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State Auditor Mike Foley Sounds Alarm After Review of State's Women, Infants, and Children (WIC) Program

In its most recent fiscal year, the U.S. Government paid roughly \$1 trillion dollars in interest obligations to service the national debt, which is fast approaching \$40 trillion and accelerating daily. State Auditor Mike Foley opined, "Perhaps reaching this threshold of fiscal shame will finally trigger an earnest conversation on the need for true reform of State and Federal spending programs."

An example of Federally funded programs in need of review and reform, according to Foley, is this State's own Women, Infants, and Children (WIC) Program – which, despite being administered locally by the Nebraska Department of Health and Human Services (DHHS), is funded entirely and regulated by the U.S. Department of Agriculture (USDA).

Auditor Foley is clear that reforming the WIC Program is certainly not a solution to the Federal debt crisis but would be a small step in the right direction and send an important message of a change in direction.

Designed to provide "healthy food at no cost, breastfeeding support, nutrition information, and referrals" to Nebraska families, according to DHHS' own web site, the WIC Program is, in Foley's words, "a valuable resource for women and children in need." At the same time, though, the Federal regulations providing for this program allow for legal pathways for higher income individuals with considerable assets to receive benefits. Further, the program has lax oversight which, when combined with the legal pathways noted, results in a high-risk of misuse and abuse.

"Having a safety net to help the truly needy is one thing," Foley explained, "but when Nebraskans who own half-million-dollar homes and boast annual incomes in excess of \$100,000 are able to receive many thousands of dollars of free benefits intended for the poor, it's time to blow the whistle on this insult to our hard-working, over-taxed citizens." The perturbed State Auditor asked rhetorically, "In what world is it rational behavior to shell out \$1 trillion dollars in interest payments on the ballooning Federal debt while giving freebies to those with much higher incomes and assets?"

Foley's frustration has been provoked by the results of his office's recent audit of the WIC Program administered by DHHS. Released today, the resulting report details the audit team's use of sophisticated data analytics and technology in discovering noteworthy problems with the agency's controls for verifying the accuracy of income reported by program participants.

Enrollment in the WIC Program is based on a sliding scale of family income. For instance, a pregnant single woman or post-partum single woman would qualify if her annual income is below \$40,034. A married woman with one child would qualify if the family income were below \$50,542. But there are other paths to entry into the program that can be abused.

Foley's auditors compared a list of WIC enrollees to an index of well-paid State government employees and found a number of surprising matches – individuals whose substantial incomes could have disqualified them from program participation but received benefits nonetheless. Additionally, the auditors mapped where various WIC participants lived and found other surprising results, including one individual who could afford in recent years to pay tens of thousands of dollars in property taxes on a home valued at over \$700,000 yet somehow received taxpayer-funded WIC benefits. A number of other WIC Program beneficiaries, Foley's auditors found, own homes valued at over a half-million dollars.

“Allowing people of obvious means to infiltrate a program, like WIC, aimed at helping our low-income citizens is simply wrong,” Foley said.

According to DHHS program leaders, many instances of possible financial abuse cited in the audit report could be considered technically legal because of a bewildering array of Federal eligibility regulations that defy easy interpretation or implementation. In agreement, Foley points to that assessment as partial support, at least, for his conclusion that the WIC Program – as well as, perhaps, many other Federally-funded assistance programs in Nebraska – requires “improvement reflecting both common sense and fairness.”

The audit team found that multiple State employees and one University of Nebraska employee, all of whom Foley described as “supposed stewards of public funds and resources,” received WIC Program benefits despite having reasonable income levels. These participants pose a higher risk for possible fraud or abuse due to improper income reporting; however, Foley emphasized that most of them found an automatic path to WIC eligibility through participation in other Federally funded assistance programs, such as Medicaid.

Despite acting as a gateway to other DHHS services for the economically disadvantaged, meeting Medicaid income eligibility guidelines is not a singularly reliable method for ensuring that valuable public resources go to the truly needy. DHHS must do more, Foley's report makes clear, to verify income not only at the time of admittance into Medicaid but also periodically thereafter. “Medicaid eligibility may open the door to other programs,” Foley explained, “but ongoing work is needed to determine whether it should remain ajar.”

Foley's report contains numerous examples of questionable WIC benefit payments. Due to legal prohibitions against releasing personally identifying information of program recipients, however, the details provided are necessarily somewhat vague. The following is a sample of the questionable cases noted:

- A healthcare employee for a State agency went on unpaid leave in 2025 and began receiving WIC benefits. This employee returned to full-time work with the agency approximately three months later, continuing to receive WIC assistance, totaling \$742, after notifying the program of her return to work. Because that notification did not result in the reevaluation of income and possible cessation of benefits, the continued assistance received appears to have been improper.

- An internal auditor for a large State agency (not the Auditor of Public Accounts) – whose job, according to Foley, is “to act as a watchdog” over public funds – received WIC Program aid despite a family income of more than \$138,000, which is well above the maximum income eligibility threshold of the program. Due to qualifying for Medicaid assistance, however, WIC participation was allowed, and the excessive family income was ignored.
- Seven families (not associated with the public employees noted above) owned homes valued at more than \$500,000 but still managed to receive WIC benefits – raising concerns about the degree of program oversight, especially regarding eligibility.
 - One family receiving WIC benefits owned a home valued at over \$706,000 – which, according to county property records, was purchased in November 2021. Further, this family had sufficient resources to pay over \$36,000 in property taxes since obtaining the home. This family was terminated from the Medicaid program in September 2024 due to exceeding its income threshold; however, this was not communicated to the WIC Program, allowing possibly inappropriate WIC benefits to be used after September 2024. The family made food purchases with these WIC benefits, totaling \$347, after no longer being eligible for Medicaid benefits.
 - Another family owned a home valued at over \$539,000 and was similarly terminated from the Medicaid program without that discontinuance being communicated to the WIC Program, resulting in the continued payment of possibly improper benefits. The family made food purchases with these WIC benefits, totaling \$1,534, after no longer being eligible for Medicaid benefits.

Foley’s audit team presented these cases, along with supporting documentation, to DHHS administrators of the WIC Program. As Foley wryly described it, their response amounted to little more than: “Nothing to see here, it’s all legal.”

The audit report also recounts two instances of alleged WIC Program fraud being reported to DHHS; however, the investigations performed by DHHS appear to have been inadequate. Consequently, program participants at legitimate risk of being terminated from the program for cause continued to make purchases with WIC benefits, totaling nearly \$3,000, after their alleged malfeasance had come to light.

Foley has emphasized that the results of his office’s report are based on a limited sampling of State employees participating in the WIC Program. Had a more comprehensive examination of overall program recipients been performed, many other examples of questionable WIC Program benefits payments would likely have been uncovered.

A copy of the State Auditor’s report can be found at:

auditors.nebraska.gov

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