

# Module 4: WIC Reimbursement

FEBRUARY 2023

## Module 4: WIC Reimbursement

### Introduction

Welcome to Module 4, WIC Reimbursement. In this Module, information will be provided on:

- Direct Costs
- Indirect Costs
- Cost Distribution
- Time Reporting
- Time Reporting – WIC hours
- Salaries & Fringe
- Claim for Reimbursement
- Final Reimbursement

### Reimbursement Grant

WIC is a reimbursement grant based on actual costs claimed. Federal WIC funding may not cover all costs incurred by a Local Agency to administer/operate the WIC Program. Local agencies are responsible for funding any unreimbursed expenses needed to meet program requirements and provide quality services.

### WIC Reimbursement

To meet the requirements of reimbursement, each agency must ensure that:

- Costs charged to the WIC Program are supported by documentation showing they are necessary, allocable, reasonable, and proper for the administration of the program.
- Costs charged to the WIC Program must be allowable costs under all federal and state regulations and standards.
- WIC Staff (for example, CPA, financial staff, supervisors) use time reporting to support hours directly billed to WIC.

## WIC Reimbursement (continued)

To request reimbursement, Local Agencies must submit the monthly *WIC Program Claim for Reimbursement* form. This form is provided by MDH WIC staff at the beginning of the federal fiscal year. WIC grantees are required to use this form for reimbursement.

Claims for October through August are due by the 20<sup>th</sup> of the month following the reporting period.

## September Claim

The September claim is due by December 20<sup>th</sup>. Expenses incurred in September can be included on the September claim form as long as they are paid before the form is submitted. September costs not claimed in September cannot be claimed in October. Allowable costs that were not previously claimed from a prior month may be included in September if the costs are in the appropriate federal fiscal year. A cost that includes September and October, for example a phone bill, can be claimed in either fiscal year. Be consistent and assure only 12 months are billed in one federal fiscal year.

## Claiming Costs

There are two ways to claim costs on the monthly claim for reimbursement form:

- Direct costs, with or without an indirect rate.
- Indirect costs, using the Cost Allocation Method.

## Direct Costs

Direct costs are administrative costs that are associated with a specific program or activity. For purposes of reporting reimbursement costs and federal reporting, all WIC local agency direct costs are categorized in one or more of the following WIC cost categories:

- Program Management
- Client Services
- Nutrition Education
- Breastfeeding Promotion

## Examples of Direct Costs

Examples of Direct Costs include:

- Costs of materials (e.g., brochures, fliers) incurred for the WIC Program
- Rental space used for the benefit of the WIC Program

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- Supplies necessary to support WIC program services, such as paper, pens, microcuvettes, lancets, and scales
- Communication expenses, such as phones (mobile or desk), phone/texting services, computer connections, faxes, and postage
- Travel expenses, including mileage, lodging/meals (while in WIC travel status). See Module 3 for additional information on allowed travel expenses
- And any other charges directly attributed to WIC

### Indirect Costs

Indirect Costs are administrative costs which *cannot be identified with a specific program or activity, and/or are shared with a number of agency programs*. Indirect costs should be grouped and distributed to the benefitting programs in a way that will produce an equitable result in consideration of relative benefit. Indirect costs should be calculated using a base that results in an equitable distribution of indirect costs. Salaries cannot be used as a base. However, total FTEs are acceptable.

### Examples of Indirect Costs

Examples of Indirect Costs include:

- Administrative and Program Management salaries
- Utilities
- Worker's comp premiums
- Building maintenance
- Central supplies
- Budgeting/accounting

### Indirect Costs (continued)

Report indirect costs only under Program Management on the claim form. Identifying direct costs can reduce the amount of claimed indirect costs. Use the Cost Distribution Method to assist in providing an appropriate base for costs.

### Cost Distribution

WIC grantees using cost distribution methods who have multiple federal or state funding sources must allocate costs across the various funding sources in a way that reflects the actual portion used by each program. This ensures equitable distribution of program costs.

WIC grantees that charge costs to another program (such as TANF, Child and Teen Check-up, and/or Family Home Visiting) are not allowed to request reimbursement from WIC for the same costs; this is considered “double dipping.”

## Examples of Cost Distribution

Let’s look at an example of bases for cost distribution.

In the table, we see that the first expense is Financial Management services. The base for cost distribution is number of transactions and direct hours of identifiable services by employees.

The next expense is building lease or office space. The base for cost distribution is square footage of space used by each program and number of days used by the program.

For the expense of Legal Services, the base for cost distribution is direct hours. For mail/postage, the base for cost distribution is number of documents and actual postage costs. For motor pool, it is miles driven by each program. For the expense of office machines and related costs, the base for cost distribution is program codes to determine actual costs, number of programs, and number of FTE’s.

## Examples of Cost Distribution (continued)

Let’s look at a few more examples. For organization or management services, the base for cost distribution is direct hours, as supported by time reporting. For printing and copying, the base for cost distribution is actual number of copies and prints and program or copy codes to determine actual costs.

The number of lines or devices assigned to each program is the base of cost distribution for phones and fax. The insurance expense has a base of cost distribution of number of FTEs in the program. For platform and software expenses, for example PH DOC or Nightingale Notes, the base of cost distribution is WIC’s usage of the software. And finally, the expense of shredding costs should be allocated fairly to all programs.

## Time Reporting

There are two types of time reporting required to support staff hours billed to WIC:

1. Time Reporting to support **ALL** staff hours, which includes both WIC and non-WIC time. WIC staff who work in other agency programs must document the time spent in each program to assure equitable distribution of personnel costs. Staff who only work in WIC do not need to do this. Use:
  - Daily time reporting or
  - Quarterly time reporting, if not more frequently, of WIC and non-WIC program staff time, for a minimum of no less than 2 consecutive weeks
  - Total hours must equal 100%

- Staff must also document the time spent worked in each of the four WIC cost categories

## Time Reporting (continued)

2. Time Reporting for the WIC Cost Categories. All staff must document the time spent worked in each of the four WIC cost categories, which are covered in Module 2. Use:
  - Daily time reporting or
  - Quarterly time studies, if not more frequently, for a minimum of no less than 2 consecutive weeks
  - Total Hours must equal 100%

If you would like a quarterly time study form, please contact your State WIC Consultant.

## Time Reporting Example

Here is an example of a two-week time period, for two separate employees. A monthly claim form includes additional weeks, but the process for calculating time reporting percentages is identical. Employee A is a full-time employee who only works in WIC, and employee B is a full-time employee who works in WIC and other non-WIC programs.

Both employees work 80 hours, but the distribution is different based on their direct program and non-program hours. Direct Program Hours are actual hours worked in a program. Non-program hours, many times referred to as Paid Time Off or PTO, is used to document vacation, sick and holiday hours. Total hours equal direct and non-program hours.

## Time Reporting Example – Employee A

In this example, employee A is a full-time employee who only works in WIC. Over the two-week time period, Employee A documents both WIC hours and non-program hours (PTO).

Employee A's 80 hours are summarized as:

- 67.00 direct WIC hours and
- 13.00 non-program hours, or PTO

Because Employee A worked 67 WIC hours, they will distribute these hours into the four WIC Cost Categories based on the most recent time study to report:

- 24.00 Program Management/Administration hours
- 7.50 Client Services hours
- 20.00 Nutrition Education hours and
- 15.50 Breastfeeding hours

## Time Reporting Example – Employee B

Employee B will follow the same process to show:

- 28.00 direct WIC hours
- 5.00 direct Program #2 hours
- 39.00 direct Program #3 hours
- 8.00 non-program (PTO) hours

Employee B will distribute the 28 WIC hours into the four WIC Cost Categories based on the most recent time study to report:

- 11.00 Program Management/Administration hours
- 2.50 Client Services hours
- 12.50 Nutrition Education hours
- 2.00 Breastfeeding hours

## Time Reporting Example (continued)

Combine both employee's Program and Non-Program hours to show:

- 95.00 WIC Program hours
- 5.00 Program #2 hours
- 39.00 Program #3 hours
- 21.00 PTO hours or
- 160.00 total program and non-program hours

Combine the total WIC hours by cost category to reflect:

- 35.00 Program Management/Admin hours
- 10.00 Client Services hours
- 32.50 Nutrition Education hours and
- 17.50 Breastfeeding Promotion hours or
- 95.00 Total WIC Hours

## Determining Cost Categories

Once the total WIC Program hours and total WIC Cost Category hours have been calculated, the percentage of time worked in each of the WIC Cost Categories can be determined. This will be entered on the WIC Claim form line labeled *Percentage from most recent time study* reflecting:

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- 37% for Program Management – or 35.00 Program Management hours divided by the 95.00 total WIC hours
- 11% for Client Services – or 10.00 Client Services hours divided by the 95.00 total WIC hours
- 34% for Nutrition Education – or 32.50 Nutrition Education hours divided by the 95.00 total WIC hours
- 18% for Breastfeeding Promotion – or 17.50 Breastfeeding hours divided by the 95 total hours

### Cost Category

Insert a **whole** percentage into each Cost Category of the claim form. Percentages must equal 100%.

### Salaries & Fringe

To determine the total salaries and fringe charged to the WIC Program, each employee's total salary and fringe amount is required. Use a reporting period based on 100% of each employee's compensated time, including absences such as annual leave, sick leave, holidays, etc. Non-program time or paid time off (PTO) such as vacation, sick, and holiday hours is not considered in the allocation because it may distort the results.

### Salaries & Fringe (continued)

Using the two-week time period, determine the base for each employee. The base is the total hours worked, minus non-program hours or PTO. Non-program hours are not considered in the allocation because it may distort the results. During the summer months when employees typically take vacations, non-program hours could materially affect the allocation.

### Salaries & Fringe Example

Let's look at our example for salaries and fringe charged to WIC. Employee A's base is 67.00, or 80.00 hours worked less 13.00 PTO hours. Employee B's base is 72.00, or 80.00 hours worked less 8.00 PTO hours.

### Salaries & Fringe Example (continued)

Calculate the percentage of hours worked in WIC for each employee. Employee A is 100%, or 67.00 WIC hours divided by the base of 67.00. Employee B is 38.89%, or 28.00 WIC hours divided by the base of 72.00. Complete the same process for non-WIC programs. The total percentage for each employee must equal 100%.

## Salaries & Fringe Example – WIC’s Portion

Let’s determine WIC’s portion of the Salaries and Fringe. Employee A’s pay is \$4,236.14, which includes salary plus fringe. Employee B’s pay is \$3,151.32, including salary and fringe.

To determine the amount charged to WIC, multiply the employee’s salary and fringe by the percentage of time they work in WIC. Employee A works in WIC 100% of the time, so all of their salary and fringe will be charged to WIC. Multiply employee B’s salary and fringe of \$3,151.32 by the percentage of time they work in WIC, which is 38.89%, for a total charge to WIC of \$1,225.51. When added together, we find that the total salaries and fringe charged to the WIC Program is \$5,461.65.

## Other Monthly Costs

In addition to Salaries and Fringe, we will assume other monthly WIC costs of \$5,461.65 for Salaries & Fringe, \$1,500 for Rent, \$38.52 for Supplies, \$55.55 for Communication, and \$400.00 in the “Other” category.

Other costs are reported under a specific cost category(s). Please note that this line does not distribute costs based on time study percentages. If additional information is needed, enter a description in the REMARKS section.

The subtotal is \$7,455.72 before claiming indirect costs. Grantees are allowed to claim indirect costs, which are determined by multiplying the federally approved indirect rate by the subtotal.

In this example, we are using an indirect rate of 10%, or \$745.57. Enter the indirect cost in Column (A), Program Management, and add the indirect cost with the subtotal to calculate a total cost of \$8,201.29.

## Claim for Reimbursement:

When completing the claim for reimbursement, enter **whole, rounded** amounts in the **shaded cells only**. Non-shaded cells are locked to protect from inadvertent data entry or accidental overwriting.

The form will automatically divide the expense entered in column E to the cost categories based on the time study percentages. Other costs allow for a description of the expense, and the cost is entered under the appropriate Cost Category(s). These do not automatically distribute based on time reporting percentages.

## Claim for Reimbursement Example

Let’s go through an example. Enter the Time Study Percentages previously calculated on the form, which were 37% for Program Management, 11% for Client Services, 34% for Nutrition Education, and 18% for Breastfeeding Promotion.



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In Column E, enter whole, rounded amounts for Salaries & Fringe, Rent, Supplies, and Communication expenses. The form will automatically divide the costs into each category based on the time study percentages.

Line 10, or “other” expenditures, are manually entered onto the claim form. Costs may be distributed to only one or more categories. If the cost is a shared expense, it can be divided among all four categories. If the expense is specific to a particular cost category, then the entire amount can be indicated under one category.

Indirect costs are entered in Program Management. Column E will reflect the total monthly costs, and Column F will show total Year to Date Expenditures.

### Claim for Reimbursement Example (continued)

At the bottom of the page, in the REMARKS section, provide a brief explanation for expenses referenced in the “Other” category.

### Claim for Reimbursement – Supplemental Funding

Claim expenses where Supplemental Funding or a Request to Increase Administrative Funding was used. For example, two HemoCues totaling \$700 were purchased using supplemental funding. The expense of \$700.00 was included in the “other” category and distributed to all four cost categories based on the agency’s determination.

Or provide an explanation under “Remarks” if the item was already claimed within another category on the form. When using the HemoCue example, indicate \$700 of the Supplies expense was for two HemoCue machines and supplemental funding was used.

### Supplemental Clinic Travel and Infrastructure Funding

Expenses covered by Supplemental Clinic Travel Funding, or SCTF, must be claimed on the form under the pertinent categories and do not need to be noted in the “Other” category.

A separate claim form is used for Infrastructure Funding expenses and will be provided by the state office if an Infrastructure grant is awarded. See Module 3 “Funding” or MN Operations Manual [Section 2.2: Financial Procedures](#) for more on additional funding sources.

### Important reminders

Claims are due on the 20<sup>th</sup> of the month following the reporting period. The final September Claim for Reimbursement is due no later than December 20<sup>th</sup> of the same calendar year. Sign and date the form before emailing and include a phone number.

The claim form allows spaces for two signatures but only one local agency signature is required to process the invoice.

Once a claim has been processed, include any errors or changes on the *next* claim filed, with an explanation in the *Remarks* section of the claim form.

## Important reminders (continued)

The monthly spreadsheet automatically calculates Federal Fiscal Year to Date Expenditures in column F. The Summary spreadsheet calculates Year-to-Date Expenditures along with Program Categories. **Do not move this tab** or it could interfere with formulas in the spreadsheet.

Contact your State WIC Consultant if you have any questions.

## Payment

State staff will reach out to the local agency if there are any questions or concerns. Approved claims will be sent to Accounts Payable for processing as long as grant funds are available for payment. Per Minnesota Statute 16A.124, Prompt Payment Processing, vendors must be paid within 30 days following the receipt of the invoice. Contact your State WIC Consultant if you have not received payment after 30 days.

## Final Reimbursement

If MDH WIC funds are available at the end of the fiscal year, the State Agency will provide a final reimbursement to Local Agencies to cover as much of their unreimbursed expenses as possible. Local Agencies will be notified in January or February if they will be receiving a final reimbursement. Local Agencies underspending their grant award will not receive a final reimbursement.

## Federal Funding Requirements

To meet federal WIC program requirements, maintain accurate, current and adequate records, which summarize and report the agency's financial status. Records that verify all expenses, whether categorized as direct or indirect, and including time reporting, payroll and purchase records, must be maintained for six years from the end of the grant agreement end date. See MN Operations Manual [Section 1.14: Record Retention](#).

## Who to Call for Help:

Contact your State WIC Consultant with questions. Their contact information can be found on the [State Staff Directory WIC/CSFP](#). With questions about monthly claims, call 651-201-4424. To reach the WIC Financial Analyst, call 651-201-3752.

## Thank You

Thank you. This is the end of Module 4 – WIC Reimbursement.

## Reference – Complete Listing of Hyperlinks

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### Section 2.2 Financial Procedures

([https://www.health.state.mn.us/docs/people/wic/localagency/program/mom/chsctns/ch2/sctn2\\_2.pdf](https://www.health.state.mn.us/docs/people/wic/localagency/program/mom/chsctns/ch2/sctn2_2.pdf))

### Section 1.14: Record Retention

([https://www.health.state.mn.us/docs/people/wic/localagency/program/mom/chsctns/ch1/sctn1\\_14.pdf](https://www.health.state.mn.us/docs/people/wic/localagency/program/mom/chsctns/ch1/sctn1_14.pdf))

### State Staff Directory - WIC/CSFP

(<https://www.health.state.mn.us/docs/people/wic/localagency/program/ststfflst.pdf>)

Minnesota Department of Health - WIC Program, 625 Robert St N, PO BOX 64975, ST PAUL MN 55164-0975; 1-800-657-3942, [health.wic@state.mn.us](mailto:health.wic@state.mn.us), [www.health.state.mn.us](http://www.health.state.mn.us); to obtain this information in a different format, call: 1-800-657-3942.