

WIC NUTRITION SERVICES AND ADMINISTRATION (NSA) COST STUDY (SUMMARY)

Overview

The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) is administered by the Food and Nutrition Service (FNS) of the U.S. Department of Agriculture (USDA). WIC provides supplemental foods, nutrition education, breastfeeding support, and referrals for health care and other services to nutritionally at-risk, low-income, pregnant women; new mothers; infants; and children up to age 5. FNS allocates grants to 90 WIC State agencies (SAs), including the 50 States, the District of Columbia, 34 Indian Tribal Organizations (ITOs), and 5 U.S. Territories (American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands). WIC grants are awarded in two components: food grants and nutrition services and administration (NSA) grants.

The WIC NSA Cost Study provides an assessment of how NSA funds are spent, including the amounts and categories of costs and their variation among SAs and local agencies (LAs). In Federal fiscal year (FFY) 2013, SAs received nearly \$6.82 billion in WIC grants, three-fourths (\$4.89 billion) as food grants, and one-fourth (\$1.92 billion) as NSA grants. SAs spent about \$1.88 billion of their NSA grants.

Methods

The study synthesized the following data sources:

- 1) Survey of all SAs and LAs;
- 2) Case studies that included interviews with staff representatives from 14 SAs and 24 LAs; and
- 3) Data from the FFY 2013 WIC Financial Management and Participation Report (form FNS-798A).

The online survey was conducted between June and November 2014. A total of 77 SAs responded to the SA survey and 1,288 LAs responded to the LA survey (86 and 80 percent response rate, respectively). To describe grant expenditures, the survey asked SAs and LAs about all costs,

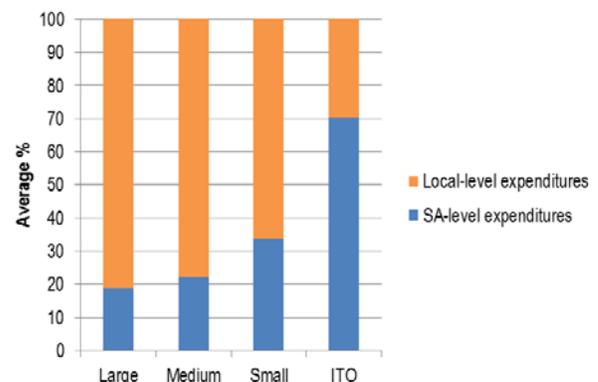
including staff salaries and benefits, contracted services, equipment, supplies, training, and indirect costs under the four WIC NSA cost categories:

- Program Management (overhead and management costs);
- Client Services (certification, issuance of food benefits, and referrals to other health care and social services);
- Nutrition Education; and
- Breastfeeding Promotion and Support.

Findings

SAs allocate a large proportion of NSA funds to LAs to support local program operations. In FFY 2013, 79 percent of NSA expenditures were for LA costs and 21 percent were for SA costs. The allocation to SA-level operations varies significantly by SA size with larger SAs spending a lesser share on SA expenditures compared to smaller SAs and ITOs (Figure 1). Larger SAs (operating at least 20 LAs but fewer than 35) also have lower costs per participant than smaller SAs.

Figure 1. Average Percentage of NSA Expenditures for SA- and Local-Level Expenditures, by SA Size*, FFY 2013

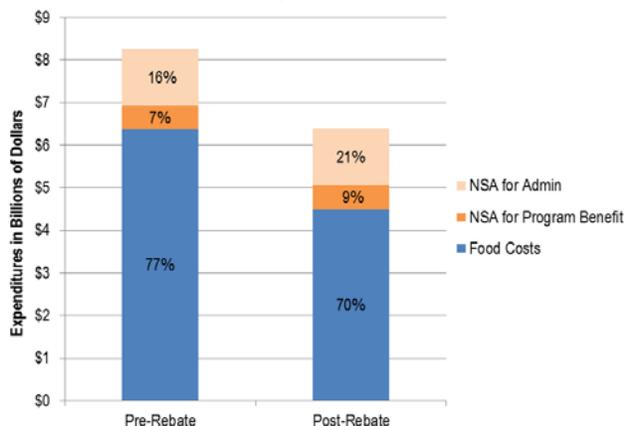


*Size categories reflect FFY 2013 State-level expenditures as a share of total Federal NSA expenditures; large: more than 2 percent (14), medium: more than 1 percent and up to 2 percent (16), and small: 1 percent or less (26). ITOs were retained as a separate group (34).

Nearly one-third of NSA funds are spent on providing nutrition and breastfeeding services to participants as part of their program benefits.

In FFY 2013, 21 percent of total NSA expenditures were for nutrition education and 8 percent for breastfeeding promotion and support. The remaining NSA expenditures covered administrative costs: 34 percent for program management and 37 percent for client services; these two categories comprise 16 percent of total pre-rebate program expenses (Figure 2).¹ The breakdown of administrative expenses varies by SA size and structure with ITOs spending more on program management compared to other SAs.

Figure 2. Percentage of WIC NSA and Food Costs Attributed to Total WIC Expenditures, FFY 2013*



*NSA for Admin' includes Program Management and Client Services NSA costs. 'NSA for Program Benefit' includes Nutrition Education and Breastfeeding NSA costs.

Nearly 81 percent of LA expenditures were for Labor/Personnel costs.² Many LAs (42 percent) reported sharing staff with other programs, reducing the overall share of labor and personnel costs compared to LAs without these arrangements (79 versus 82 percent). Half of LAs (51 percent) reported receiving one or more forms of in-kind contributions, typically for facilities, utilities, and computer systems and networks support.

LAs spent 91 percent of their NSA grant funds on direct costs and only 9 percent on indirect costs. By comparison, SAs spent 85 percent of SA-level NSA grant funds on direct costs and 15 percent on indirect costs. Both SAs and LAs spent the largest share of their direct costs on Labor/Personnel (49 and 81 percent, respectively).

¹ Pre-rebate refers to program expenses before rebates from infant formula contracts are credited (\$1.88 billion).

² LAs reported expenditures by direct and indirect costs associated with service delivery, rather than by cost category.

Cost increases for facilities and support services strongly influence NSA costs. In FFY 2013, 80 percent of SAs reported these categories (e.g., facility space and telecommunications) as the most common factors increasing SA-level costs. Over 60 percent of SAs also reported salaries and fringe benefits as key factors influencing SA-level staffing costs since FFY 2010.

The transition to Electronic Benefits Transfer (EBT) and the adoption of new Management Information Systems (MIS) have had mixed effects on program operation costs. Of those with a new MIS, about 30 percent were unsure of its impact on costs. For SAs transitioning to EBT, nearly 60 percent reported not knowing how it affected costs. However, in the case study interviews, respondents expressed concerns about the start-up costs for MIS and EBT systems development. Understanding their long-term contribution to NSA expenditures would be a key question for future analyses.

Conclusion

At the State and local levels, labor and personnel costs account for the majority of NSA expenditures. However, agency size and structure have some influence on how NSA funds are expended, with certain cost efficiencies being realized among large- and medium-sized SAs that contract with LAs for local service delivery.

Nearly one-third of NSA expenditures are for nutrition education and breastfeeding support services, which are core program benefits provided to participants. When expenses for nutrition education and breastfeeding promotion and support are included with the program's gross pre-rebate food costs to capture the total cost of program benefits, the share of WIC funds spent on administrative expenses is about 16 percent.

For More Information

Gleason, S., Sallack, L., Bell, L., Erickson, L., Yarnoff, B., Eicheldinger, C., (2017). WIC Nutrition Services and Administration (NSA) Cost Study: Final Report. Prepared by Altarum Institute and RTI International Under Contract No. AG-3198-D-12-0075. Alexandria, VA: U.S. Department of Agriculture, Food and Nutrition Service. Project Officer: Dr. Chan Chanhatasilpa. Available online at:

www.fns.usda.gov/research-and-analysis