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CONTENTS

RETHINKING EXPANDED WIC ELIGIBILITY AND ENROLLMENT

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EXECUTIVE SUMMARY

The Special Supplemental Nutrition Program for Women, Infants and Children, better known as WIC, was created in 1972 through an amendment to the Child Nutrition Act of 1966. The program offers a package of supplemental foods, nutrition education and free health-care referrals to low-income mothers and young children who are at nutritional risk. In 2006, the U.S. Department of Agriculture changed its methodology for estimating the number of WIC eligibles, which has led to a roughly 20 percentage point increase in the population estimated to be eligible for WIC, compared to the previously used methodology

In 1980, about 9 percent of all people in eligible demographic categories received WIC benefits, including about 15 percent of infants, about 8 percent of all children ages one to four, about 9 percent of all pregnant women and about 8 percent of all postpartum or breast-feeding women. By 2014, about 32 percent of all people in eligible demographic categories received WIC benefits, including about 49 percent of infants, about 27 percent of all children ages one to four, about 27 percent of all pregnant women and about 39 percent of all postpartum or breast-feeding women.

In 1977, WIC enrollment equaled only about 11 percent of all demographically eligible people in families with annual incomes below 185 percent of poverty. The number of infants on WIC represented only about 17 percent of the infants in families with annual incomes below 185 percent of poverty. By 2012, WIC enrollment equaled about 77 percent of all demographically eligible people in families with annual incomes below 185 percent of poverty. There were 17 percent more WIC infants than infants in families with annual incomes below 185 percent of poverty.

This paper explains the growth in WIC's eligibility and enrollment as the products of liberalized and informal interpretations of eligibility rules by WIC staff and officials at all levels of government. The growth in eligibility and enrollment also stem from formal congressional actions that extended the length of WIC certification periods for children, as well as the failure by Congress to cap income eligibility for WIC recipients who are adjunctively eligible.

The USDA's original methodology for estimating WIC eligibility was surely too constricted, and some of the changes made were long overdue. But the failure to respect the spirit of this statutory benchmark has worsened WIC's already

poor targeting. Instead of enriching the services WIC can deliver, the funds added to the program have been used to expand coverage to higher income families and households. The way in which eligibility has been liberalized is deeply unfair to those families and income-sharing households whose incomes are just above 185 percent of poverty.

For 2013, we estimate that between 71 and 81 percent of all American infants would have been WIC eligible, with similar increases for WIC's other demographic categories. This percentage may continue to increase as states continue to raise Medicaid income eligibility caps, which automatically increases the number of adjunctively eligible families and income-sharing households. In fact, according to the Census Bureau's Current Population Survey for 2014, about 8 percent of WIC infants lived in families with annual incomes above 300 percent of poverty (for a family of three, about $59,370).

The paper concludes with a set of recommendations for both state and federal policymakers to better gauge and control the expansions in the program's eligibility and enrollment. Policymakers, administrators and the public need a better understanding of the nature and application of income-eligibility rules across the panoply of means-tested programs

INTRODUCTION

The Special Supplemental Nutrition Program for Women, Infants and Children (WIC) is supposed to provide "a package of supplemental foods, nutrition education, and health care referrals at no cost"[1] to low-income mothers and young children who are at nutritional risk. Its monthly food packages contain such basics as milk (or cheese), adult cereal, fruit juice, eggs and peanut butter (or an equivalent legume product), worth on average about $45 per person/per month for women and children. Infants who are not "fully breastfed"[2] also receive iron-fortified formula, which brings the value of their package to about $123.99 per month.[3] The nutritional counseling is normally one 15-minute session every three months.[4] (Unless otherwise indicated, all dollar amounts in this paper are in 2014 dollars.)

Given WIC's purpose, benefit package and putative eligibility rules, one would assume its benefits would be targeted to the most needful Americans. But, as this report documents, various formal and informal changes have liberalized these criteria. According to the Census Bureau's Current Population Survey (CPS), about 24 percent of WIC recipients in 2014 lived in families with annual incomes that were more than WIC's putative income cap of 185 percent of poverty, and about 8 percent in families with annual incomes at or above 300 percent of poverty.[5] In 2014, about 49 percent of all American infants were on WIC and about 39 percent of postpartum and breast-feeding mothers received WIC benefits.[6]

In 2014, WIC was an $8 billion program (about $6.2 billion in federal funding and about $1.8 billion through rebates from infant formula manufacturers)[7] that served about 8.2 million people (including 2.0 million infants, 4.3 million children ages one through four and 2.0 million pregnant and postpartum mothers). Both program enrollment and program expenditures have declined since their historic peaks in 2009 of 9.2 million participants and $9.2 billion in expenditures.

Officially, income eligibility for WIC is based on the combined income "of related or nonrelated individuals who are living together as one economic unit" at or below 185 percent of the federal poverty line. Many means-tested programs in the United States (such as child-care vouchers, Medicaid, housing choice vouchers and Temporary Assistance for Needy Families [TANF]) count only the income of those in the "family"—that is, individuals related by blood, marriage or adoption who live in the same residence. WIC is one of a few means-tested programs (including the Supplemental Nutrition Assistance Program [SNAP], school meals and Low-Income Home Energy Assistance Program [LIHEAP]) that include in the definition of the income unit the income

1 . Victor Oliveira, "The Food Assistance Landscape: FY 2014 Annual Report," U.S. Department of Agriculture, p. 2, March 2015. https://www.ers.usda.gov/webdocs/publications/eib137/52405_eib137.pdf

2 . Nancy Burstein, Kelly L. Patlan, Susan Bartlett, Patty Connor and Bryan Johnson, "WIC Participant and Program Characteristics: Food Package Report," U.S. Department of Agriculture, p. 9, November 2014. http://www.fns.usda.gov/sites/default/files/ops/PC2012.pdf

3 . Ibid.; Tracy Vericker, Chen Zhen, and Shawn Karns, "Fiscal Year 2010: WIC Food Cost Report," U.S. Department of Agriculture, August 2013. http://www.fns.usda.gov/sites/default/files/WICFoodCost2010_0.pdf

4 . Douglas J. Besharov and Peter Germanis, "Rethinking WIC: An Evaluation of the Women, Infants, and Children Program," American Enterprise Institute, pp. 14-15, 2001; Carol Olander, "Nutrition Education and the Role of Dosage," U.S. Department of Agriculture, p. 3, 2007, http://www.fns.usda.gov/sites/default/files/LitReview_Dosage.pdf, which states: "Control group participants received the usual 10 minutes of dietary counseling during bimonthly clinic visits to pick up WIC vouchers."; See also U.S. General Accounting Office, "Nutrition Education: USDA Provides Multiple Services through Multiple Programs, but Stronger Linkages among Efforts are Needed," p. 29, April 2004, http://www.gao.gov/new.items/d04528.pdf, which states: "The average WIC recipient received approximately less than 20 minutes of nutrition education twice every six months."

5 . To account for non-response to questions about WIC receipt in the CPS, the Census Bureau will impute WIC receipt based on characteristics indicating that a non-responder is likely to receive WIC. For this paper, because of concerns about the Census Bureau's imputation strategy, we do not include data for families with imputed WIC receipt. If we had, the income distribution of WIC recipients is that, in 2014, about 26 percent of WIC recipients lived in families with annual incomes above WIC's putative income cap of 185 percent of poverty and about 11 percent in families with annual incomes more than 300 percent of the poverty line.

6 Authors' calculations, U.S. Census Bureau, Current Population Survey.

7 . Because of rounding, the total exceeds the sum of the subtotals.

of unrelated cohabiters who share resources. Therefore, in this paper, we adopt the term "income-sharing household" to include the unrelated household members sharing resources. Of course, many WIC income units consist of only family members. Thus, throughout this paper, we refer to both "families" and "income-sharing households," depending on the context.

In practice, it is often difficult to be that precise. Many of our estimates of WIC receipt and eligibility in this paper are derived from large national surveys (the Current Population Survey [CPS] and the Survey of Income Program Participation [SIPP]) that do not ask if members of a household share food and resources. Because the income unit "household" may include household members who do not share their resources, we use family income even though that may underestimate the amount of shared household income. (As much as possible, we try to indicate the difference.)

Eligibility is also conferred through receipt of Medicaid, SNAP (formerly food stamps), or cash assistance under the TANF program.[8] For the period of July 1, 2014, to June 30, 2015 (hereinafter referred to as "2014/2015"),[9] 185 percent of the poverty line was $36,612 for an income-sharing family household of three, and $51,634 for an income-sharing family household of five.[10] This relatively high threshold presumably is meant to be mitigated by the additional requirement that applicants also be found to be at "nutritional risk." Over the years, however, the criteria for determining nutritional risk have been watered down—just about all WIC applicants are now deemed to be at risk.

A word about the data in the report. To the extent possible, we use the most current available administrative and survey data. For WIC administrative data, these range from 2013 to 2015. For the survey data, our estimates of the income distribution of WIC recipients come from the 2015 CPS. However, our eligibility estimates are derived in part from the Urban Institute's eligibility report, the latest of which uses the 2014 CPS. (The estimates from the CPS should be considered approximate because of limitations with the survey generally. In addition, as has been noted by Richard Lucas, deputy administrator for policy support at the Food and Nutrition Service of the USDA: "[CPS] samples are drawn to represent the national population and are not stratified to ensure representativeness of the WIC population.")[11]

TABLE I: WIC ELIGIBLES AS PERCENT OF TOTAL CATEGORY POPULATION, 2000-2013

		Original USDA method		Expanded USDA method	
Year	Categorically eligible persons (millions)	Total persons eligible (millions)	Ratio of WIC eligibles to categorically eligible (%)	Total persons eligible (millions)	Ratio of WIC eligibles to categorically eligible (%)
All					
2000	25.97	7.94	30.6	12.48	48.1
2001	25.81	8.26	32.0	13.04	50.5
2002	25.30	8.09	32.0	12.99	51.3
2003	26.19	8.49	32.4	13.65	52.1
2004	26.68	8.69	32.6	13.91	52.1
2005	26.84	8.76	32.6	14.07	52.4
2006	27.08	8.85	32.7	14.29	52.8
2007	27.68	9.16	33.1	14.08	50.9
2008	28.05	9.23	32.9	14.17	50.5
2009	28.26	10.07	35.6	15.08	53.3
2010	27.71	9.72	35.1	14.55	52.5
2011	26.39	9.53	36.1	14.28	54.1
2012	26.07	9.31	35.8	14.05	53.9
2013	25.95	8.98	34.6	14.19	54.7
Infants					
2000	4.16	1.56	37.4	2.42	58.1
2001	4.21	1.64	38.9	2.49	59.2
2002	3.65	1.44	39.4	2.20	60.4
2003	4.09	1.59	39.0	2.50	61.2
2004	4.18	1.70	40.6	2.58	61.7
2005	4.21	1.68	39.9	2.60	61.6
2006	4.24	1.66	39.1	2.70	63.7
2007	4.40	1.79	40.6	2.65	60.2
2008	4.45	1.71	38.5	2.63	59.2
2009	4.33	1.83	42.3	2.67	61.8
2010	4.16	1.76	42.3	2.54	61.0
2011	4.01	1.77	44.2	2.52	62.7
2012	3.94	1.70	43.2	2.42	61.4
2013	3.90	1.61	41.4	2.39	61.3
Children 1–4					
2000	15.41	4.47	28.2	7.40	46.6
2001	15.67	4.62	29.7	7.78	50.1
2002	15.91	4.89	29.8	8.34	50.9

8 . As explained below, receipt of TANF "nonassistance" does not confer adjunctive eligibility.

9 . Although the U.S. Department of Health and Human Services issues the poverty guidelines in either late January or early February for immediate application, individual programs are allowed to choose a later effective date. In the case of the WIC program, the new poverty guidelines take effect at the beginning of July and remain in effect until the end of June of the following year. See U.S. Department of Health and Human Services, "WIC Nutrition Education Frequently Asked Questions Related to the Poverty Guidelines and Poverty," http://aspe.hhs.gov/poverty/faq.shtml

10 . U.S. Department of Agriculture, "WIC Income Eligibility Guidelines, 2014-2015," http://www.fns.usda.gov/sites/default/files/wic/FY2014-2015_WIC_IEGs_WEB.pdf

11 . Richard Lucas, U.S. Department of Agriculture, Food and Nutrition Service, email message to authors, April 6, 2016.

2003	16.11	4.95	30.5	8.39	51.8
2004	16.38	4.92	30.0	8.47	51.6
2005	16.59	5.02	30.5	8.59	52.2
2006	16.57	5.16	31.1	8.62	51.9
2007	16.83	5.18	30.8	8.54	50.8
2008	17.13	5.43	31.8	8.66	50.8
2009	17.39	5.99	34.2	9.47	54.1
2010	17.31	5.81	33.5	9.22	53.1
2011	16.37	5.59	34.2	8.89	54.3
2012	16.22	5.52	34.1	8.82	54.5
2013	16.12	5.39	33.3	9.05	55.9
All eligible women					
2000	5.92	1.91	32.2	2.66	45.0
2001	6.05	2.00	33.1	2.76	45.6
2002	5.25	1.76	33.5	2.45	46.6
2003	5.91	1.95	33.0	2.77	46.8
2004	6.10	2.08	34.0	2.86	46.8
2005	6.17	2.06	33.3	2.88	46.6
2006	6.22	2.03	32.6	2.96	47.7
2007	6.47	2.19	33.9	2.89	44.6
2008	6.54	2.09	32.0	2.88	44.0
2009	6.42	2.24	34.9	2.93	45.7
2010	6.18	2.15	34.8	2.79	45.1
2011	6.01	2.17	36.1	2.87	47.8
2012	5.94	2.09	35.3	2.81	47.3
2013	5.87	1.98	33.7	2.75	46.8
Pregnant women					
2000	3.12	1.11	35.5	1.24	39.9
2001	3.16	1.17	36.9	1.28	40.7
2002	2.74	1.02	37.4	1.13	41.4
2003	3.07	1.13	36.9	1.29	42.0
2004	3.13	1.21	38.5	1.33	42.3
2005	3.16	1.20	37.8	1.34	42.3
2006	3.18	1.18	37.1	1.39	43.7
2007	3.30	1.27	38.5	1.36	41.3
2008	3.33	1.22	36.5	1.36	40.6
2009	3.25	1.30	40.1	1.38	42.4
2010	3.12	1.25	40.1	1.30	41.8
2011	3.01	1.26	41.9	1.29	43.0
2012	2.96	1.21	41.0	1.25	42.1
2013	2.92	1.15	39.4	1.23	42.0
Postpartum women					
2000	1.34	0.56	41.6	0.75	56.4
2001	1.38	0.58	42.3	0.77	55.4
2002	1.21	0.51	42.5	0.67	55.5
2003	1.36	0.57	41.8	0.80	58.9
2004	1.44	0.61	42.0	0.83	57.6
2005	1.45	0.60	41.4	0.81	56.1
2006	1.47	0.59	40.2	0.87	59.3
2007	1.51	0.64	42.2	0.89	58.7
2008	1.55	0.61	39.4	0.89	57.1
2009	1.53	0.65	42.8	0.89	58.3
2010	1.47	0.63	42.6	0.82	55.8
2011	1.41	0.63	44.9	0.77	54.5
2012	1.41	0.61	43.2	0.72	51.4
2013	1.39	0.58	41.4	0.69	49.9
Breastfeeding women					
2000	1.46	0.24	16.6	0.67	45.6
2001	1.51	0.25	16.9	0.71	46.9
2002	1.31	0.22	17.1	0.64	49.1
2003	1.48	0.25	16.7	0.68	45.8
2004	1.53	0.26	17.3	0.70	45.8
2005	1.56	0.26	16.7	0.73	46.5
2006	1.57	0.26	16.4	0.70	44.6
2007	1.65	0.28	16.8	0.63	38.4
2008	1.66	0.27	16.1	0.64	38.5
2009	1.65	0.28	17.3	0.67	40.5
2010	1.59	0.27	17.1	0.66	41.7
2011	1.59	0.28	17.3	0.81	51.1
2012	1.58	0.26	16.8	0.84	53.3
2013	1.56	0.25	16.1	0.83	53.0

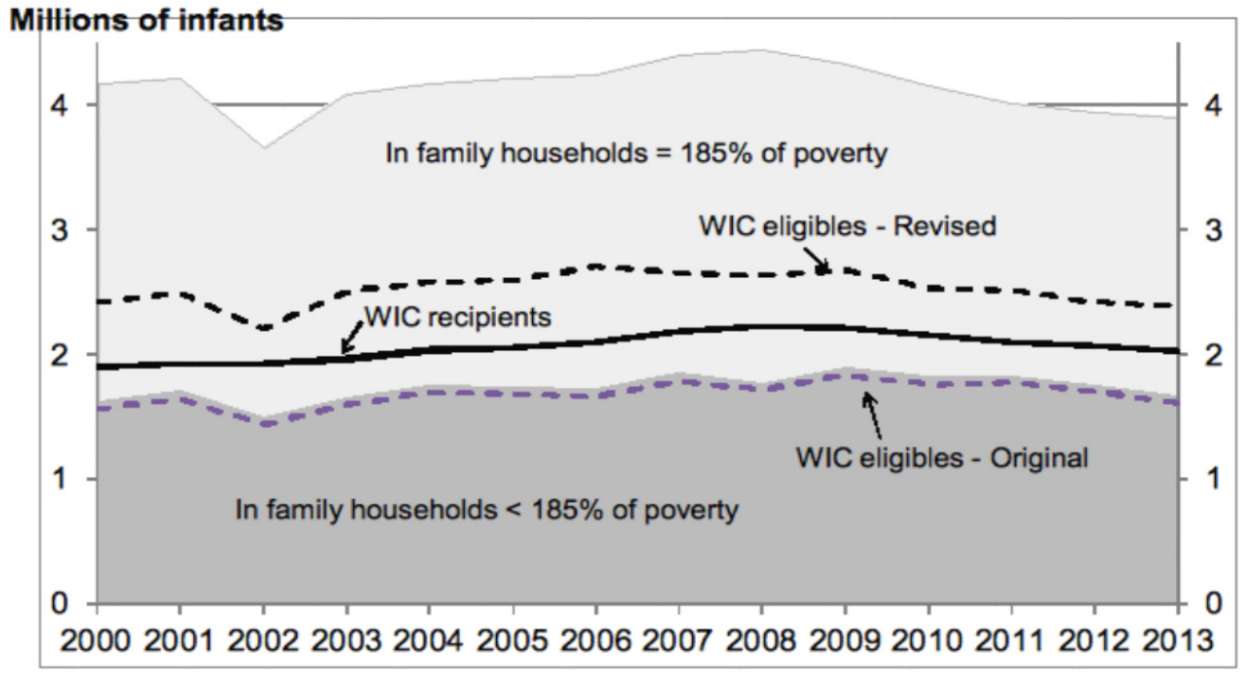
SOURCES: Authors' calculations based on data from the U.S. Department of Agriculture, Centers for Disease Control and Prevention, U.S. Census Bureau, and Ross Products Division of Abbott Laboratories. For more detailed methodology, see Besharov and Call, "The Expansion of WIC Eligibility and Enrollment: Time to Re-Think Policies and Practices," 2016.

EXPANDED ELIGIBILITY AND ENROLLMENT

The dramatic increases in eligibility and, thus, enrollment are documented in USDA estimates of the number of WIC eligibles. As recently as its estimates for 2003, the USDA had estimated eligibility at about 33 percent of the relevant demographic categories, including 40 percent of infants, 31 percent of children aged one to four and 34 percent of pregnant and postpartum women (see Table 1).

Until 2006, the USDA estimated eligibility for WIC by identifying the number of individuals in the relevant demographic groups in families (not income-sharing households) with incomes below 185 percent of poverty, and making very small adjustments to account for adjunctive eligibility and individuals who were income eligible for only part of the year. Starting in the late 1990s, however, observers noted that the number of mothers and infants actually on WIC was higher than the USDA's eligibility counts. For example, in 2003,

FIGURE I: INFANTS ON WIC



SOURCES: Authors' calculations based on data from the U.S. Department of Agriculture and the Urban Institute. For more detailed methodology, see Besharov and Call, "The Expansion of WIC Eligibility and Enrollment: Time to Re-Think Policies and Practices," 2016.

about 93 percent of the eligible population was participating in WIC, including about 132 percent of eligible infants and about 135 percent of eligible postpartum and breast-feeding women (see Table 2).

Some took these coverage rates of more than 100 percent as an indication that the program was enrolling many ineligible children and mothers. Others took issue with the estimates themselves, arguing the USDA's methodology underestimated the number of eligibles, thereby overestimating coverage rates. In response, the USDA commissioned various studies that—given that they were based on past formal and informal expansions of eligibility criteria, such as adjunctive eligibility, the use of monthly income instead of annual income and certification periods—concluded that the USDA's approach underestimated the number of eligibles.[12] In 2006, the USDA adopted most of the changes recommended by these groups, leading to much higher estimates of the number eligible. The USDA called this a "correction," which seems to be an understatement, given the extent of the changes. In any event, estimates of the number of WIC-eligible persons increased substantially.

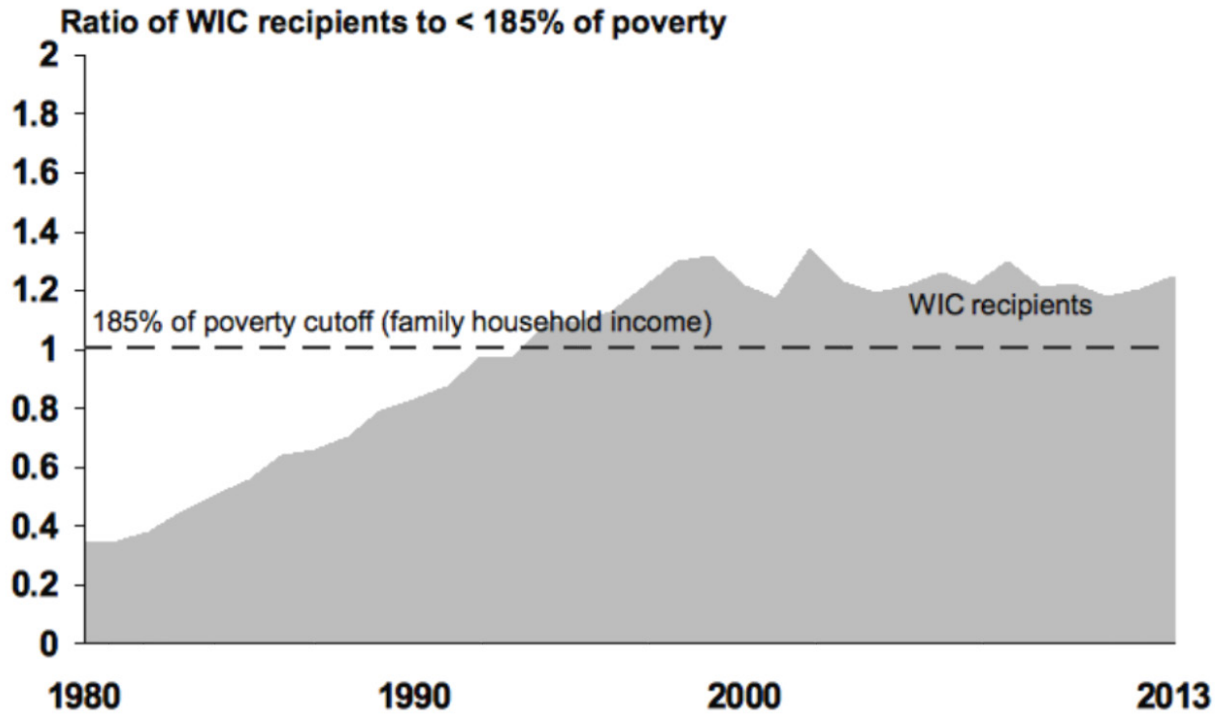
Compared to the estimates using the original USDA methodology, the revised estimates were, as demonstrated in Table 1, much higher: 54 percent of the relevant demographic categories were considered eligible (compared to 33 percent previously), including 63 percent of infants (up from 40 percent); 53 percent of children one to four (up from 31 percent); and 49 percent of pregnant and postpartum women (up from 34 percent previously). In 2013, the most recent year with available estimates, the USDA estimates are about the same: 55 percent of the relevant demographic categories, including 61 percent of infants, 56 percent of children one to four and 47 percent of pregnant and postpartum women.

Our estimates are even higher. First, we believe that WIC agencies only count the income of subfamilies and not the income of all members of the household sharing food, as required by statute. Second, we estimate that more families and income-sharing households are categorically eligible for WIC because of the growth in other government programs. For 2013, we estimate that between 71 and 81 percent of all American infants would have been WIC eligible, with similar increases for WIC's other demographic categories. This percentage may continue to increase as states continue to raise Medicaid income eligibility caps, which automatically increases the number of adjunctively eligible families and income-sharing households. For example, we estimate that if the 2016 state Medicaid income eligibility caps are applied to the 2013 infant population, then the number of adjunctively eligible infants in 2013 would have been about 55 percent higher. (See Figure 1 and Table 3.)

One can see the impact of the informal and formal expansions of eligibility on WIC's rising enrollment between 1980

12 . Michele Ver Ploeg and David M. Betson, eds., "Estimating Eligibility and Participation for the WIC Program: Phase I Report," National Academies Press, 2001.

FIGURE 2: RATIO OF WIC RECIPIENTS (INFANTS) TO PERSONS IN HOUSEHOLDS < 185% OF POVERTY



SOURCES: Authors' calculations based on data from the U.S. Department of Agriculture, University of Maryland and the Urban Institute. For more detailed methodology, see Besharov and Call, "The Expansion of WIC Eligibility and Enrollment: Time to Re-Think Policies and Practices," 2016.

and 2014, measured as a percent of all people in each of the WIC-eligible demographic categories:

- In 1980, about 9 percent of all people in eligible demographic categories received WIC benefits, including about 15 percent of infants, about 8 percent of all children ages one to four, about 9 percent of all pregnant women, and about 8 percent of all postpartum or breast-feeding women.
- In 1992, about 22 percent of all people in eligible demographic categories received WIC benefits, including about 42 percent of all infants, about 16 percent of all children ages one to four, about 23 percent of all pregnant women and about 21 percent of all postpartum or breast-feeding women.
- In 2014, about 32 percent of all people in eligible demographic categories received WIC benefits, including about 49 percent of infants,[13] about 27 percent of all children ages one to four, about 27 percent of all pregnant women, and about 39 percent of all postpartum or breast-feeding women (see Table 4).

Despite this long-term increase in enrollment, more recently, WIC enrollment has declined. Between 2009 and 2014, WIC enrollment fell from about 9.2 million to about 8.2 million. This decline appears to be, at least in part, the result of the declining number of births over this same period of time, resulting in a smaller population of possible eligibles for WIC. Compared to 2009, in the years 2010-2014, the number of infants in each year, on average, was about 166,000 lower, and the number of children ages 1-4 in each year was, on average, about 1 million lower.

Some analysts argue that the decline in the birth rate does not explain the decline in WIC enrollment, because the percentage of all U.S. infants and children receiving WIC declined during this period as well. The percentage of all US infants receiving WIC declined from about 53.7 percent to about 49.1 percent, while the percentage of all children receiving WIC declined from about 27.5 percent to about 27 percent. (See Table 1.)

The more appropriate measure, however, is the coverage rate – that is, the percent of *eligibles* enrolled in WIC. Between 2009 and 2013, the overall coverage rate for all WIC demo-

13 . Joyce A. Martin, Brady E. Hamilton, Paul D. Sutton, Stephanie J. Ventura, Fay Menacker and Sharon Kirmeyer, "Births: Final Data for 2004," National Vital Statistics 55, no. 1, Sept. 29, 2006). http://www.cdc.gov/nchs/data/nvsr/nvsr55/nvsr55_01.pdf; Brady E. Hamilton, Joyce A. Martin and Stephanie J. Ventura, "Births: Preliminary Data from 2006," National Vital Statistics 56, no.7, Dec. 5, 2007. http://www.cdc.gov/nchs/data/nvsr/nvsr56/nv sr56_07.pdf; Joyce A. Martin, Brady E. Hamilton, Michelle J. K. Osterman, Sally C. Curtain and T. J. Matthews, "Births: Final Data for 2013," National Vital Statistics Reports 64, no. 1, January 2015. http://www.cdc.gov/nchs/data/nvsr/nvsr64/nvsr64_01.pdf; and Brady E. Hamilton, Joyce A. Martin, Michelle J. K. Osterman and Sally C. Curtain, "Births: Preliminary Data for 2014," National Vital Statistics Reports, 64, no. 6, June 2015. http://www.cdc.gov/nchs/data/nvsr/nvsr64/nvsr64_06.pdf

graphic groups declined imperceptibly (from 60.9 percent to 60.2 percent). Moreover, the total number of eligibles during this same time period declined by about 900,000 (from about 15.1 million to about 14.2 million), roughly the same number as the decline in total enrollment. Some attribute some of the decline to how some states and localities responded to reductions in appropriations between 2011 and 2014 (a reduction of about $1.1 billion). According to Richard Lucas, deputy administrator for policy support at the U.S. Department of Agriculture's Food and Nutrition Service, some states closed WIC sites, which may have dampened applications for the program:

> Many State agencies reported closing WIC clinic sites and/or reducing their hours of operations, especially weekend and evening hours, in preparation for possible budget cuts to their nutrition service and administration grant funds as a result of Federal sequestration. These actions reduce program access, resulting in lower participation rates. The total number of WIC local agencies has decreased by 3.2 percent since 2007. Also, after the federal government shutdown in October 2014, participation dropped more than 5 percent during the first quarter of the year, resulting in lower average monthly participation during FY 2014.

These high rates of eligibility and enrollment are partly explained by the fact that families and income-sharing households with young children have lower incomes than the general population and are an increasing portion of the population. But enrollment is also rising when measured as a percentage of the families with annual incomes below 185 percent of poverty. The percentage of all American infants in the program is especially striking (see Figure 2).

- In 1977, WIC enrollment equaled only about 11 percent of all demographically eligible people in families with annual incomes below 185 percent of poverty. The number of infants on WIC represented only about 17 percent of the infants in families with annual incomes below 185 percent of poverty.
- In 1992, WIC enrollment equaled about 51 percent of all demographically eligible people in families with annual incomes below 185 percent of poverty. The number of WIC infants represented about 96 percent of infants in families with annual incomes below 185 percent of poverty.
- In 2012, WIC enrollment equaled about 77 percent of all demographically eligible people in families with annual incomes below 185 percent of poverty. There were 17 percent more WIC infants than infants in families with annual incomes below 185 percent of poverty.

In fact, according to the Census Bureau's Current Population Survey for 2014, about 8 percent of WIC infants lived in families with annual incomes above 300 percent of poverty (for a family of three, about $59,370).[14]

TABLE 2: WIC COVERAGE RATES, ORIGINAL VS. EXPANDED METHODOLOGY, 2000-2013

		Original USDA method		Expanded USDA method	
Year	Total enrolled (millions)	Total eligible (millions)	Coverage rate (%)	Total eligible (millions)	Coverage rate (%)
All					
2000	7.21	7.94	90.9	12.48	57.8
2001	7.36	8.26	89.1	13.04	56.5
2002	7.51	8.09	92.9	12.99	57.8
2003	7.68	8.49	90.5	13.65	56.3
2004	7.97	8.69	91.6	13.91	57.3
2005	8.03	8.76	91.7	14.07	57.1
2006	8.13	8.85	91.8	14.29	56.9
2007	8.38	9.16	91.5	14.08	59.5
2008	8.82	9.23	95.5	14.17	62.2
2009	9.19	10.07	91.2	15.08	60.9
2010	9.11	9.72	93.7	14.55	62.6
2011	8.95	9.53	93.9	14.28	62.7
2012	8.86	9.31	95.2	14.05	63.1
2013	8.55	8.98	95.2	14.19	60.2
Infants					
2000	1.90	1.56	122.0	2.42	78.6
2001	1.93	1.64	117.5	2.49	77.2
2002	1.93	1.44	134.2	2.20	87.7
2003	1.96	1.59	123.0	2.50	78.3
2004	2.03	1.70	119.5	2.58	78.7
2005	2.05	1.68	122.2	2.60	79.1
2006	2.09	1.66	126.2	2.70	77.5
2007	2.19	1.79	122.2	2.65	82.4
2008	2.23	1.71	130.1	2.63	84.6
2009	2.22	1.83	120.9	2.67	82.9
2010	2.15	1.76	122.4	2.54	84.8
2011	2.10	1.77	118.2	2.52	83.3
2012	2.06	1.70	120.8	2.42	85.1
2013	2.02	1.61	125.0	2.39	84.4
Children 1–4					
2000	3.55	4.47	79.4	7.40	48.0
2001	3.65	4.62	79.0	7.78	46.9
2002	3.76	4.89	77.0	8.34	45.1

14 . Authors' calculations based on U.S. Census Bureau, DataFerrett, "Current Population Survey, Annual Social and Economic (ASEC) Supplement," March 2016.

2003	3.85	4.95	77.8	8.39	45.9
2004	3.99	4.92	81.2	8.47	47.1
2005	4.00	5.02	79.7	8.59	46.6
2006	3.99	5.16	77.2	8.62	46.2
2007	4.08	5.18	78.8	8.54	47.8
2008	4.43	5.43	81.6	8.66	51.2
2009	4.79	5.99	79.9	9.47	50.6
2010	4.84	5.81	83.2	9.22	52.4
2011	4.76	5.59	85.1	8.89	53.5
2012	4.72	5.52	85.4	8.82	53.4
2013	4.51	5.39	83.6	9.05	49.8
All women					
2000	1.76	1.91	92.4	2.66	66.1
2001	1.79	2.00	89.2	2.76	64.9
2002	1.82	1.76	103.3	2.45	74.3
2003	1.87	1.95	96.2	2.77	67.8
2004	1.94	2.08	93.6	2.86	68.1
2005	1.98	2.06	96.1	2.88	68.7
2006	2.04	2.03	100.7	2.96	68.9
2007	2.11	2.19	96.4	2.89	73.1
2008	2.16	2.09	103.2	2.88	75.1
2009	2.18	2.24	97.2	2.93	74.3
2010	2.12	2.15	98.7	2.79	76.0
2011	2.10	2.17	96.7	2.87	73.0
2012	2.09	2.09	100.1	2.81	74.3
2013	2.02	1.98	102.3	2.75	73.6
Pregnant women					
2000	0.84	1.11	75.9	1.24	67.6
2001	0.82	1.17	70.5	1.28	64.0
2002	0.82	1.02	80.5	1.13	72.6
2003	0.85	1.13	74.6	1.29	65.6
2004	0.87	1.21	72.0	1.33	65.5
2005	0.87	1.20	73.1	1.34	65.4
2006	0.90	1.18	76.1	1.39	64.6
2007	0.91	1.27	71.5	1.36	66.7
2008	0.93	1.22	76.1	1.36	68.4
2009	0.94	1.30	72.4	1.38	68.6
2010	0.92	1.25	73.9	1.30	70.8
2011	0.90	1.26	71.0	1.29	69.2
2012	0.88	1.21	72.8	1.25	70.9
2013	0.84	1.15	72.9	1.23	68.4
Postpartum women					
2000	0.54	0.56	97.1	0.75	71.6
2001	0.55	0.58	94.7	0.77	72.3
2002	0.56	0.51	108.9	0.67	83.2
2003	0.57	0.57	100.7	0.80	71.5
2004	0.60	0.61	98.3	0.83	71.7
2005	0.60	0.60	99.4	0.81	73.3
2006	0.62	0.59	104.1	0.87	70.5
2007	0.64	0.64	100.7	0.89	72.3
2008	0.65	0.61	106.8	0.89	73.6
2009	0.65	0.65	99.0	0.89	72.8
2010	0.63	0.63	100.8	0.82	76.9
2011	0.63	0.63	98.8	0.77	81.5
2012	0.61	0.61	100.7	0.72	84.6
2013	0.59	0.58	102.5	0.69	84.9
Breastfeeding women					
2000	0.38	0.24	156.8	0.67	56.9
2001	0.41	0.25	162.3	0.71	58.4
2002	0.44	0.22	194.8	0.64	67.9
2003	0.46	0.25	184.8	0.68	67.3
2004	0.48	0.26	181.9	0.70	68.7
2005	0.50	0.26	193.3	0.73	69.6
2006	0.53	0.26	205.3	0.70	75.6
2007	0.56	0.28	200.6	0.63	88.0
2008	0.58	0.27	219.0	0.64	91.2
2009	0.59	0.28	206.5	0.67	88.2
2010	0.57	0.27	207.2	0.66	85.2
2011	0.58	0.28	209.3	0.81	71.1
2012	0.59	0.26	223.2	0.84	70.4
2013	0.59	0.25	236.8	0.83	71.9

SOURCES: Authors' calculations based on data from the U.S. Department of Agriculture, Centers for Disease Control and Prevention, U.S. Census Bureau, and Ross Products Division of Abbott Laboratories. For more detailed methodology, see Besharov and Call, "The Expansion of WIC Eligibility and Enrollment: Time to Re-Think Policies and Practices," 2016.

DEFINITIONAL LIBERALIZATION

This paper is part of a multipart study by the authors and their colleagues that explores how income eligibility is determined in selected federal means-tested programs and its effects on behavior. The first paper in this series, on Head Start,[15] found the malleability of current definitions of "income" makes it easy for staff to expand program eligibility—with little political scrutiny or public debate—by informally adopting more liberal interpretations of existing rules. A more recent paper on marriage penalties found the increased size and coverage of means-tested social welfare benefits can, for cohabiting couples especially, lead to marriage bonuses of as much as 12 percent of their combined earnings or to marriage penalties of as much as or more than about 34 percent of their combined earnings, depending on the relationship between cohabiters—whether or not they have children in common and whether or not they are sharing expenses—and their combined and relative earnings.[16]

This paper explains the growth in WIC's eligibility and enrollment as also being the products of liberalized, more informal interpretations of eligibility rules by WIC staff and officials at all levels of government, as well as formal congressional action (extending the length of WIC certification periods for children) and inaction (failing to cap income eligibility for WIC recipients who are adjunctively eligible). It also identifies the factors behind this liberalization and makes recommendations about what to do about them. (In the WIC program, there is the added vagueness of the "nutritional risk" requirement, which has been interpreted away, as discussed below.)

The major definitional elements that were loosened in WIC are similar in other means-tested programs:

- **Subfamily income versus shared household income.** To determine income eligibility, WIC agencies are supposed to count the income of the entire household if it is shared as one economic unit. However, many agencies do not do so and instead count the income of only the nuclear family, leaving out other sources of household income—for example, from grandparents, siblings and boyfriends.[17] The failure to count all of the household's income could, by itself, expand eligibility over the base of those with annual incomes below 185 percent of poverty by about 20 percent.[18]
- **Current income versus income that 'more accurately reflects the family's status.'** Because incomes can rise and fall throughout the year, WIC agencies are allowed to choose among annual, monthly or weekly income. USDA regulations allow (but do not mandate) states to require that agencies select the period that "more accurately reflects the family's status."[19] (The one exception, and it is substantial, is lower current income caused by unemployment.)[20] Most WIC agencies, however, simply seem to use the lowest income, whatever that is, in order to maximize eligibility. This failure to use the most appropriate income period could, by itself, expand eligibility over the base of those with annual incomes below 185 percent of poverty by about 20 percent.[21]
- **Certification periods versus income changes (especially during pregnancy)**. Once found income-eligible, successful applicants do not have their income eligibility recertified for six months or more (up to one year for infants and children) — even if incomes rise during the "certification period" that would make them otherwise ineligible. WIC's current six- and 12-month certification periods could, by themselves, expand eligibility over the base of those with annual incomes below 185 percent of poverty by as much as 30 percent.[22] (Legislation currently pending in the U.S. Senate proposes that WIC certification periods for children be extended to two years.)[23]
- **Expanded adjunctive eligibility versus income caps.** Eligibility for WIC is also established adjunctively (in some other programs called "categorically") – that is, it is automatically granted to members of families and income-sharing households who are

15 . Douglas J. Besharov and Jeffrey S. Morrow, "Nonpoor Children in Head Start," *Journal of Policy Analysis and Management* 26, no. 3 (2007): 613–631. http://www.welfareacademy.org/pubs/childcare_edu/nonpoor_children_in_head_start.pdf

16 . Douglas J. Besharov and Neil Gilbert, "Marriage Penalties in the Modern Social Welfare State: Are Expanded Social Welfare Benefits and Changing Family Norms Leading to More Cohabitation (Rather than Marriage)?," R Street Institute, September 2015.

17 . U.S. Government Accountability Office, "WIC Program: Improved Oversight of Income Eligibility Determination Needed," pp. 17-18, February 2013.

18 . This is an independent effect and could be smaller when present in combination with the other practices discussed in this paper. See Besharov and Call, "The Expansion of WIC Eligibility and Enrollment: Time to Re-Think Policies and Practices," Appendix 2, 2016.

19 . U.S. Department of Agriculture, Food and Nutrition Service, "WIC Program Regulations," *Code of Federal Regulations*, title 7, sec. 246.7(d)(2)(i), (2015): 376. http://www.fns.usda.gov/sites/default/files/wic/WICRegulations-7CFR246.pdf

20 . Ibid., which states: "However, persons from families with adult members who are unemployed shall be eligible based on income during the period of unemployment if the loss of income causes the current rate of income to be less than the State or local agency's income guidelines for Program eligibility."

21 . This is an independent effect and could be smaller when present in combination with the other practices discussed in this paper. See Besharov and Call, "The Expansion of WIC Eligibility and Enrollment: Time to Re-Think Policies and Practices," Appendix 2, 2016.

22 . This is an independent effect and could be smaller when present in combination with the other practices discussed in this paper. See Besharov and Call, "The Expansion of WIC Eligibility and Enrollment: Time to Re-Think Policies and Practices," Appendix 2, 2016.

23 . U.S. Senate, "Improving Child Nutrition Integrity and Access Act of 2016," 114th Congress, 2nd session, http://www.agriculture.senate.gov/imo/media/doc/WEI116005.pdf

TABLE 3: ESTIMATING IMPACT OF INDIVIDUAL FACTORS ON WIC ELIGIBILITY (2013)

Estimate	Monthly income plus certification periods		Adjunctive eligibility		Subfamily income		Eligible infants in territories		Nutritional risk		Cum. effect or % ≥185% of poverty	Eligible infants as % of all infants
	Ind.	Add.	Ind.	Add.	Ind.	Add.	Ind.	Add.	Ind.	Add.		
USDA (original)			1%					4%		-5%		41.40%
USDA (expanded/UI)		[16%]	29%	[29%]	--	--	--	2%		-3%	41.30%	61.30%
Besharov (estimate)	30-35%	30-35%	25-40%	15-20%	15-20%	5-10%	–	4%	–	–	63–86%	71–81%

NOTES: For all estimates, the total population of infants is 3,895,561 and total infants less than 185 percent of the poverty line is 1,619,876. In the original USDA method, the adjustment for adjunct eligibility was made for Medicaid only. For more detailed methodology, see Besharov and Call, "The Expansion of WIC Eligibility and Enrollment: Time to Re-Think Policies and Practices," 2016.

receiving[24] Medicaid, SNAP and TANF cash assistance (if they can "provide documentation of receipt of assistance").[25] When this provision was added to the law, income eligibility for these programs was set below 185 percent of poverty. Hence, the original purpose of adjunctive eligibility was simply to facilitate the enrollment process, not to expand eligibility. However, recent legislative changes to Medicaid and the State Children's Health Insurance Program authorized states to raise income limits for those programs to higher than 185 percent of poverty (and, in many states, higher than 300 percent of poverty), making adjunctive eligibility a potential source of substantially enlarged WIC eligibility. Under current Medicaid eligibility rules, adjunctive eligibility could, by itself, expand eligibility over the base of those with annual incomes below 185 percent of poverty by as much as 40 percent. Barring legislative change, there is no limit to how much WIC eligibility can expand via further increases in Medicaid and SCHIP income eligibility.

- **Nutritional risk assumed**. In addition to being income-eligible or adjunctively eligible, WIC applicants are supposed to be at "nutritional risk." However, it appears this proviso has little practical impact on eligibility determinations. In a widely noted practice, WIC agencies find almost all applicants to be at nutritional risk.[26] This broad application of the definition of actual nutritional risk could, by itself, expand eligibility by as much as 25 percent.[27]

The USDA's original methodology for estimating WIC eligibility was surely too constricted, and some of the changes made were long overdue. But overall, its revised methodology sharply documents the definitional liberalizations that have occurred.

POOR TARGETING AND HORIZONTAL INEQUITY

Why should we care about WIC's expansion beyond its putative income limit? Certainly, 185 percent of poverty is not a magic line. Those just above the line are not significantly better off than those just below it.

For one, the failure to respect the spirit of this statutory benchmark has worsened WIC's already poor targeting. It also reflects a more endemic problem facing the American welfare state. WIC is not simply (some would say not primarily) a supplemental food program that provides the equivalent of income support in the way of foodstuffs: its nutritional counseling services are widely cited as a major reason for the program.

Even at 185 percent of poverty, WIC is already generously targeted for a supplemental food and nutritional counseling program: $36,612 for an income-sharing household of

24 . Although the statute uses the word "receiving," WIC regulations do not require applicants to actually be receiving assistance as long as they have been "certified eligible to receive assistance" under the programs. U.S. Department of Agriculture, Food and Nutrition Service, "WIC Program Regulations." The certification is made by the Medicaid, SNAP or TANF programs, not WIC. Zoë Neuberger, Center on Budget and Policy Priorities, email message to authors, June 29, 2007. Presumably, the difference is de minimis, and most researchers estimate adjunctive eligibility on the basis of being "enrolled in" or being "participants" in the Medicaid, SNAP, or TANF programs. See Michele Ver Ploeg and David M. Betson, eds., "Estimating Eligibility and Participation for the WIC Program: Final Report," National Academies Press, p. 50, 2003; Marianne Bitler and Janet Currie, "Medicaid at Birth, WIC Take-Up, and Children's Outcomes," discussion paper, Institute for Research on Poverty, University of Wisconsin-Madison, p. 2, August 2004. http://www.irp.wisc.edu/publications/dps/pdfs/dp128604.pdf

25 . "Child Nutrition Act of 1966," as amended through Public Law 111–296, U.S. Code 42, chapt. 13A, 1786, 17(d)(3)(E), https://www.law.cornell.edu/uscode/text/42/1786. The receipt of TANF nonassistance does not confer adjunctive eligibility, as described below.

26 . Food and Nutrition Service, "WIC Policy Memorandum 98-9, Revision 8: 401 Failure to Meet Dietary Guideline for Americans," U.S. Department of Agriculture, March 2005.

27 . This is an independent effect and could be smaller when present in combination with the other practices discussed in this paper. See Besharov and Call, "The Expansion of WIC Eligibility and Enrollment: Time to Re-Think Policies and Practices," Appendix 2, 2016.

three and $51,634 for an income-sharing household of five.[28] Presumably, WIC's higher income threshold was meant to be moderated by the requirement that applicants also be at nutritional risk, a restriction that turns out to be all but meaningless as applied by local grantees.

Because of automatic adjunctive eligibility, WIC eligibility reaches up to income-sharing family households with annual incomes above 300 percent of poverty (about $59,370 for an income-sharing household of three, and $83,730 for an income-sharing household of five) for infants, in eight states and for children in six states. In other states without Medicaid expansions, the income cap remains at only 185 percent of poverty. In addition, state Medicaid income-eligibility caps have been rising as a result of the Affordable Care Act. We estimate that, if the 2016 state Medicaid income-eligibility caps were to be applied to the 2013 estimates of the number of infants who were adjunctively eligibility through Medicaid (the latest year for which data are available), the number would increase by 55 percent from about 442,000 to about 655,000.[29]

According to the CPS in 2014, only about 48 percent of WIC recipients had *annual* family incomes at or below poverty, about 20 percent had annual incomes between 100 and 149 percent of poverty, only about 9 percent had annual incomes between 150 and 185 percent of poverty and about 24 percent had annual incomes above 185 percent of poverty (about 13 percent had annual incomes between 200 and 300 percent of poverty and about 8 percent had annual incomes of more than 300 percent of poverty).[30]

The way in which eligibility has been liberalized is deeply unfair to those families and income-sharing households whose incomes are just above 185 percent of poverty. The three main factors that have raised eligibility do not simply increase the level of WIC's income cap—they leapfrog eligibility to families and income-sharing households with significantly higher incomes. Two examples illustrate how large can be this *horizontal inequity*:

- When determining income eligibility, WIC agencies typically count the income of the subfamily (the immediate nuclear family) instead of including the income of other family members or cohabiters. Using the CPS, in 2014, when the entire income of the family was counted, 46 percent of WIC recipients in related subfamilies lived in families with incomes at or above 185 percent of poverty, 21 percent had annual incomes between 200 percent and 299 percent of poverty, and 20 percent had annual incomes at or above 300 percent of poverty.[31]
- Because only current income is counted, WIC ignores the higher, long-term (and truer) income of some families. For example, in instances of unemployment, WIC regulations mandate that state and local WIC agencies count current income. In instances of temporary illness or when a mother takes time off to have a baby, USDA regulations give state and local WIC agencies discretion in determining whether they will count current income or income that "best fits the family's situation," which most often results in the selection of current income. In the 1990s, an additional 47 to 74 percent of pregnant women became eligible for this reason (between about 350,000 and 460,000 women).[32] According to Gordon, Lewis and Radbill, these newly eligible women "were more educated, were more likely to live with the father, were more likely to be white, and had fewer children than those who were income eligible during pregnancy."[33] Similarly, Alison Jacknowitz and Laura Tiehan used the Early Childhood Longitudinal Study, Birth Cohort (ECLS-B) to analyze the differences between mothers who enrolled in WIC in the prenatal period compared to those who enrolled in the postnatal period. They found that women who delayed enrolling had higher education levels, higher household income, and were more likely to be employed before they gave birth.[34]

The foregoing also ignores the long-standing unfairness that results from ignoring various forms of cash and noncash

28 . Throughout this paper, we use as the income unit "family income" (that is, the income of "a group of two people or more [one of whom is the householder] related by birth, marriage, or adoption and residing together"). As we point out in relevant places, WIC eligibility is keyed to the income of income-sharing households (that is, "a household maintained by a householder who is in a family, and includes any unrelated people [unrelated subfamily members and/or secondary individuals] who may be residing there"), which, at the median, is about 2 percent higher. See U.S. Census Bureau, "Current Population Survey (CPS)—Definitions and Explanations," http://www.census.gov/cps/about/cpsdef.html. Authors' calculations from Carmen DeNavas-Watt and Bernadette D. Proctor, "Income and Poverty in the United States: 2013," U.S. Census Bureau, September 2014. https://www.census.gov/content/dam/Census/library/publications/2014/demo/p60-249.pdf; and U.S. Census Bureau, "Historical Income Tables—Families: Table F-6. Regions—Families (All Races) by Median and Mean Income: 1953 to 2013." http://www.census.gov/hhes/www/income/data/historical/families/2013/f06AR.xls

29 . Authors' calculations from Paul Johnson, Erika Huber, Linda Giannarelli and David Betson, "National and State-Level Estimates of Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) Eligibles and Program Reach, 2013: Final Report," U.S. Department of Agriculture, January 2016; and U.S. Census Bureau, "Annual Estimates of the Resident Population by Single Year of Age and Sex for the United States, States, and Puerto Rico Commonwealth: April 1, 2010 to July 1, 2014." http://factfinder2.census.gov/bkmk/table/1.0/en/PEP/2014/PEPSYASEX

30 . Authors' calculations from U.S. Census Bureau, Current Population Survey.

31 . Authors' calculations from U.S. Census Bureau, Current Population Survey.

32 . Anne Gordon, Kimball Lewis and Larry Radbill, "Income Variability Among Families with Pregnant Women, Infants, or Young Children," Mathematica Policy Research Inc., January 1997; and Aaron S. Yelowitz, "Income Variability and WIC Eligibility: Evidence from the SIPP," working paper, National Bureau of Economic Research, 2002.

33 . Gordon, Lewis, and Radbill, "Income Variability Among Families with Pregnant Women, Infants, or Young Children," xv.

34 . Alison Jacknowitz and Laura Tiehan, "Transitions Into and Out of the WIC Program: A Cause for Concern?" Social Science Review 83, no. 2 (2009): 151–183.

assistance (but counting other forms of income) in determining income.[35] This includes, for example, cash assistance such as the Earned Income Tax Credit (an average of about $3,000 per household with children),[36] noncash assistance such as SNAP (an average of more than $3,000 per household),[37] and housing assistance (an average of about $7,675 per household).[38] Most of these programs have almost universal coverage, so that the unfairness is somewhat limited. Housing assistance, however, reaches less than one-third of those eligible,[39] so that its beneficiaries are much better off than some families and income-sharing households denied WIC because their incomes are slightly above 185 percent of poverty.

More fundamentally, this kind of hidden and distorting expansion of eligibility—whether in WIC or any other means-tested programs—undercuts sound program planning. The addition of so many somewhat better-off families and income-sharing households makes WIC less able to focus on the deep-seated nutritional and social needs of the most disadvantaged families and income-sharing households. Instead of enriching the services WIC can deliver to those below the income threshold, the funds that have been added to the program were used to expand coverage to higher income families and income-sharing households.

TABLE 4: WIC RECIPIENTS AS PERCENT OF RELEVANT U.S. POPULATION, 1980-2014

Year	Eligible women			Eligible children		All eligible persons
	All	Pregnant	Postpartum/ breastfeeding	Infants	Ages 1-4	
1980	9.0	8.6	7.9	14.9	8.1	9.4
1981	8.7	9.3	8.5	16.1	7.7	9.3
1982	9.7	9.8	8.9	17.6	8.2	10.1
1983	11.6	11.4	10.3	20.9	9.5	11.8
1984	13.1	13.7	12.4	22.7	11.0	13.3
1985	13.3	13.5	12.4	23.7	11.3	13.8
1986	14.1	14.5	13.2	25.7	11.4	14.3
1987	14.7	15.1	13.9	27.0	11.4	14.7
1988	16.0	16.1	14.7	28.9	11.8	15.6
1989	18.2	18.2	16.7	32.2	13.5	17.6
1990	18.7	19.3	17.7	34.7	13.9	18.5
1991	20.9	21.0	19.4	39.0	14.9	20.2
1992	22.9	23.1	21.4	41.7	16.3	21.8
1993	26.1	26.2	24.4	43.9	18.2	24.0
1994	28.6	27.1	30.5	45.4	20.6	26.2
1995	30.0	27.7	32.8	46.6	22.3	27.7
1996	31.7	28.7	35.4	47.2	24.0	29.3
1997	31.9	29.2	35.2	48.1	24.6	29.9
1998	31.8	29.0	34.9	48.0	24.5	29.8
1999	31.3	28.3	34.6	47.8	23.8	29.3
2000	30.5	27.6	33.7	46.8	23.0	28.6
2001	30.9	27.2	35.0	47.8	23.3	28.9
2002	31.4	27.3	35.9	48.0	23.7	29.2
2003	31.7	27.5	36.2	47.9	23.9	29.4
2004	32.4	28.2	36.8	49.3	24.4	30.1
2005	32.6	28.2	37.2	49.6	24.1	30.0
2006	32.7	28.1	37.4	49.1	24.1	30.0
2007	33.3	28.1	38.7	50.6	24.2	30.5
2008	34.6	29.1	40.3	52.5	25.9	31.9
2009	35.6	30.5	40.8	53.7	27.5	33.2
2010	35.7	30.8	40.6	53.8	28.0	33.4
2011	35.4	30.2	40.7	53.0	29.1	34.1
2012	35.3	29.8	40.8	52.1	29.1	34.0
2013	34.4	28.5	40.3	51.3	28.0	33.0
2014	33.0	26.9	39.2	49.2	27.0	31.8

SOURCES: Authors' calculations based on data from U.S. Department of Agriculture, Centers for Disease Control and Prevention, U.S. Census Bureau and Ross Products Division of Abbott Laboratories. Breastfeeding rates are for any breastfeeding, rather than exclusive breastfeeding. For more detailed methodology, see Besharov and Call, "The Expansion of WIC Eligibility and Enrollment: Time to Re-Think Policies and Practices," 2016.

35 . According to the WIC regulations: "Income for the purposes of this part means gross cash income before deductions for income taxes, employees' social security taxes, insurance premiums, bonds, etc. Income includes the following—(A) Monetary compensation for services, including wages, salary, commissions, or fees; (B) Net income from farm and nonfarm self-employment; (C) Social Security benefits; (D) Dividends or interest on savings or bonds, income from estates or trusts, or net rental income; (E) Public assistance or welfare payments; (F) Unemployment compensation; (G) Government civilian employee or military retirement or pensions or veterans' payments; (H) Private pensions or annuities; (I) Alimony or child support payments; (J) Regular contributions from persons not living in the household; (K) Net royalties; and (L) Other cash income. Other cash income includes, but is not limited to, cash amounts received or withdrawn from any source including savings, investments, trust accounts and other resources which are readily available to the family." States may exclude the following income: in-kind housing and other benefits, loans, military housing, school meals payments, LIHEAP, federal student financial assistance (including Pell Grants), childcare vouchers. U.S. Department of Agriculture, Food and Nutrition Service, "WIC Program Regulations."

36 . Center on Budget and Policy Priorities, "Policy Basics: The Earned Income Tax Credit," January 2015), http://www.cbpp.org/research/policy-basics-the-earned-income-tax-credit

37 . Center on Budget and Policy Priorities, "SNAP Helps Struggling Families Put Food on the Table," Center on Budget and Policy Priorities, January 2015. http://www.cbpp.org/research/food-assistance/chart-book-snap-helps-struggling-families-put-food-on-the-table

38 . Center on Budget and Policy Priorities, "Fact Sheet: the Housing Choice Voucher Program," 2015. http://www.cbpp.org/sites/default/files/atoms/files/3-10-14hous-factsheets_us.pdf

39 . G. Thomas Kingsley, "Federal Housing Assistance and Welfare Reform: Uncharted Territory," New Federalism: Issues and Options for States series, Urban Institute, December 1997. http://www.urban.org/publications/308023.html

EXPLANATIONS

The income-related elements of WIC eligibility are roughly the same as those in many other means-tested programs. But without a formal change in eligibility rules, not all means-tested programs have experienced such large increases in eligibility and enrollment. Several factors seem to account for WIC's expansion:

1. WIC is a popular but little understood program largely insulated from political control. It is popular because it is widely believed to "work." After all, it is widely, if inaccurately, claimed that every dollar of WIC spending saves $3 (or more) in medical and other costs.[40] Never mind that, whatever the original validity of the claim, it is certainly less true now that WIC has expanded to serve so many less needy families and income-sharing households.

WIC's popularity makes it difficult for politicians of either party to criticize or control. Why else did the Bush administration not try to rein in the program? And why did it instead preside over the 2006 recodification of the methods for estimating the program's eligibility that, in 2003, increased the total number of WIC eligibles by about 62 percent or about 5.1 million additional mothers, infants or children and in 2013, the most recent year available, by about 58 percent—roughly 5.3 million additional mothers, infants and children? (See Table 1)

It is, however, one thing to fear a backlash for cutting a popular program like WIC; it is quite another to shy away from placing reasonable controls on eligibility criteria. This is especially concerning after the program has grown to cover about half of all American infants, at the cost of denying enhanced services—such as more extensive nutritional and anti-obesity counseling—for the neediest families and income-sharing households. The only other possible explanation for the Bush administration's failure to limit the growth in WIC eligibility is that senior staff did not understand what was happening.

2. WIC has a devoted staff eager to serve as many people as possible. Most WIC staff are strong believers in the program and, hence, are understandably eager to provide benefits to as many families as possible. Prevailing practice seems to reflect the belief that enrollment in WIC should be facilitated because the program is beneficial — even for families and income-sharing households whose incomes are substantially higher than the formal eligibility criteria.[41]

When the findings in this paper concerning the incomes of WIC families and income-sharing households are presented to WIC supporters, the reaction is often not to deny that they are accurate, but to argue that they do not pose a problem. In fact, one of the authors has been scolded many times by WIC staff when he argued for targeting of benefits. Some staff even argue that all Americans could benefit from the program. (They probably have in mind WIC's counseling, not its food package, including free baby formula.) Hence, WIC staffers should not be expected to enforce eligibility rules they deem overly restrictive. Their natural inclination is to sign up families until funding runs out.

3. At least in the past, expansions were fueled by the easy availability of funds to support expansions, usually at little or no cost to the local program or to Congress. Many other means-tested programs also have deeply committed staffs and are politically popular, of course. Why did WIC expand when some others did not? The concurrence of program expansions with rising infant-formula rebates strongly suggests that the rebates fed the process. The infant-formula rebate program has provided billions of dollars to WIC with little legislative oversight. In 1990, the first year, the rebates provided WIC with about $808 million in additional funds, enough to pay benefits for about 880,000 additional recipients. By 1998, the rebates had grown to about $1.9 billion, enough for more than an additional 1.9 million recipients. In 2014, the rebates totaled about $1.8 billion, enough to pay benefits to about 2.0 million recipients, roughly one-quarter of the program's entire caseload and total spending.[42]

Coming to the program outside the normal appropriations process, these billions of dollars in rebates have been automatically applied under WIC's eligibility and funding rules—without serious consideration of whether the additional funds should be used to expand program benefits or services, rather than simply adding more recipients. The applicable rules require that the rebate reimbursements be used as appropriated funds, which means that they can only

40 . For an analysis of these claims, see Douglas J. Besharov and Peter Germanis, "Is WIC as Good as They Say?" *The Public Interest* 134 (Winter 1999): 21–36.

41 . This problem is not limited to WIC. A recent USDA Office of the Inspector General report for SNAP found a number of cases in which state agencies did not verify the reported income of SNAP recipients and assumed recipients' income did not change over the course of a certification period, which allowed SNAP recipients to remain eligible for the program. See: Office of Inspector General, "FNS Quality Control Process for SNAP Error Rate," U.S. Department of Agriculture, September 2015. https://www.usda.gov/oig/webdocs/27601-0002-41.pdf

42 . Steven Carlson, Robert Greenstein, and Zoë Neuberger, "WIC's Competitive Bidding Process for Infant Formula is Highly Cost-Effective," Center on Budget and Policy Priorities, June 2015. http://www.cbpp.org/research/food-assistance/wics-competitive-bidding-process-for-infant-formula-is-highly-cost

be used to expand program coverage, not to expand counseling services or to save state funds.[43]

Moreover, because of the restriction on how much may be spent in administrative costs per recipient, the additional money that states have from the rebate reimbursements may only be used to expand participation, generally to those with higher incomes (and lower nutritional risk), rather than to improve services. There are legitimate reasons for placing limits on the things on which a program as large and diverse as WIC can spend money. But forcing states to add more and more families and income-sharing households to the program is not one of them, particularly when the program needs to provide greater benefits to the neediest families and income-sharing households.

Put simply, the increased funding available through rebates enabled federal, state and local WIC officials (as well as program operators) to make substantially more mothers and children eligible for program benefits—painlessly, that is, without needing to find additional funds to cover them. Hence, as more funds became available, it was predictable that they would enroll as many families and income-sharing households as possible, even if it meant relaxing income-eligibility standards.[44]

4. Minimal state or local interest in controlling costs in the absence of a tough audit process or through federal/state cost sharing. This is not a unique phenomenon, of course. Separating the functions of determining eligibility from paying program costs—common to many federal, state and local programs—almost always creates a "moral hazard"; that is, decision makers have no incentive to cut costs unless they face effective eligibility monitoring or a rigorously enforced budget limit.

SNAP, for example, has the same separation between decider and payer. It seeks to deal with this problem through its Quality Control (QC) system, under which state agencies (with federal oversight) continuously sample food stamp recipients to check for errors in eligibility and benefits. The federal government publishes annual error rates for eligibility and benefits, and sanctions states with error rates above a previously defined "tolerance level."[45] The sanctions can be substantial.[46] A recent report from the USDA Office of the Inspector General, however, has found a number of problems with the implementation of the SNAP QC system.[47]

The federal school meals programs also have a regular audit process. Local school districts (with state and federal oversight) sample families with children receiving free or reduced school lunch or breakfast where the families have incomes that are considered "error-prone" or within a defined amount of the eligibility threshold.[48] In the 2010-2011 school year (the latest year for which data are available), the error rate for the National School Lunch program was about 15.6 percent, and the error rate for the National School Breakfast program was about 25.2 percent.[49] As with SNAP, recipients of federal school meals programs who are found to have received benefits in error during the audit process may have their benefits reduced or eliminated. In 2010, Congress authorized USDA to fine or disqualify state or local agencies that do not attempt to correct high error rates.[50] (The regulations have not yet been finalized.)[51]

No similar frequent audit process exists for WIC. Instead, every 10 years, the USDA conducts a WIC income-verification study that measures WIC error rates. However, this study applies the eligibility rules of the state or local WIC agencies—many of which reflect the liberalizations described in this paper.[52] In 1988, the estimated error rate

43 . The percentages of appropriated funds that are allocated to states that may be used for the WIC food packages and the national average per participant grants (AGP) for administrative costs are limited by law and regulation, so that additional funds must go to additional recipients. "Child Nutrition Act of 1966," 17(h)(1)(B) and "Special Supplemental Nutrition Program for Women, Infants, and Children," Code of Federal Regulations 7, sec. 246.

44 . See, for example, Besharov and Germanis, "Rethinking WIC," p 22, which states: "Moreover, as program funding has increased, according to some local WIC staff, even income testing seems to have become less rigorous, with many participants having incomes over eligibility limits."

45 . House Committee on Ways and Means, "2004 Green Book: Background Material and Data on the Programs within the Jurisdiction of the Committee on Ways and Means," U.S. House of Representatives, March 2004.

46 . They are calculated by multiplying the state's food stamp expenditures by "10 percent of the amount by which the State's combined error rate exceeds 6 percent." Ibid., pp. 15–21.

47 . U.S. Department of Agriculture, Office of Inspector General, "FNS Quality Control Process for SNAP Error Rate."

48 . "Richard B. Russell National School Lunch Act," as amended through Public Law 113-79, 113th Congress, First Session, sec. 9(D), Feb. 7, 2014. http://www.fns.usda.gov/sites/default/files/NSLA.pdf

49 . Office of Inspector General, "FNS: National School Lunch and School Breakfast Programs," U.S. Department of Agriculture, 2015. http://www.usda.gov/oig/webdocs/27601-0001-41.pdf; Quinn Moore, Judith Cannon, Dallas Dotter, Esa Eslami, John Hall, Joanne Lee, Alicia Leonard, Nora Paxton, Michael Ponza, Emily Weaver, Eric Zeidman, Mustafa Karakus and Roline Milfort, "Program Error in the National School Lunch Program and School Breakfast Program: Findings from the Second Access, Participation, Eligibility and Certification Study (APEC II), Volume 1: Findings," U.S. Department of Agriculture, May 2015 http://www.fns.usda.gov/sites/default/files/ops/APECII-Vol1.pdf

50 . USDA has responded to the high error rates by encouraging states and localities to take advantage of the Community Eligibility Provision (CEP). Under the CEP, in schools where at least 40 percent of children are eligible for free or reduced school lunch, all children are determined to be eligible for free school lunches. According to the USDA, in the 2014-2015 school year, more than half of all eligible schools took advantage of CEP. Moore, et al., "Program Error in the National School Lunch Program and School Breakfast Program."

51 . U.S. Department of Agriculture, "Child Nutrition Program Integrity," *Federal Register* 81, no. 60, March 29, 2016. https://www.gpo.gov/fdsys/pkg/FR-2016-03-29/pdf/2016-06801.pdf

52 . See Robert G. St. Pierre and Michael J. Puma, "Controlling Federal Expenditures in the National School Lunch Program: The Relationship Between Changes in Household Eligibility and Federal Policy," *Journal of Policy Analysis and Management* 11, no. 1 (Winter 1992): 42–57.

for WIC was 5.7 percent; in 1998, it was 4.5 percent;[53] and in 2008, 3 percent.[54] (It does not appear that those who were found to be receiving benefits in error had their benefits terminated or reduced.)

FUTURE BUDGET PRESSURES

Between 2000 and 2009, the number of WIC recipients increased from 7.2 million to 9.2 million. The rate of growth in WIC enrollment exceeded that of the population as a whole: WIC recipients as a percent of the total eligible population increased from 28.6 percent to 33.2 percent. In addition, during this period, WIC appropriations, expenditures and food costs all increased, as did the value of the income rebates. These trends all reversed after 2009, but remained at levels higher than in 2000 (adjusted for inflation and population growth). For example, in 2014, the total number of WIC recipients declined to 8.2 million and to 31.8 percent of the total population, although both figures are still higher than their 2000 levels. The trends for most of the subcategories of WIC recipients reflect the broader trend, except for pregnant women, where the number of pregnant women receiving WIC as a percent of the total pregnant population has now dropped below its 2000 level.[55]

As mentioned above, in 2006, the USDA changed its methodology for estimating the number of WIC eligibles, which has led to a roughly 20 percentage point increase in the percent of the population that is estimated to be eligible for WIC compared to the previously used methodology. In addition, under this expanded methodology, there has been a steady increase in the percentage of the total population estimated eligible to receive WIC, rising from 48.1 percent in 2000 to 54.7 percent in 2013. The rise has been especially steep among children ages one to four, increasing from 46.6 percent in 2000 to 55.9 percent in 2013. These estimates of eligibility indicate that there is great potential for rapid growth in the WIC caseload. The increase in the estimates of eligibility since 2000 are driven by three major factors:

- *Increasing rates of adjunctive eligibility as a result of rising enrollments in Medicaid and SNAP, in part because of outreach, in part because of a weak economy and, more recently, because of increased reimbursement rates of up to 100 percent for SCHIP programs through 2019.* Receiving Medicaid or SNAP makes an income-sharing family household "adjunctively" eligible for WIC. In fact, during the enrollment process for both programs, families and income-sharing households are often encouraged to enroll in WIC.

For Medicaid, the ACA increased the federal government's share of costs for the State Children's Health Insurance Program (SCHIP) by 23 percentage points, meaning that the federal government will now pay between 88 and 100 percent of the costs for SCHIP.[56] As states are allowed to operate their SCHIP program as an expansion of their Medicaid programs, many states have increased Medicaid income eligibility caps for infants to more than 200 percent of poverty; 11 states have Medicaid income eligibility caps above 250 percent; and eight have Medicaid income eligibility caps above 300 percent.

Between 2002 and 2014, according to the Congressional Budget Office, the estimated number of children receiving Medicaid increased from about 23 million to about 36 million, an increase of about 57 percent.[57] If more states increase Medicaid-income eligibility caps, the number of children on Medicaid would continue to rise, thereby increasing eligibility for WIC.

Similarly, between 2002 and 2014, the number of individuals on SNAP increased from 19.1 million to 46.5 million, an increase of about 143 percent.[58] Although SNAP's income threshold is a federally mandated 130 percent of poverty, families with incomes above the income threshold may still be eligible for WIC if they also receive TANF "nonassistance." If families receiving TANF nonassistance that meets TANF purposes three or four (to prevent and reduce the incidence of out-of-wedlock pregnancies or to encourage the formation and maintenance of two-parent families),[59] the eligibility threshold for being adjunctively eligible for WIC is 200 percent of poverty. However, if they receive TANF nonassistance that meets TANF purposes one or two (provide assistance to needy families so that children can be cared for in their own homes and

53 . Nancy Cole, David Hoaglin and John Kirlin, "National Survey of WIC Participants: Final Report," U.S. Department of Agriculture, October 2001. http://www.fns.usda.gov/sites/default/files/WICSurvey.pdf

54 . Food and Nutrition Service, "National Survey of WIC Participants II: Report Summary," U.S. Department of Agriculture, April 2012. http://www.fns.usda.gov/sites/default/files/NSWP-II_Summary.pdf

55 . Email message to authors, June 4, 2008.

56 . Robin Rudowitz, Samantha Artiga and Rachel Arguello, "Children's Health Coverage: Medicaid, CHIP, and the ACA (Washington, DC: Kaiser Family Foundation, March 2014. http://kff.org/health-reform/issue-brief/childrens-health-coverage-medicaid-chip-and-the-aca/

57 . John Holohan and Bowen Garrett, "Rising Unemployment and Medicaid," Urban Institute, October 2001. http://www.urban.org/uploadedPDF/410306_HPOnline_1.pdf; and Congressional Budget Office, "Fact Sheet for CBO's April 2014 Baseline: Medicaid." http://www.cbo.gov/sites/default/files/cbofiles/attachments/44204-2014-04-Medicaid.pdf

58 . U.S. Department of Agriculture, Food and Nutrition Service, "Food Stamp Program Monthly Data." http://www.fns.usda.gov/pd/34fsmonthly.htm

59 . U.S. Department of Agriculture, Food and Nutrition Service, "Food Stamp and Food Distribution Program," Code of Federal Regulations, title 7, sec. 273.2(j)(2)(l), http://www.ecfr.gov/cgi-bin/text-idx?SID=b4713a38b95cda90cac738852b18c946&mc=true&node=se7.4.273_12&rgn=div8; see also U.S. Government Accountability Office, "States' Use of Options and Waivers to Improve Program Administration and Promote Access," 2002.

reduce the dependency of needy parents by promoting job preparation, work and marriage), the eligibility threshold depends on the state's definition of "needy families" which, in some states, can be above 185 percent of poverty.

- *Greater income volatility among low-income families than in the past*. WIC agencies tend to use current income rather than annual income in their eligibility decisions. Because eligibility-certification periods span periods after incomes rise (or fall, of course), the result is longer spells of WIC recipiency and, hence, higher enrollment rates.
- *A weak economy.* The financial crisis and subsequent recession of 2007–2009 have left many economic problems in their wake. One of the most worrisome has been a weak labor market—with high levels of joblessness and declining wages—that shows little indication of more than modest improvement for some time to come. Although the unemployment rate has finally fallen from its high of 10 percent in October 2009 to about 4.9 percent as of October 2016, only 68.9 percent of working-age Americans are actually employed (compared to its high of 74.1 percent in 2000).[60] About 25.7 percent of the unemployed had been without a job for six months (down from a high of 45 percent in September 2011, the highest since World War II) compared to 11.4 percent in 2000.[61] The 2014 median hourly wage was $17.09, actually lower than 2001's $17.11.[62]

RECOMMENDATIONS

This paper documents how the liberalization of WIC eligibility rules has led to substantial increases in eligibility and enrollment. We believe that WIC would be most effective if its resources were targeted on those families and income-sharing households most in need of its services, including spending less on those better off financially and spending more on those in greater need. That would be the best way to make it more successful in meeting its prime goals.[63]

This analysis, however, should be important even for those who do want to see WIC enrollments increased. Even those who want expansions in WIC eligibility and recipiency should be troubled by the haphazard and unequal expansions this report documents. Because eligibility depends on varying state and local policies concerning the income unit, the income period and the income limits for Medicaid and SCHIP, the current program is plagued with substantial horizontal and vertical inequity in who receives benefits.

Some will read this report about the factors contributing to WIC's expansions and conclude that, without imposing onerous administrative burdens, there is no good way to control the discretion of what sociologists call "street level bureaucrats." This is unnecessarily pessimistic. In our 2009 report, we made recommendations for the USDA to instruct state and local agencies on income measurement and to provide guidance for eligibility determination. In 2013, the USDA issued a policy memorandum that provided clarification to states on the definition of the economic unit and "current income."

We think this is a positive step and continue to encourage the USDA to make the following steps:

1. USDA regulations should mandate careful attention to eligibility determinations. In too many key provisions, WIC regulations are permissive rather than mandatory. The almost casual attitude that the WIC regulations take to these issues seems to encourage the lax processes documented in this report. A certain amount of state- and local-level flexibility is necessary and valuable, of course. But current regulations do not require states to mandate that local agencies adopt income-verification procedures to make sure that initial determinations of eligibility are accurate.[64] The regulations also allow for state and local agencies to choose between "current income" (defined by the state) or "income . . . [that] more accurately reflects the family's status"[65] which allows front-line workers to consistently choose monthly income over annual income. And they do not require states to terminate the benefits of individuals whose incomes rise sharply during the certification period.[66]

In its 2013 policy memorandum, the USDA "encouraged" states to adopt the USDA's definition of current income (income in the past 30 days) and provided advice on decid-

60 . Organisation for Economic Co-operation and Development, "OECD Stats Database," http://stats.oecd.org/#

61 . Bureau of Labor Statistics, "Table A-12. Unemployed Persons by Duration of Unemployment," http://www.bls.gov/webapps/legacy/cpsatab12.htm

62 . U.S. Department of Labor, Bureau of Labor Statistics, "May 2001 National Occupational Employment and Wage Estimates: All Occupations," http://www.bls.gov/oes/2001/may/oes_00Al.htm; and U.S. Department of Labor, Bureau of Labor Statistics, "May 2014 National Occupational Employment and Wage Estimates United States," http://www.bls.gov/oes/current/oes_nat.htm#00-0000

63 . See Besharov and Germanis, "Rethinking WIC."

64 . U.S. Department of Agriculture, Food and Nutrition Service, "WIC Program Regulations," which state: "The State or local agency may require verification of information it determines necessary to confirm income eligibility for Program benefits." (Emphasis added.)

65 . Ibid.

66 . The portion of the regulations that deal with changes in income makes no mention of any requirement for participants to report any changes in income, stating only: "The local agency must reassess a participant's income eligibility during the current certification period if the local agency receives information indicating that the participant's household income has changed. However, such assessments are not required in cases where sufficient time does not exist to effect the change. Sufficient time means 90 days or less before the expiration of the certification period." See Ibid.

ing when annual income is more appropriate than current income. This is a positive step and many of the state WIC manuals that we reviewed use the USDA's definition. We are unable to gauge the degree to which the policy memorandum has been implemented, nor its impact. This information may be in the USDA's management evaluations of state and local WIC agencies, but we have been unable to obtain access to them.

2. USDA regulations should use a term like "family and income-sharing household" and not just "family" to describe the income unit for WIC, and WIC agencies should use the income of the family and income-sharing household not just the subfamily of parent and child to determine income eligibility. Although WIC regulations label the income unit as the "family," they actually encompass a broader unit: households that share income and resources, defined as "a group of related or nonrelated individuals who are living together as one economic unit."[67] In practice, many state and WIC agencies only collect income information for just the family or subfamily. The 2013 USDA policy memorandum attempted to clarify that, although the regulations use the term "family," the applicable WIC income unit is the economic unit. This remains needlessly confusing. There may be other possible terms to use, but we recommend the use of the term "income-sharing family household" as we feel it best captures the nuances of the definition.

The most recent evidence of compliance with the definition in the regulations is from 2012. We are unable to gauge compliance with the 2013 memorandum because we were not able to access the WIC management evaluations. Evidence from the CPS, however, suggests that this continues to be a problem in the program. In 2014, about 89 percent of individuals in related subfamilies (meaning that they are in a family that is related to the primary householder) who were receiving WIC had annual *subfamily* incomes below 100 percent of poverty; about 7 percent had annual incomes between 100-149 percent of poverty; about 3 percent had annual incomes between 150-185 percent of poverty; and only about 1 percent had annual incomes above 185 percent of poverty.

When counting the income of the entire family (not even including other members of the household as required by WIC regulations), however, only about 27 percent of these individuals in related subfamilies had annual incomes below 100 percent of poverty; about 20 percent had incomes between 100-149 percent of poverty; about 7 percent had annual incomes between 150-185 percent of poverty; and about 46 percent had annual incomes above 185 percent of poverty. About 21 percent had incomes between 200-299 percent of poverty and about 19 percent had incomes at or above 300 percent of poverty.[68]

Some analysts to whom we spoke suggested that the administrative costs for fixing the problem would likely exceed the cost-savings. We think that this is an open question and, in any event, raises substantial questions about program integrity and the targeting of WIC.

3. Adjunctive eligibility through Medicaid (directly or through SCHIP) and SNAP should be capped. In the past, opponents of this idea have noted that capping adjunctive eligibility at 185 percent of poverty, 200 percent or even 250 percent of poverty would not remove many families and income-sharing households from WIC—because other liberalizations in the definition of income have taken the operational income cap for WIC above those levels. Recent expansions of Medicaid eligibility, however, appear to have increased the percent of WIC recipients with incomes above 185 percent of poverty from about 14.8 percent of all WIC recipients to about 23.9 percent. Failure to place some cap on adjunctive eligibility is an implicit ratification of these past liberalizations of eligibility. And should expansions of Medicaid eligibility continue, they could well expand WIC eligibility even further and with even less relevance to the program's mission.

4. WIC's now meaningless test of "nutritional risk" should be dropped from eligibility determinations or perhaps used as a means for directing program resources. Almost all applicants are now deemed to be at nutritional risk. As both the National Research Council (NRC) and Institute of Medicine (IOM) have recommended, this now meaningless requirement should be dropped. All it does is paint a misleading picture of WIC's purpose. At the same time, consideration should be given to using some determination of risk or need as the basis for targeting *enhanced* WIC services to those low-income families and income-sharing households that need more than WIC's standard benefits.

5. State and local WIC agencies should have a more direct financial stake in the proper governance of their programs, including the eligibility determinations. The absence of an audit process within WIC undoubtedly encourages loosened eligibility determinations. But given that all program funds come from the federal government (or the infant formula rebates), a substantial liberalization of eligibility determinations was predictable. State and local WIC officials have little reason to be cost-conscious—as long as program funds seem available. As in the case of many other federal, means-tested programs, states should be required to pay a portion of WIC's program costs so that they would have a stake in

67 . Ibid. There is apparently no definition of the relevant economic unit in the two statutes that form the basis of WIC's legal framework: the Child Nutrition Act of 1966 and the Richard B. Russell National School Lunch Act (NSLA). The Food and Nutrition Act of 2008, however, defines a "household" to include "a group of individuals who live together and customarily purchase food and prepare meals together for home consumption." "Food and Nutrition Act of 2008," sec. 3(m)(1), http://www.fns.usda.gov/sites/default/files/snap/Food-And-Nutrition-Act-2008.pdf

68 . Authors' calculations from U.S. Census Bureau, Current Population Survey.

enforcing eligibility rules. Properly structured, this would make it possible to give states the flexibility to shift how they spend funds—to spend less on expanding enrollment and more on enhancing services for current recipients, such as putting healthier products in the food package and spending more time in counseling.

CONCLUSION

This review of WIC's eligibility and enrollment practices illustrates how, when means-tested programs are not restrained by legal, financial or political forces, they can expand beyond their putative income-eligibility limits. Sometimes, such expansions do nothing but add recipients to the program. Too often, though, as in the case of WIC, the addition of less needy recipients diverts the program from its essential purpose, undermines sound program planning, creates significant horizontal inequities and, at least in a small way, puts pressure on other, less politically popular programs.

All means-tested programs would benefit from a similar examination. Hence, the larger lesson from this paper's analysis is that policymakers, administrators, and the public need a better understanding of the nature and application of income-eligibility rules across the panoply of means-tested programs. Details matter. As we have seen, identifiable variations in how and when to measure income can shift eligibility for large numbers of families.

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