

Funding for Local WIC Agencies

The funding formula starts with a single base rate per participant. Four adjustment factors are included in the formula. Adjustments to the base rate per person are made for population density, median income, site equivalents and participation level. The funding formula rate may vary from year to year depending on statewide funding and factors related to local agency operation. For each local agency, the base reimbursement rate will be adjusted by four factors:

Population Density

The funding formula recognizes that it is inherently more expensive to serve a given size population spread over a wide area than it is to serve the same size population in a small area. This factor adds an amount equal to 15% of the base rate for those local agencies (LAs) in which the highest portion of counties served are defined as very rural (population density of less than 58 people per square mile). It reduces funding by an amount equal to 10% of the base rate for LAs in which the highest portion of counties served are defined as very densely populated (population density of more than 578 people per square mile). LAs in which the highest portion of counties have a population density of 58 through 578 will not receive this adjustment factor. Local agencies will not receive the factor unless the number of counties within one range (rural, densely populated, or neither) exceeds the number of counties falling within each of the other two ranges. Local agencies that get a negative adjustment for site equivalents will not receive a positive adjustment for population density if they have only one actual site.¹

Source of Data

Number of people per square mile will be taken from the most recent Texas Almanac available at the time funding is determined for the next contract period.

Median Household Income

This factor gives a positive adjustment equal to 2.5% of the base rate to LAs whose host agencies are located in counties with median annual household incomes over \$39,000. A negative adjustment equal to 5% of the base rate will be given to LAs whose host agencies are located in counties with median annual household incomes under \$25,000. For those LAs whose host agencies are located in counties with median annual household incomes between \$25,000 and \$39,000, there will be no adjustment.

Source of Data

The joint Bureau of the Census/Bureau of Labor Current Population Survey as reflected in the validated statistical report produced by the Texas Department of Health's Research and Public Health Assessment Division. The Survey is conducted monthly, however, questions about income are part of the periodic supplemental questions that are made available in the Survey every two to three years.

¹ Calculation resulting in the number of actual sites includes exempt sites.

Site Equivalents

The funding formula recognizes that cost efficiencies occur in agencies having very few sites. This factor adds funding for LAs that operate many sites, and decreases funding for LAs that have very few sites. LAs that have more than ten site equivalents will receive a positive adjustment equal to 10% of the base rate. LAs having only one site equivalent or less will receive a negative adjustment equal to 10% of the base rate.

Source of Data

Site equivalents are calculated from data submitted by LAs in their annual Plan of Operation which includes actual total hours of operation by LA. To determine site equivalents, a local agency's total hours of operation for all sites, minus the lunch time, is determined. This number is divided by 172 hours, which equals a full time site equivalent's hours of operation for one month (40 hours x 4.3 weeks/month). This number is figured to one decimal place and then rounded to the next highest whole number if the decimal is .1 or greater. If the actual number of clinics sites for a LA is one, its site equivalent will equal one, regardless of the hours of operation. Site equivalents are recalculated each year at the time contract funding is determined and are based on the most recent Plan of Operation on file for each LA.

Participation Level/Size

This factor takes into account the cost efficiencies associated with serving many participants, and the relative cost inefficiency associated with serving a very small level of participation. Participation breaks and percentages are as follows:

Monthly Participation Level	Adjustment Factor
0 – 2,000	15%
2,001 – 5,000	10%
5,001 – 10,000	5%
10,001 – 25,000	No adjustment factor
Over 25,000	-10%

If a LA serves more than one county and the average participation per county is less than 1,000 and the total agency participation is greater than 2,000, the LA will get an adjustment factor of 10% instead of what it would have received based on total participation for the agency.

Source of Data

The average participation for the first three calendar months each year, i.e., January, February and March, as reported in the Texas WIN System.

Proposed Business Rules for Calculating Reimbursement Rates

1. Use median annual income by county rather than average weekly salaries as the base for calculating the salary factor of the funding formula. Data source is the joint Bureau of the Census/Bureau of Labor Current Population Survey as reflected in the validated statistical report produced by the Texas Department of Health's Research and Public Health Assessment Division.

Rationale:

Statistically, median household income is a more accurate reflection of earnings within a community than average income. Salaries peak at the lower end of the pay scale and run downhill because the majority of people earn wages at the lower end of the pay scale and only a few individuals earn higher salaries.

2. Use the county of the host agency/corporate headquarters as the county for salary information to reflect the salary of "origin" county more accurately.

Rationale:

The salaries for local agency staff are set by their host agencies and are the same for all employees, regardless of where they work. Since host agencies set salaries based on the competitive market in their area, it was determined that the county in which the host agency is located would be the appropriate county to use for median household income data.

3. Create new median income breaks since average weekly salaries are not being used and the former methodology no longer applies. The new methodology using annual median income breaks was discussed with and approved by R&PHA statistician. Median salary breaks used are:

- Counties with an annual median income of > \$39,000 get a positive adjustment of 2.5% of the base rate
- Counties with an annual median income of < \$25,000 get a negative adjustment of 5% of the base rate

Rationale:

Since the formula will use annual median income levels, the weekly salary break ranges are no longer applicable. Break points were decided by evaluating the graph of median income levels and determining appropriate break points. A similar number of agencies fell above and below the break points.

4. Include exempt sites in site equivalent calculations.

Rationale:

By including exempt sites in the site equivalent calculation, local agencies are given credit for all their sites. By including exempt sites, costs incurred for travel and downtime at both regular and exempt sites are recognized.

5. On Participation Level/Size, change exceptions from:

Agencies that get a positive adjustment for population density will not receive a negative adjustment for size if they have a participation level over 25,000. If a LA serves more than one county and the average participation per county is less than 1,000 the LA will get an adjustment factor of 15%, instead of what they would have received based on total participation for their agency.

To:

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Rationale:

1. Removal of the first exception does not have a financial impact on any local agency since the second exception also applies to the only agency affected by the first exception.
2. Changing the percentage from 15% to 10% allows re-distribution of funds more equitably across all agencies in the form of a base rate increase.