
FOOD FUNDS MANAGEMENT

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INTRODUCTION

Food funds management involves monitoring cost containment measures and procedures related to infant formula and other authorized food items, the monitoring and management of State agency funding sources, and the accurate reporting of participation figures. The following sections provide a brief overview of the information that is required by federal regulations to be included in State Plans. The questions that follow are designed to assist the State agencies in submitting compliant State Plans for FNS approval. State agencies are encouraged to review each federal regulation in its entirety. A. Cost Containment Measures - 246. 4(a)(14)(xi), 246. 4(a)(14)(xvii), 246. 16a(a): describe the policies and procedures used to implement cost containment measures as they relate to infant formula contracts, their approval and the processing of infant formula and/ or other rebates, and food package cost containment practices. B. Funds Monitoring/798 Reporting - 246. 4(a)(2); (a)(12); and (a)(14): describe the State agency's funding sources, how food obligations are calculated to allow for inflation, rebate cash management, and monthly closeout monitoring activities. C. Participation Reporting - 246. 4(a)(11): describe the methods used to accurately document and monitor participation at the State and local level, and methods for monitoring changes in participation by priority.

A. Cost Containment Measures

1. The State agency seeks FNS approval related to infant formula cost containment measures (check one):

- ☐ For a waiver of the requirement for a single-supplier competitive system. State agency must complete a cost comparison projecting food cost savings in the single-supplier competitive system based on the lowest monthly net price or highest monthly rebate [as required in Section 246.16a(d)(2)(i) through (d)(2)(iii) and savings under an alternative cost containment system, Section 246.16a(d)(2)(B)]
- ☐ To issue an infant formula bid solicitation that evaluates bids by highest rebate. A State agency must demonstrate to FNS' satisfaction that the weighted average retail prices for different brands of infant formula in the State vary by 5% or less [as required in Section 246.16a(c)(5)(iii)].
- ☒ Not applicable

Please attach in the Appendix supporting documentation for requests for FNS approval.

2. Cost Containment Contracts for Infant Formula

a. The State agency acquires infant formula through the following food delivery systems:

i. Non-exempt infant formula (check all that apply):

- ☐ Home food delivery system
- ☐ Direct distribution food delivery system
- ☒ Retail food delivery system
- ☐ Other

ii. Exempt infant formula (check all that apply):

☐ Home food delivery system☐ Direct distribution

☒ Retail food delivery system When an exempt infant formula is not available in local retail market, through state contract with manufacturer, the state submits direct order to the manufacturer delivered to the local agency for in-hand issuance to the participant.

☒ Other

iii. WIC-eligible nutritionals (check all that apply):

☐ Home food delivery system☐ Direct distribution system☒ Retail food delivery system

☒ Other When a WIC-eligible nutritional is not available in local retail market, through state contract with manufacturer, the state submits direct order to the manufacturer delivered to the local agency for in-hand issuance to the participant.

b. The State agency has a rebate contract/agreement for infant formula. If no, check which applies.

☒ Yes☐ No

c.

☐ My rebate price sheet is available and attached as Appendix (Proceed to A. 3. Infant Formula Issuance.)

Primary Contract Infant Formula: on This is not applicable for my state agency

Product/Unit Size	Manufac turer	Rebate/ Unit	Net pric e/Unit	% WS Di scount
Milk-Based Liquid Concentrate				
Soy-based* Liquid Concentrate				
Milk-based Powder				
Soy-based* Powder				
Milk-Based Ready to Feed				
Soy-based* Ready to Feed				
Exempt Formula (if applicable)				

3. Infant Formula Issuance.

a. Does the State agency issue the Primary Contract Infant Formula as the first choice of issuance (by physical form), with all other infant formulas issued as an alternative? (Section 246. 16a(c)(8) 246. 10(e)(1)(iii))

☒ Yes

☐ No

b. The percent of total infant participants receiving each type of formula is estimated at:

*Contract (infant formula authorized and rebated through infant formula cost containment contract/s awarded by the State agency) _____

*Non-contract (infant formula that is not rebated through an infant formula cost containment contract awarded by the State agency.) _____

Exempt infant formula (non-contract infant formula that is issued through Food Package III)

Non-exempt infant formula (non-contract infant formula that is issued through Food Packages I & II) _____

ADDITIONAL DETAIL: Food Funds Management Appendix and/or procedure Manual (citation):

4. Cost Containment for Other Foods

a. Rebates are also obtained on other WIC foods.

☐ Yes

☒ No

b. The State agency intends to pursue rebates on other authorized foods.

☐ Yes

☒ No

c. To contain food costs, the State agency has limited authorized foods/container sizes/types, etc.

☒ Yes (Note such limitations on the following table)

☐ No

ADDITIONAL DETAIL: Food Funds Management Appendix and/or Procedure Manual (citation):

on This is not applicable for my state agency

	Specific brands are designated Disallowed	Only certain container sizes are allowed	Allowable types are limited	Other
Exempt formula for women, infants & children	x	x	x	
Infant cereal		x	x	
Infant Fruit/Veg/Meat		x	x	
Whole fresh fluid milk		x		
Lowfat fresh fluid milk		x		
Skim fresh fluid milk		x		
Fresh milks (e.g. Lactaid, cultured buttermilk, goat milk) (specify):		x	x	
Shelf-stable milk (e.g. evaporated milk, UHT, whole/low fat/nonfat dry milk)		x	x	
Cheese		x	x	

Yogurt		x	x	
Soy-based beverage		x	x	
Tofu		x	x	
Fresh eggs		x	x	
Dried egg mix				Not allowed
Hot cereal		x	x	
Cold cereal		x	x	
Single strength fruit/vegetable juice		x	x	
Concentrated fruit/vegetable juice		x	x	
Whole wheat bread		x	x	
Other whole grains		x	x	
Peanut butter		x	x	

Dry beans/peas		x	x	
Canned Fish		x	x	
Canned beans/peas		x	x	

B. Funds Monitoring/798 Reporting

1. The State agency has procedures to assure that the requirements are met regarding the nonprocurement of food in bulk lots, supplies, equipment, and other services from entities that have been debarred or suspended.

☒ Yes

☐ No

ADDITIONAL DETAIL: Food Funds Management Appendix and/or Procedure Manual (citation):

2. Food Cost Obligations

a. The State agency calculates food obligations based on the following data (check one):

☒ Number of expected participants and average food cost per participant

☐ Number of expected participants by category (e.g., pregnant woman, infant, etc.) and average food cost per participant category

☐ Number of expected redemptions by food instrument type and cash-value voucher type and average value per food instrument type and cash-value voucher type

☐ Other

b. The State agency estimates the impact of inflation on food costs through the use of the following inflation escalators:

☐ Inflation factor used in Federal funding formula

☐ State-generated estimates of inflation based on State market basket of foods

☒ Best guess by food item based on economic reports or other sources

☐ Other

c. The State agency Management Information System automatically produces a monthly obligation amount

- ☐ Yes
- ☒ No, data are pulled from various sources and an estimated amount is calculated manually or with a PC spreadsheet
- ☐ Other

d. The State agency system (in-house or contracted) provides the following data on electronic benefit transactions at specific (daily, weekly, monthly, as needed) frequencies (check all that apply and provide frequency):

Frequency	Data	
	X	Electronic benefits paid for issue month
	X	Electronic benefits outstanding for issue month
	X	Electronic benefits that have expired
	X	Electronic benefits that are void/unclaimed

ADDITIONAL DETAIL: Food Funds Management Appendix and/or Procedure Manual (citation):

3. Rebate Cash Management

a. The State agency has a billing system in place that ensures rebate invoices for all authorized food, including infant formula, under competitive bidding, provide a reasonable estimate, or actual count of the number of units purchased by participants during WIC transactions (Section 246. 16a(k)).

- ☒ Actual count of units purchased
- ☐ Estimate of units purchased (attach methodology)
- ☐ Other

b. The State agency uses a food instrument that enables it to identify the type and brand of infant formula redeemed.

- ☒ Yes, for all formula types, brands, and physical forms
- ☐ Yes, for exempt infant formulas
- ☐ No

c. The invoice to the formula manufacturer is issued by:

- ☒ The WIC unit
- ☐ The State agency fiscal unit
- ☐ Other

d. Monthly invoices are submitted with supporting data.

- ☒ Yes
- ☐ No

ADDITIONAL DETAIL: Food Funds Management Appendix and/or Procedure Manual (citation):

4. Closeout of Report Month Outlays

a. State agency allows the food vendor (and farmer if any) the following number of days to submit food instruments and cash-value benefits for payment (provide the number of days):
Days from the participant's first valid date on This is not applicable for my state agency

b. The State agency is generally able to close out a report month completely within:

- ☒ 90 days
☐ 120 days
☐ Other

ADDITIONAL DETAIL: Food Funds Management Appendix and/or Procedure Manual (citation):

5. Indicate the method used to reimburse vendors (and farmers if any) for redeemed food instruments and cash-value vouchers or other services and specify the entity responsible for making payment:

State WIC	State FM	Other (Specify)		
		FIS	By electronic funds transfer	
☐	☐			By check directly to vendor or farmer
☐	☐			By check directly to vendor's or farmer's bank
☒	☒	FIS		By electronic transfer to vendor's or farmer's bank
☐	☐		Other (specify): 	

			Other (specify):

ADDITIONAL DETAIL: Food Funds Management Appendix and/or Procedure Manual (citation):

C. Participation Reporting

1. Participation Counting

a. The State agency counts an enrollee who received at least one food instrument/food package (or who received no food instrument/food package, but was either a fully-breastfed infant of a participating breastfeeding woman or a woman partially breastfeeding a participating 6 to 12 month old infant) as a participant during:

- ☒ The calendar month
- ☐ The computer system cycle month
- ☐ Other

b. The State agency receives participation counts from:

[X] The State agency computer system based on the number of persons issued food or food benefits, the number of fully-breastfed infants who receive no food or food benefits, but are breastfed by participating breastfeeding women, and the number of women who receive no food or food benefits, but are partially breastfeeding a participating 6 to 12 month old infant.

[] Counts reported from local agencies based on issuance records

[] Other

c. If State funds are present, the State agency differentiates between Federal-supported and State supported participants by:

- ☐ Special code on food instrument
- ☐ Special areas of State designated as State-supported areas
- ☐ Pro rata allocation based on proportion of Federal to State funds spent
- ☒ N/A
- ☐ Other

d. When local agencies are chronically late in furnishing food issuance and/or certification data needed for participation counts, the State agency:

☐ Sends warnings

☐ Applies financial sanctions

☐ Requires manual reporting

☒ Other (specify): _____

☐ N/A

ADDITIONAL DETAIL: Food Funds Management Appendix and/or Procedure Manual (citation):

2. Participation by Priority

a. Priority level is a critical data field in the State agency's computer system.

☒ Yes

☐ No

b. The State computer system automatically assigns priority level based on the enrollee's nutritional risk condition.

☒ Yes

☐ No

c. The State agency's computer system revises the priority level determination when a participant changes category (e. g. , infant becomes child and receives a child's food package).

☒ Yes

☐ No

d. The State agency has an unknown priority category for VOC transfers where priority is unknown.

☐ Yes

☒ No

3. Participation by Local Agency

a. The State agency's computer system supports its requirement to report participation data by local agency to measure breastfeeding performance.

☒ Yes

☐ No

☐ N/A

ADDITIONAL DETAIL: Food Funds Management Appendix and/or Procedure Manual (citation):