

MEMORANDUM

March 29, 1984

TO: Senator Dole

FROM: Christina Bolton

RE: Helms WIC Amendment - Impact on Kansas

*to the Urgent Supplemental*

Senator Helms plans to introduce an amendment to allow states to keep their unobligated funds at the end of the fiscal year, rather than give them back to USDA for reallocation among the various states.

Current Policy:

Right now, the law requires that State agencies expend all of their WIC allocation during the fiscal year for which appropriations are made. Toward the end of the fiscal year, if all funds are not likely to be expended by the State agency, the Department of Agriculture reallocates or reprograms unexpended funds to other states.

Result of Current Policy:

The result of the current policy is funding instability at the end of the fiscal year. State agencies typically try to increase caseloads dramatically so as not to forfeit their allocations. Sometimes, a state may overshoot the mark and spend more than their allocation, resulting in State or local expenditures to compensate for the overage. Conversely, the State may have to make reductions in caseload to come within the original allocation. This can be very disruptive to program services, because of the fluctuations that may occur.

Helms Amendment:

Senator Helms' amendment would allow State to expend unobligated appropriations in the following fiscal year as a "carryover" measure.

Impact on Kansas:

I have checked with program directors in Kansas to find out how this amendment would affect the WIC Program there. It appears that, in the past few years, Kansas has benefitted from some of the reallocated funds at the end of the fiscal year (this increases their available food dollars).

You may recall that, several years ago, Kansas had been so fiscally responsible and obedient to directives from USDA with regard to controlling their caseload levels and not over-spending that it actually ended up being penalized for its good behavior.

Back in 1981, Kansas' average WIC caseload level was well below the national average in terms of percentage of potential eligible population served. This situation has improved since then. At the time, we contacted Bill Hoagland, who was then FNS Administrator, and he did what he could to help the state out, mainly through reallocation of funds.

This reallocation of unobligated year-end funds has served as somewhat of a funding equalizer among the States, and also provides the flexibility to direct benefits to areas of greatest need in times of high unemployment, etc.