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**Purpose**

Describe the general process for allocating funds to states

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**Funding Appropriations**

Congress appropriates and the President approves an annual discretionary funding level for the WIC Program.

USDA distributes the funds in accordance with statutory and regulatory provisions.

1. Up to one-half of one percent of the appropriation is set aside for the purpose of Program evaluation.
  2. An amount established by Congress is set aside for the Farmers' Market Program.
  3. The balance of the funds are made available for States.
    - a. Amounts for administrative costs are based on maintaining administrative grants per participant (AGP's) at the minimum level adjusted for inflation.
    - b. The balance of funds are for food costs.
    - c. Both administrative and food funds are distributed to States using an allocation formula, described in C below.
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**Federal Funding Formula**

The USDA allocation formula distributes funds to States based on these principles:

1. Sufficient food funds, adjusted for inflation, to maintain caseloads
2. Additional food funds to:
  - a. Reward states for targeting high priority participants
  - b. Increase caseloads in relatively underserved States
  - c. Adjustments for migrants
  - d. Adjustments based on relative health needs of population
  - e. Adjustments based on unusually high food costs.
3. Administrative funds distributed based on:
  - a. Maintaining minimum AGP's adjusted for inflation
  - b. Adjustments for service to migrants
  - c. Adjustments based on average government salaries
  - d. Adjustments for needs of Tribal organizations and remote areas

**Federal  
Funding  
Formula (Cont.)**

4. Shifts of funds controlled through caps on annual increases and other limitations built into the formula
5. Ten percent of a state's allocation held at the regional level and pooled with ten percent of the allocated funds from the other states in the region. This pool becomes discretionary funds which are distributed to states by USDA upon request and based on criteria established nationally.

States have the authority to move specific amounts and type of funds from one fiscal year to another when certain conditions are met. The amounts may be limited to as little as 1 percent of total allocated funds as to as much as 5% of food funds. The amounts vary based on the stage in which a state is implementing a new cost containment initiative for food, such as infant formula rebates.

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**Allocations**

A fiscal year's allocation is usually announced to the State by USDA during the first or second quarter of the fiscal year. Additional allocations may be made later in the fiscal year. These additional funds may become available from these sources:

1. Recovered funds which were unspent during the previous fiscal year
2. Supplemental appropriations