January 18th.
- FNS asked State agencies to reach out to USDA/FNS before making any Program changes.



Questions and Answers

Q1. How much funding is available?

A1. FNS has identified unspent FY 2018 food funding that can be used to cover projected expenditures for February. Between January 7th and January 11th, 2019, FNS reallocated \$337 million to WIC State agencies. FNS estimates that an additional \$200-300 million in unspent prior year funds should be available for reallocation later in the month for a total of approximately \$600 million in funding provided to WIC State agencies. We will continue to work with States to make resources available to the extent possible.

Q2. Is there a notification requirement before a State agency can suspend benefits?

A2. Yes, the Program requires a person who is about to be suspended or disqualified from program participation shall be advised in writing not less than 15 days before the suspension or disqualification. The written notification must include the reasons for this action, and the participant's right to a fair hearing. State agencies need to contact FNS regional offices in advance of significant changes in program operations, including suspension of benefits.

Q3. Can State agencies make obligations against other federal WIC grants that are not used for Program benefits or program administration?

A3. Yes, State agencies may continue to use federal grant funding previously provided. The terms and conditions of these grant awards still apply.

Q4. Can State agencies use State resources to keep WIC running? Will the federal government reimburse states, Indian Tribal Organizations or Territories for any funding they provide to address federal funding shortfalls?

A4. Yes, State agencies may use other, non-federal resources. Any decisions regarding allowable, nonfederal funding streams should be made by your office of general counsel. Additionally, USDA is prohibited from committing to future obligations during a lapse in federal appropriations. Consequently, USDA cannot make any guarantees about reimbursing states, Indian Tribal Organizations or Territories for any funding they provide.

Q5. Can State agencies impose new cost containment policies to help manage a funding shortfall?

A5. Yes, State agencies may implement new or modified policies aimed at reducing food expenses. State agencies should wait until they have conducted a thorough analysis of the adequacy of their funding and reach out to FNS before implementing any new policies to ensure they are consistent with federal regulations. Reducing quantities or food items in the WIC food packages for cost containment or caseload management purposes is prohibited.

Q6. Can State agencies still spend forward an additional half-percent for the development of a management information system, including an electronic benefit transfer system?

A6. Yes, but FNS will not be reviewing these requests at this time. FNS may only provide assistance to State agencies regarding the 3% spend forward that can be used for program operations.

Q7. Outside groups have been providing advice to my State Agency about how to manage through a federal shutdown. How should I proceed?

A7. FNS recognizes that the WIC program depends on a wide range of external partners, many of which are trying to be of assistance. Before you consider making any program or policy changes, you should contact your FNS regional office. We want to work with you to keep your program running as long as we have resources available.

Q8. Is STARS affected by the shutdown?

A8. Yes, STARS is not operating at this time as all SNAP retailer management systems are shut down and the retailer service center is off line until the government resumes normal operations. WIC State agencies are responsible for authorizing vendors for their Program. State agencies must continue to apply all federally required selection criteria, including checks to make sure a vendor applicant is not disqualified from SNAP or has been assessed a SNAP civil money penalty for hardship. FNS cannot waive this requirement.

Q9. Can food funding or rebates be used for NSA expenses/costs?

A9. No. Food funds and rebate payments, which are credits to the food grant, cannot be used for NSA costs, except as permitted under program regulations (e.g., breast pumps, warehousing costs, etc.).

Q10. Can NSA funding be used for food expenditures?

A10. Yes, program regulations allow State agencies to use their NSA funds for food costs.

Q11. The reallocated funding has a different accounting code. Do we need to use these funds in a different way?

A11. No, these funds should be used as regular program funds. The accounting code change reflects the federal period of availability and does not affect how the State agency should draw down funds or use these resources.

Q12. In what order should State agencies use Program funds?

A12. State agencies should adhere to the principle of First In First Out (FIFO) when using WIC federal funds. All reallocation funding may be used for allowable FY 2019 program costs.

Q13. Have 798 reports been posted?

A13. No, certified 798 reports have not been posted. Therefore, State agencies will not be able to file future reports at this time.

Q14. Will grant closeout still happen at the normal time?

A14. FPRS is open. State agencies should be working to close out their grants, especially since reallocation funding is very important to sustaining program operations during the lapse in federal funding.



Q15. What type of technical assistance can FNS provide to WIC State agencies?

A15. Consistent with FNS's approved Contingency Plan for a lapse in appropriation, FNS may continue with essential Federal activities and funding to maintain core program benefits. For WIC, this means Federal staff can provide technical assistance for benefits and activities funded through the food and Nutrition Services Administration (NSA) grant. While State agencies may continue to perform activities, consistent with the terms and conditions of other WIC funding streams, FNS staff cannot provide any guidance, approvals or technical assistance on these projects. For WIC MIS/EBT projects, State agencies with approved projects and funding may proceed; however, federal technical assistance and approvals are not available at this time.