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The Impact of Sequestration on WIC Will WIC Be Able to Serve All Eligible Low-Income Women and Young Children Who Apply?

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WIC — the highly effective nutrition program that serves roughly 9 million low-income women and children — has been battered by funding uncertainty for the last six months as Congress grappled with how to accomplish deficit reduction over the coming decade. The WIC funding level recently enacted for the remainder of the current fiscal year, which runs through September 30, will likely be sufficient to serve all eligible applicants.¹ But future reductions in overall domestic discretionary spending adopted in the 2011 Budget Control Act, including sequestration, continue to threaten the longstanding and laudable bipartisan practice, dating back to 1997, under which Administrations and Congresses of both parties have provided sufficient funding to ensure that WIC can serve all eligible low-income pregnant women, infants, and young children who apply.

WIC — formally known as the Special Supplemental Nutrition Program for Women, Infants, and Children — provides nutritious food, counseling on healthy eating, and health care referrals to low-income pregnant and postpartum women, infants, and children under age 5 who are at nutritional risk. Extensive research shows that WIC participation contributes to healthier births, higher intake of key nutrients, less consumption of sugar and fats, and a stronger connection to preventive health care.² It is widely regarded as one of the most effective of all social programs.

The Senate Appropriations Committee approved \$7.046 billion in WIC funds in April 2012 for the current fiscal year, fiscal year 2013. That level was incorporated into the final appropriations legislation enacted on March 26, 2013. The final legislation, however, also included an across-the-

¹ See P.L. 113-6, which is available at <http://www.gpo.gov/fdsys/pkg/BILLS-113hr933enr/pdf/BILLS-113hr933enr.pdf>.

² For a more detailed discussion of health outcomes associated with WIC participation, see Silvie Colmra P. Nichols-Barrer, Julie E. Redline, Barbara L. Devaney, Sara V. Ansell, Ted Joyce, Food and Nutrition Service, U.S. Department of Agriculture “Effects of the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC): A Review of Recent Research,” January 2012, <http://www.fns.usda.gov/Ora/menu/Published/WIC/FILES/WICMedicaidLitRev.pdf> and Mary Kay Fox, William Hamilton, and Biing-Hwan Lin, “Effects of Food Assistance and Nutrition Programs on Nutrition and Health,” Volume 3, Literature Review, Economic Research Service, U.S. Department of Agriculture, 2004, <http://www.abtassociates.com/CMSPages/GetFile.aspx?guid=c1f8d054-3ed4-46a6-8ae0-b71672e61502>.

board cut of 2.513 percent, which reduces funding available to the program by \$177 million.³ WIC is also subject to an additional 0.2 percent across-the-board cut (\$14 million) that the Office of Management and Budget (OMB) had to impose to bring aggregate non-security spending down to the pre-sequestration funding cap required under the Budget Control Act. Finally, under sequestration, funding for non-defense discretionary programs in fiscal year 2013 must be reduced by 5.0 percent.⁴ For WIC, this amounts to an additional \$333 million reduction. Once all of these cuts are applied, WIC will receive \$6.522 billion in new funds for fiscal year 2013, as compared with \$7.018 billion last year.⁵

We estimate that this funding level is sufficient to serve up to a monthly average of 8.7 million participants over the course of the fiscal year. Based on WIC participation through February, we expect that average monthly participation over the course of the fiscal year will be 8.7 million to 8.8 million. If regular WIC funding is not sufficient to serve all eligible applicants, the program has a modest (\$125 million) contingency fund that the U.S. Department of Agriculture, which administers WIC, could distribute to state WIC programs that are running short. Thus, we estimate that the WIC program will be able to serve all eligible families who apply, drawing on the contingency fund if necessary.

WIC participation declined to 8.9 million in fiscal year 2012 from a peak of 9.2 million participants in fiscal year 2010, which likely reflects the decrease in unemployment over this period. In the early months of fiscal year 2013, participation continued to edge down. Through February, average monthly participation was 8.7 million, which is 2.4 percent below the same period last year.

The looming threat of far deeper cuts likely contributed to the recent participation decline. As recently as early March, the House adopted legislation that would have provided \$243 million less in new WIC funds than was ultimately enacted and would have resulted in WIC having to turn away hundreds of thousands of eligible applicants. Faced with the prospect of potentially having to make severe cuts in the latter half of the fiscal year, a number of state and local WIC agencies took steps to reduce their costs.⁶ For example, some clinics laid off staff or did not fill openings, which in turn meant that applicants had to wait longer to get an appointment. Some states closed or consolidated clinics, which required some applicants to travel farther to get to a WIC clinic. Some clinics reduced service hours, making it harder for low-income women to apply for benefits, especially working women who often take advantage of evening or weekend hours to avoid missing work and pay. While these measures are sound steps to take to avoid turning eligible applicants away, they nonetheless make it harder for some eligible low-income women to obtain WIC benefits.

³ Under section 3001(b)(1)(A) of Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6), this across-the-board cut applies to all non-security funding within the Agriculture, Military Construction, and Veterans Affairs appropriations, including WIC.

⁴ Richard Kogan, *Sequestration by the Numbers*, Center on Budget and Policy Priorities, March 22, 2013, <http://www.cbpp.org/cms/index.cfm?fa=view&id=3937>.

⁵ The Consolidated and Further Continuing Appropriations Act, 2012 (P.L. 112-55) provided \$6,618 million for WIC. The U.S. Department of Agriculture used its interchange authority under 7 U.S.C. 2257 to transfer \$400 million from the Supplemental Nutrition Assistance Program (SNAP) contingency reserve to WIC in April 2012.

⁶ For a more detailed discussion of the impact of funding uncertainty on state and local WIC programs, see National WIC Association, *Impact of Sequestration on WIC*, January 2013, http://www.nwica.org/sites/default/files/Impact_of_Sequestration_2_19_13.pdf.

The appropriations process for the 2014 fiscal year will soon begin. Sequestration, as adopted in the 2011 Budget Control Act, will remain in effect but will operate differently in fiscal year 2014 than it does this year. Instead of requiring the same percentage cut in each non-defense discretionary program, sequestration will be applied as a percentage cut to the overall amount of funding allowed for non-defense discretionary programs as a group. The effect on WIC will be determined by how Congress allocates across programs the required cut in the total amount of funding available for the non-defense discretionary part of the budget.

A substantial increase in WIC funding for 2014 will be needed to maintain the program at its current operating level and avoid turning away eligible women and children or placing them on waiting lists. Each year, some portion of new WIC funds is carried over to be used in the following year.⁷ This year the program had about \$350 million from last year to spend — about \$200 million more than it carried over in the year before — in addition to its standing \$125 million contingency fund. In contrast, we anticipate that fewer funds than usual will be carried over into fiscal year 2014, and that the contingency fund may be partially depleted by the end of 2013.

Moreover, as noted above, funding uncertainty likely dampened WIC participation in recent months. If Congress can avoid a protracted appropriations debate next year, a modest increase in WIC participation could occur (especially if unemployment remains high into next year, as the Congressional Budget Office expects). In addition, ordinary inflation in food prices will increase the cost of serving the same number of participants.

As a result of these factors, WIC will need a substantial funding increase in fiscal year 2014 to be able to serve all eligible applicants. Based on our estimates using the most recent data available, the President's budget request of \$7.142 billion for WIC would allow the program to serve all eligible applicants. Competition for discretionary funding for next year will be fierce. But if Congress fails to provide adequate WIC funding to serve all eligible low-income women, infants, and young children at nutritional risk who apply, there would likely be long-lasting detrimental effects for the vulnerable individuals whom WIC serves.

⁷ WIC participants receive monthly vouchers for specific food items, which they redeem at WIC-authorized grocery stores. The cost to the WIC program of the foods a participant receives depends on which items the participant selects and the store she shops in. Therefore it is impossible for a state to know exactly how much participants will spend on their WIC-authorized groceries in a given fiscal year until all financial data for the year are complete, about three months after the fiscal year has ended. State WIC programs have to budget conservatively to make sure that they retain sufficient funds to be certain they can cover all grocery transactions that occurred before the end of the fiscal year. This results in states having some unused funds for a fiscal year when the books for that year close. Once a state has reimbursed grocery stores for all WIC purchases made by the end of the fiscal year, the state returns any unused funds to USDA to be reallocated to states in the next fiscal year. These returned funds are “carried over” into the next fiscal year and distributed to states that need them. Carried over funds reduce the amount of *new* funds WIC needs each year, but the amount of that reduction varies from year to year.