

Women, Infants, and Children (WIC)

2021-22

November Estimate



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I. ESTIMATE

A. Program Overview

The California Department of Public Health (CDPH), Women, Infants, and Children Division (WIC) operates a \$1.1 billion program that served approximately 870,000 low-income California residents per month in 2019-20. WIC receives federal funding to administer the WIC program through 84 local agencies (WIC Local Agencies) and approximately 3,800 authorized grocers and 67 authorized farmers. The funding through the United States Department of Agriculture (USDA) is based on a discretionary grant appropriated by Congress, plus subsequent reallocations of prior year unspent funds. The WIC Program does not require any state general funds and is not an entitlement program; the number of participants served is limited by the discretionary federal grant. It is California's third largest federally funded food and nutrition assistance program after CalFresh, otherwise known as Supplemental Nutrition Assistance Program (SNAP) in most states, and the subsidized school meal programs.

The WIC program provides nutrition services and food assistance for pregnant, breastfeeding, and non-breastfeeding women, infants, and children up to age five who are at nutritional risk. In addition to the categorical eligibility requirement, participants must be at or below 185 percent of the federal poverty level, which is equivalent to an annual income of \$31,894 for a family size of two in 2020. The WIC program services include nutrition education, breastfeeding support, assistance with finding health care and other community services, and benefits for specific supplemental foods redeemable at authorized grocers. The WIC program is federally funded by the USDA under the federal Child Nutrition Act of 1966 and the Healthy, Hunger-Free Kids Act of 2010, as amended. Specific uses of the WIC program funds are required under federal laws and regulations, and WIC must report funds and expenditures monthly.

According to the most recent data (*National- and State- Level Estimates of WIC Eligibility and WIC Program Reach in 2017*, by USDA/Food and Nutrition Service (FNS) released in December 2019), the WIC program serves 61.1 percent of eligible Californians, which is the third highest coverage rate for state agencies behind Puerto Rico and Maryland, and much higher than the national average of 51.1 percent.

California is estimated to serve 81.6 percent of all eligible infants.

WIC revenues are comprised of the federal grants and retained manufacturer rebates. The maximum number of participants served by WIC depends largely on food package costs, of which infant formula is a large percentage. Purchase of infant formula represents approximately 37 percent of gross food expenditures. WIC program federal regulations require all states to obtain infant formula manufacturer rebates through a competitive bidding process to offset this cost and maximize the number of participants that can be served. The California state budget authorizes WIC to retain infant formula rebate revenue and use it to offset the cost of food for WIC participants. Rebate revenue accounts for approximately 28 percent of WIC revenue for food.

In addition to funding food expenditures, the Local Assistance budget authority includes other federal funds, such as the Nutrition Services and Administration (NSA) Grant, which are used to assist WIC Local Agencies in the direct services provided to WIC families and support the Management Information System (MIS) used in the provision of those services. The NSA Grant also funds WIC State Operations for administering the program. (See Appendix C, page 26)

This Estimate projects food expenditures based on statewide participation, historical expenditures, any regulatory changes that affect costs, and inflation. WIC estimates cost per participant at the overall participation level. For program management purposes, participation is still projected at the categorical level. These categories are: pregnant women, breastfeeding women, non-breastfeeding women, infants, and children under five years old. The Estimate also includes other Local Assistance and State Operations expenditures.

The Healthy, Hunger-Free Kids Act of 2010 required all WIC state agencies to implement an Electronic Benefit Transfer (EBT) benefits delivery system by October 1, 2020. CDPH/WIC completed all federally mandated requirements for full statewide EBT implementation on July 22, 2020.

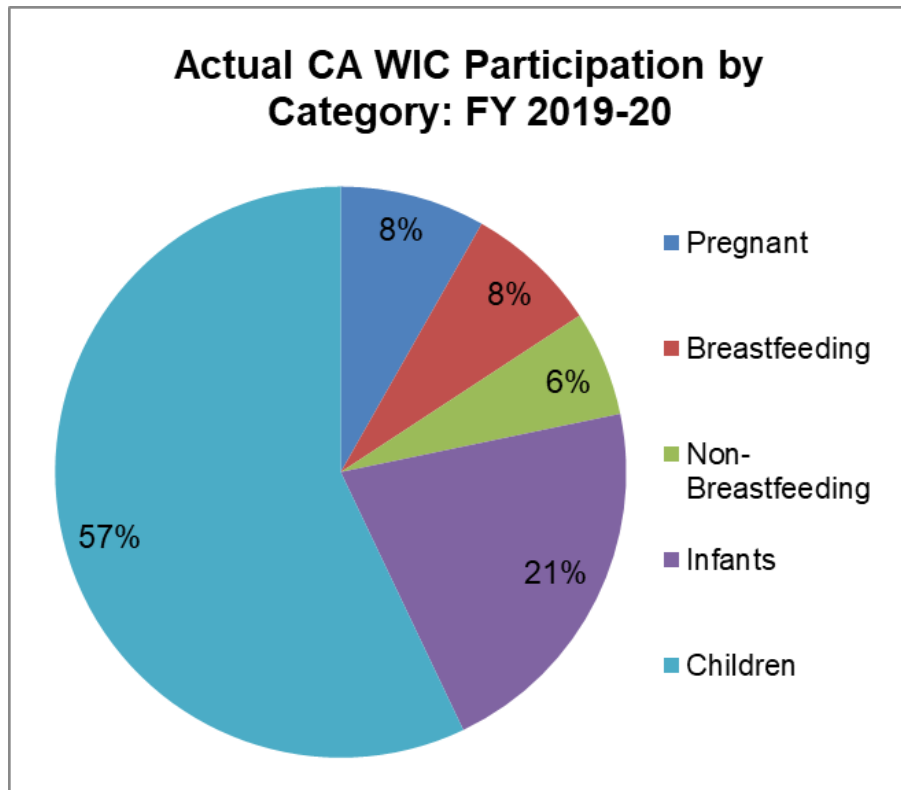
The California WIC EBT Card replaced paper checks and is an easier way to issue benefits, as well as improve the shopping experience for WIC families and grocers. Along with the WIC Card, WIC also rolled out an updated MIS system and the California WIC App that allows participants to view their food benefit balances, scan the bar code of foods to determine if the item is included in their food benefit balance, view upcoming WIC appointments, and find WIC offices and grocery stores.

- Since the beginning of the project pilot in June 2019¹: Approximately 765,000 cards have been issued,
- Over 10 million WIC Card transactions have been completed, and
- 100 percent of WIC authorized stores are EBT capable.

The WIC Card is unique and administered separately from the Golden State Advantage card for CalFresh SNAP and the California Work Opportunity and Responsibility to Kids (CalWORKs), which is the state's implementation of the federal program known as Temporary Assistance for Needy Families (TANF).

¹ Data as of September 2020

The following figure displays the distribution of California WIC participants by category:



The largest participant category served is children due to the length of children’s eligibility (first to fifth birthday). Other participant categories are limited to one year of eligibility or less.

B. Food Expenditure Projections (See Appendix A)

The following chart details food expenditures and the resources, such as federal funds or rebate funds, used to support those expenditures. Expenditures paid from the NSA grant are also displayed in the chart to illustrate total federal funds used by WIC for Local Assistance and State Operations:

EXPENDITURE COMPARISON (all funds)
All figures in dollars, rounded to the nearest thousand

Expenditure Category	2020 Budget Act	SFY 2020-21				SFY 2021-22		
		2020-21 Governor's Budget	November Estimate	Change from 2020 Budget Act		November Estimate	Change from 2020 Budget Act	
Participant Food Package Costs	640,922,000	646,046,000	751,277,000	110,355,000	17.22%	785,555,000	144,633,000	22.57%
Half Gallon Milk	-	-	-	-	0.00%	12,000,000	12,000,000	100.00%
Prudent Reserve	19,288,000	19,381,000	22,538,000	3,310,000	17.21%	23,567,000	4,339,000	22.57%
Total Food Expenditures	660,150,000	665,427,000	773,815,000	113,665,000	17.22%	821,122,000	160,972,000	24.38%
Food Expenditures Paid from Rebate Funds	189,012,000	193,110,000	196,784,000	7,772,000	4.11%	174,414,000	(14,598,000)	-7.72%
Food Expenditures Paid from Federal Funds	471,138,000	472,317,000	577,031,000	-	0.00%	304,242,000	-	0.00%
Total Federal Local Assistance Expenditures (Food + NSA)	775,381,000	776,560,000	881,274,000	105,893,000	13.66%	950,951,000	175,570,000	22.64%
State Operations (Federal NSA)	59,210,000	59,210,000	59,210,000	-	0.00%	59,210,000	-	0.00%

Prudent Reserve for Food Expenditures

The USDA allows states a three percent prudent reserve for food inflation and for any unexpected occurrences or natural disasters, which could affect food prices more than any projected “normal” inflation. An unexpected increase in food inflation or unemployment could increase costs beyond the projections in this Estimate.

As allowed, the prudent reserve request for food expenditures is revised for the current year to \$22.5 million, which is an increase of \$3.3 million or 17.21 percent when compared to the 2020 Budget Act. The prudent reserve request for 2021-22 is

\$23.6 million, which is an increase of \$4.3 million or 22.57 percent when compared to the 2020 Budget Act. The 2021-22 amount includes approximately \$5 million in allowable breast pump purchases that are projected to be made in each fiscal year using Food Grant funds.

C. Expenditure Methodology/Key Drivers of Cost

Food expenditures are aggregated at the statewide level and divided by the number of participants to determine the average food cost per participant. Participation, the main driver of food costs, is divided into five categories as described below. Each participant category has special nutrition needs that influence food costs:

- Pregnant Women - Pregnant women are eligible to be certified on the WIC program at any point in their pregnancy, and receive supplemental foods high in protein, calcium, iron, vitamin A and vitamin C to support optimal fetal development.
- Breastfeeding Women - Breastfeeding women are eligible for benefits up to their infant’s first birthday and receive an enhanced supplemental food package with foods high in protein, calcium, iron, vitamin A and vitamin C to support caloric needs during breastfeeding.
- Non-Breastfeeding Women - Non-breastfeeding women are eligible for benefits up to six months post-partum and receive a supplemental food package to help in rebuilding nutrient stores, especially iron and calcium and achieving a healthy weight after delivery.
- Infants - Infants are eligible for benefits from birth until one year of age. The WIC program promotes breastfeeding as the optimal infant feeding choice due to its many health, nutritional, economical, and emotional benefits to mothers and babies. Infants may also receive supplemental foods that are rich in protein, calcium, iron, vitamin A and vitamin C during this critical period of development.
- Children - Children are eligible for benefits from age one to five, and receive supplemental foods rich in protein, calcium, iron, vitamin A and vitamin C. These nutrients have been shown to be lacking in the diets of children who qualify for WIC benefits and are essential to meet nutritional needs during critical periods of development.

D. Food Expenditures

1. Current Year

Food expenditures are comprised of the federal food expenditures and the WIC Manufacturer Rebate food costs. The 2020 Budget Act appropriation provided \$660.1 million (\$471.1 million federal fund and \$189.0 million rebate fund). The November Estimate anticipates an increase in food expenditures in 2020-21 to \$773.8 million (\$577 million federal fund and \$196.8 million rebate fund), an increase of \$113.7 million or 17.22 percent compared to the 2020 Budget Act appropriation. The increase in food expenditures is due to growth in participation, 951,755 participants projected in the November Estimate compared to 818,547 projected in the 2020 Budget Act, an increase of 16.27 percent, and food inflation of 1.4 percent compared to 1.6 percent in the 2020 Budget Act. Participation has been increasing since March 2020 due in part to the reaction by the WIC eligible population to the COVID-19 pandemic. Rebate revenue is projected at \$196.8 million, which is an increase of \$7.8 million or 4.11 percent compared with the 2020 Budget Act amount of \$189.0 million.

2. Budget Year

For 2021-22, WIC's food expenditure estimate is \$821.1 million (\$646.7 million federal fund and \$174.4 million rebate fund), which is an increase of \$161 million or 24.38 percent as compared to the 2020 Budget Act amount of \$660.2 million. The increase in food expenditures is driven by the rise in current and budget year participation projections (16.27 percent and 2.97 percent increases in current and budget years), and a food inflation rate of 1.55 percent. While total participation is increasing, participation in the infant category is declining and is the driving factor in the decrease in rebate revenue, resulting in a reduction in projected rebate expenditures. Rebate revenue is projected at \$174.4 million, which is a decrease of \$14.6 million or 7.72 percent compared with the 2020 Budget Act amount of \$189.0 million.

E. Other Local Assistance and State Operations Projections

In addition to food costs, the Local Assistance budget authority includes other federal funds from the NSA Grant, which are used to assist WIC Local Agencies in the direct services provided to WIC families and support the MIS used in the provision of those services. Examples of direct services include intake, eligibility determination, benefit issuance, nutrition education, breastfeeding support, and referrals to health and social services. The NSA Grant also funds WIC State Operations for administering the WIC program.

1. Current Year

In 2020-21, the NSA budget, including the anticipated expenditures for local administration, are estimated at \$304.2 million, which is the same as the 2020 Budget Act. State Operations expenditures are estimated at \$59.2 million, which is the same as the 2020 Budget Act.

2. Budget Year

For 2021-22, the NSA budget and anticipated expenditures for local administration are estimated at \$304.2 million, which is the same as the 2020 Budget Act. State Operations expenditures are estimated at \$59.2 million, which is the same as the 2020 Budget Act.

F. Fiscal Comparison Summary

The following charts display comparisons of expenditures by fund source and the resources that will be used to support the expenditures from each fund. Sufficient federal funds and WIC Manufacturer Rebate Funds are available to support projected expenditures:

EXPENDITURE COMPARISON (federal funds)
All figures in dollars, rounded to the nearest thousand

Fund 0890 Federal Trust Fund	2020 Budget Act	SFY 2020-21				SFY 2021-22		
		2020-21 Governor's Budget	November Estimate	Change from 2020 Budget Act		November Estimate	Change from 2020 Budget Act	
Local Assistance Expenditures	775,381,000	776,560,000	881,274,000	105,893,000	13.66%	950,951,000	175,570,000	22.64%
<i>Food Expenditures (Food Grant)</i>	471,138,000	472,317,000	577,031,000	105,893,000	22.48%	646,708,000	175,570,000	37.27%
<i>Other Local Assistance (NSA Grant)</i>	304,243,000	304,243,000	304,243,000	-	0.00%	304,243,000	-	0.00%
State Operations (NSA Grant)	59,210,000	59,210,000	59,210,000	-	0.00%	59,210,000	-	0.00%

REVENUE COMPARISON (federal funds)
All figures in dollars, rounded to the nearest thousand

Fund 0890 Federal Trust Fund	2020 Budget Act	SFY 2020-21				SFY 2021-22		
		2020-21 Governor's Budget	November Estimate	Change from 2020 Budget Act		November Estimate	Change from 2020 Budget Act	
Total Available Resources	944,060,000	965,286,000	1,084,481,000	140,421,000	14.87%	1,125,545,000	181,485,000	19.22%
Food Grant	570,956,000	601,833,000	687,073,000	116,117,000	20.34%	725,696,000	154,740,000	27.10%
NSA Grant	373,453,000	363,453,000	397,408,000	24,304,000	6.51%	399,849,000	26,745,000	7.17%

EXPENDITURE COMPARISON (rebate funds)
All figures in dollars, rounded to the nearest thousand

Fund 3023 Manufacturer Rebate	2020 Budget Act	SFY 2020-21				SFY 2021-22		
		2020-21 Governor's Budget	November Estimate	Change from 2020 Budget Act		November Estimate	Change from 2020 Budget Act	
Local Assistance Expenditures	189,012,000	193,110,000	196,784,000	7,772,000	4.11%	174,414,000	(14,598,000)	-7.72%

REVENUE COMPARISON (rebate funds)
All figures in dollars, rounded to the nearest thousand

Fund 0890 Federal Trust Fund	2020 Budget Act	SFY 2020-21				SFY 2021-22		
		2020-21 Governor's Budget	November Estimate	Change from 2020 Budget Act		November Estimate	Change from 2020 Budget Act	
Total Available Resources	189,012,000	193,784,000	196,784,000	7,772,000	4.11%	174,414,000	(14,598,000)	-7.72%

II. FUND CONDITION STATEMENT

The Fund Condition Statement below illustrates the status of the WIC Manufacturer Rebate Fund 3023 for actual revenues and expenditures for 2019-20, and projected revenues for 2020-21 and 2021-22:

FUND CONDITION STATEMENT
(dollars in thousands)

3023 WIC Manufacturer Rebate Fund	SFY 2019-20*	SFY 2020-21 Estimate	SFY 2021-22 Estimate
BEGINNING BALANCE	14,003	14,072	14,141
Prior Year Adjustments	-	-	-
Adjusted Beginning Balance	14,003	14,072	14,141
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4163000 Investment Income - Surplus Money Investments	69	69	69
4172500 Miscellaneous Revenue	210,098	196,784	174,414
4172100 Fines-Court			
Total Revenues, Transfers, and Other Adjustments	210,167	196,853	174,483
Total Resources	224,170	210,925	188,624
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4265 Department of Public Health (Local Assistance)*	210,098	196,784	174,414
Total Expenditures and Expenditure Adjustments	210,098	196,784	174,414
FUND BALANCE	14,072	14,141	14,210

*Financial statements are currently unavailable for SFY 2019-20. The amount displayed is an estimated amount.

III. ASSUMPTIONS

1. Future Fiscal Issues

a. Extending Child Eligibility to Age Six

Background: On May 12, 2020, Representative Rosa L. DeLauro (D-CT-3) introduced a bill in the 116th U.S. Congress called the “Wise Investment in Children Act of 2020 or WIC Act of 2020.” House of Representatives 6811 (H.R.6811) includes provisions that aim to improve maternal and child health outcomes in the United States by expanding WIC eligibility for infants, children, and new mothers. These provisions include giving states the option to extend the maximum age of eligibility for children participating in the WIC Program from five to six years of age, if not enrolled in kindergarten. The bill would give states the option to extend the certification time for infants to age two and extend the certification timeframe for breastfeeding and non-breastfeeding women to two years postpartum. As of September 17, 2020, the House Committee on Education and Labor has not acted on the bill. The intent of this legislation, if there are sufficient funds, is to cover the nutritional gap for children who have reached the age of maturity in the WIC Program at five years old, but who are not yet eligible to enter public school, where they would become eligible for school breakfast and lunch programs. Passage of this legislation will give states the option to further ensure continuous support for children’s nutritional needs until they are eligible for school meals.

The WIC Act was previously introduced in July of 2019 in the 116th U.S. Congress, with substantially similar provisions. Senator Robert P. Casey (D-PA) and Senator Susan M. Collins (R-ME) reintroduced S. 2358. The bill was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry where it stalled.

Description of Change: This change could impact approximately one-quarter of the WIC Program’s child participants who could have up to an additional year of program eligibility. According to the bill author, the WIC Act of 2020 would reach about 600,000 children nationwide. Additionally, the change would allow postpartum WIC participants to receive benefits for two years. This would improve new mothers’ access to nutrition support by increasing the certification timeframe from six months to two years for non-breastfeeding women and from one year to two years for fully breastfeeding women.

Discretionary: Yes

Reason for Adjustment/Change:

- Passage of federal legislation will revise basic program eligibility requirements.
- Positive health impact on young California children and postpartum women at nutritional risk.

Fiscal Impact (Range) and Fund Source(s): The potential impact is an estimated on-going annual cost of between approximately \$86 million to \$88 million to Federal Trust Fund (Fund 0890).

b. Families First Coronavirus Response Act

Background: The Coronavirus Disease 2019 (COVID-19) public health emergency warranted a stay-at-home order in California which resulted in the loss of income for some Californians and the need to adjust WIC program operations to continue to provide this essential service. As part of the Families First Coronavirus Response Act (FFCRA - H.R. 6201), which was enacted on March 18, 2020, \$500 million was allocated for WIC programs across the country to support the increased need for food benefits and the increased cost for providing services. The United States Department of Agriculture (USDA) has not yet allocated emergency supplemental federal funding for WIC to state programs and has indicated they may not do so until Federal Fiscal Year 2021. The FFCRA funding is to remain available through September 30, 2021.

In addition to the financial relief provided by the FFCRA, the act also allowed states to request waivers of administrative requirements that might prevent applicants and recipients from accessing WIC benefits during the public health emergency. California WIC has benefitted from the increased flexibilities offered by the waivers. Waived requirements include: the requirement that all individuals seeking to enroll or re-enroll in WIC do so in person (i.e. physical presence), removal of the barrier for remote issuance of WIC benefits, allowance of appropriate food substitutions for certain WIC-prescribed foods if grocer availability is limited, and other administrative waivers that allow both WIC Local Agencies and participants to minimize exposure and appropriately respond to the COVID-19 public health emergency.

The waivers were set to expire September 30, 2020; however, local and national advocacy efforts were successful calling on both Congress and the USDA to extend current waivers. WIC Local Agencies depend on these waivers to make decisions on clinic operations to continue safe WIC service delivery based on localized factors to protect WIC families and staff from increased risk of exposure to COVID-19. The current waivers are set to expire 30 days after the end of the nationally-declared public health emergency under section 319 of the Public Health Service Act (42 U.S.C. 247d).

Description of Change: Loss of income due to unemployment, business closures, and reduced hours of employment may continue to increase WIC program participation.

Changes in shopping habits of the general population have caused scarcity for traditionally WIC Authorized Food items and increased costs for WIC staple foods.

Discretionary: No

Reason for Adjustment/Change:

- Possible increased revenue due to FFCRA.
- More Californians eligible for program benefits due to a major economic slowdown, resulting in increased food costs to serve more participants and increased benefit utilization for existing WIC participants.
- Increased food costs due to the need for temporary expansion of food options from scarcity of WIC Authorized Foods in grocery stores and increase in food prices.

- Increased costs at WIC Local Agencies due to increased participation and changes in program operations due to social distancing.

Fiscal Impact (Range) and Fund Source(s): The potential impact is estimated at an additional \$18.6 million for the Nutrition Services and Administration (NSA) and \$39 million for food, totaling \$57.6 million in COVID-19 funding for 2020-21. The impacted Fund Source is Fund 0890.

c. The Heroes Act

Background: On May 12, 2020, House Representative Nita M. Lowey (D–NY.) introduced a bill, House of Representatives 6800 (H.R. 6800), in the 116th U.S. Congress called the “Health and Economic Recovery Omnibus Emergency Solutions (Heroes) Act.” The Heroes Act would provide \$1.1 billion dollars to the WIC Program, available through September 30, 2022. The bill also includes a provision to increase the amount of a cash-value voucher (CVV) for WIC participants with a qualified food package up to an amount of \$35. State agencies must notify the Secretary of the USDA if the increased CVV will be implemented.

The bill was not passed before September 30, 2020, therefore, not allowing enough time to impact current year food costs.

The bill continues to be negotiated in Congress and is subject to significant changes. Depending on the final version of the bill and when it is signed into law, the sunset date for any increased CVV will extend beyond September 30, 2020. The Heroes Act includes an extension to the Pandemic Unemployment Compensation, which gives those who qualify, additional unemployment benefits. This additional benefit is exempt from being used in income calculations for federal assistance programs.

This bill was introduced as a response to the economic and health impacts of the COVID-19 pandemic. The Heroes Act is a follow-up bill to the CARES Act, signed into law in March 2020 and would provide additional support for those affected by the pandemic.

Description of Change: May increase program funds through September 30, 2022 if the bill passes the Senate and is signed by the President with the funding intact. May increase WIC food funds significantly due to the potentially high number of participants that would qualify for the additional CVV benefits.

Discretionary: Yes

Reason for Adjustment/Change:

- More Californians eligible for program benefits due to a major economic slowdown.
- Increase of the CVV benefit from about \$9 per participant to \$35 per participant for all existing and future WIC participants, both women and children.

- Increased administrative costs at WIC Local Agencies due to rise in participation and changes WIC Local Agency operations due to social distancing requirements.

Fiscal Impact (Range) and Fund Source(s): Approximate increase in food grant expenditures between \$13 to \$17 million per month from when the benefit is in effect. The impacted Fund Source is Fund 0890.

d. Proposed Federal Fiscal Year (FFY) 2021 Budget Appropriation

Background:

House Proposal. The budget passed by the House of Representatives on July 24, 2020, proposed \$5.75 billion for the WIC Program for 2021. This represents a \$250 million decrease from 2020 levels; however, the final legislation does not include the additional \$1.6 billion in WIC funding approved by the House through COVID-19 response legislation – including the FFCRA and Heroes Act. The House bill also sustains 2020's increased investment in the Breastfeeding Peer Counselor Program, continuing funding at \$90 million and a modest increase to the amount set-aside for infrastructure grants to states of \$14 million.

President's Budget. The President's Budget released in February 2020, prior to the COVID-19 public health emergency, recommended funding at \$5.5 billion with a \$1.2 billion rescission, a \$448 million decrease from 2020 levels. This budget includes \$500 million in funding from FFCRA. The White House justified this decrease by citing reduced caseload, estimating only 6.2 million participants would access WIC in 2021. The President's Budget instead supported \$60 million for the Breastfeeding Peer Counselor Program, which is a return to funding levels last seen in 2019.

As of September 17, 2020, the Senate has not yet released a proposed budget for 2021.

Description of Change: The increase of the WIC budget under the House bill will increase funding for the Food grant and the NSA grant over 2019-20 funding levels. In comparison, the President's proposal will result in a decrease in Food and NSA grants that are less than 2019-20 funding levels.

Discretionary: No.

Reason for Adjustment/Change:

- The Federal budget for WIC that Congress passes and the President signs has a major impact on California's Food and NSA funding levels.
- The President's Budget proposal provides funding levels that reflect lower participation levels for states nationwide, which will result in lower funds remaining for future reallocations.

Fiscal Impact (Range) and Fund Source(s): Potential impact to Food funding ranging from increase of \$52.4 million to \$127.9 million and potential impact to NSA funding

ranging from decrease of \$26 million to an increase of \$12.3 million for 2020-21 compared to revenue levels for 2019-20. The impacted Fund Source is Fund 0890.

2. New Assumptions/Premises

a. Adjustment to Participation Projection Methodology

Background: Recent major changes to the delivery of WIC services, challenges associated with COVID-19, and the need to properly account for a recent increase in WIC participation trends has prompted review of the participation projection methodology used in prior Budget Estimates. CDPH/WIC's prior methodology was driven largely by a five-year average percent change in participation. This calculation captured a long-term and relatively steady decline in participation fueled in part by decreasing birth rates and improving economic conditions for many. However, such long-term trends are not as agile in projecting sudden shifts in participation in today's very different public health and economic climate. To adjust for this, CDPH/WIC proposes to replace the prior projection methodology with one that relies more heavily on recent months of participation actuals to estimate the size and behavior of the WIC-eligible population.

Description of Change: CDPH/WIC used a logistic growth model to project future category-specific WIC participation. This model makes use of two parameters to predict changes in participation over time.

The first parameter is a growth rate of the population, which is based on the average percent change in monthly participation across the twelve most recently available months of actuals.

The second parameter is the upper limit of possible participants in California, given WIC age and income eligibility requirements. CDPH/WIC estimated this upper limit using both administrative data sources and WIC eligibility estimates published by USDA FNS. Counts of all WIC-certified individuals were summed with counts of WIC-eligible non-participants determined from a match between WIC and Medi-Cal administrative records. This sum was then adjusted upwards (to account for WIC-eligible individuals not participating in either WIC or Medi-Cal) using separate estimates of coverage rates available in the most recent version of the USDA FNS WIC Eligibility and Program Reach Report.

Using these two parameters and starting the model off with the most recent month of participation actuals, CDPH/WIC calculated subsequent months of participation for each of the five WIC participation categories (infants, children, pregnant women, breastfeeding mothers, and non-breastfeeding mothers). Monthly projections are then summed across categories to provide a total estimate of the WIC participant population at any given point in time.

Discretionary: Yes

Reason for Adjustment/Change:

- Recent major changes in the delivery of WIC food benefits, economic and personal hardship due to COVID-19, and the observation of a recent increase in WIC participation trends together necessitate a reevaluation of the participation projections methodology.
- Developing a new methodology based less on long-term trends and more on a recent history of WIC participation and program reach allows CDPH/WIC to produce more accurate projections for budgeting purposes.

Fiscal Impact (Range) and Fund Source(s): As recent months have shown an increase in WIC participation, the new projections methodology will predict a higher number of average monthly participants in the 2021 November Estimate relative to the previous methodology used in the 2020 May Revision. For 2020-21, CDPH/WIC projects an additional 96,314 WIC participants per month, which equates to an increase in projected Food grant expenditures of up to \$76.0 million related to the increased participation. The impacted Fund Source is Fund 0890.

b. Transition to the California WIC Card

Background: The federal Healthy, Hunger-Free Kids Act of 2010 required all states to migrate WIC from a paper-based food benefit delivery system to an Electronic Benefits Transfer (EBT) system by October 1, 2020. With USDA approval, California began pilot operations in Solano and Napa Counties in June 2019. The implementation of the WIC Card statewide rollout began in September 2019 and included ten waves of regional roll outs with the last wave of WIC Local Agencies successfully implemented on March 30, 2020. As of June 30, 2020, no valid paper-based food instruments remain in circulation. Implementation data suggests EBT rollout has resulted in a net increase in food costs. As of July 22, 2020, California is now considered a “fully implemented” EBT state with all California WIC Authorized Vendors now capable of processing California WIC Card transactions.

Description of Change: The WIC Card supports easier participant access and use. Participant enrollment patterns and inflationary impacts will continue to be applied according to established methodology. The fiscal impact is calculated as the difference between average food package costs for October 2019 through February 2020 for paper-based food instruments (FIs) and EBT, multiplied by the average number of monthly participants during 2019-20. The average calculated increase in cost per participant is \$1.78.

Increased benefit utilization may be a contributing factor to the increase in per-participant food costs; however, this is not a measurable factor for paper FIs because of the combinations of foods on paper FIs. In addition, the Maximum Allowable Department Reimbursement (MADR) rate calculations for EBT are somewhat higher compared with the MADR rate calculations for the paper FIs resulting in higher payments for WIC foods.

Discretionary: No

Reason for Adjustment/Change: The federal mandate for completing the WIC Local Agency roll out and the transition of stores to the WIC Card is October 1, 2020.

California met this deadline effective July 22, 2020.

Fiscal Impact (Range) and Fund Source(s): Ongoing annual cost of approximately \$20.3 million to Fund 0890.

c. Auto-issuance of EBT Food Benefits

Background: Due to the COVID-19 pandemic, government orders to stay at home and to protect the health of WIC participants and staff, CDPH/WIC leveraged its new MIS and electronic benefits to automatically issue food benefits to eligible participants. The auto-issuance of benefits minimizes the number of eligible participants that might miss out on monthly food benefits because of COVID-19 pandemic related barriers and also reduces the administrative burden on WIC Local Agencies. If a participant was within an active certification period, had been issued a California WIC Card, assigned a food package with valid start and end dates, and not yet manually issued food benefits by staff, then a script is run in the MIS to automatically load the prescribed food benefits to the household's electronic benefits account (EBA).

The first auto-issuance of benefits was run the evening of March 19, 2020, followed by runs at the beginning of each subsequent month. Beginning with the auto-issuance for May, WIC Local Agencies could opt out of the auto-issuance; to date, 21 WIC Local Agencies have opted out, while 62 still participate in the auto-issuance (including most of the state's largest WIC Local Agencies). WIC Local Agencies find the auto-issuance helpful in ensuring that their eligible participants are issued food benefits. Staff can run reports in the MIS that allow them to identify the participants' auto-issued benefits so follow-up calls and texts can be made to inform participants of the new benefits loaded to their WIC Card. With the support of the participating agencies, CDPH/WIC intends to continue with the monthly auto-issuance through December 2020. Extensions beyond December will be considered on a month-to-month basis.

Description of Change: Since WIC participation is defined as the issuance of food benefits, auto-issuance has increased the participation count. Some of the growth in participation during the COVID-19 months is a result of new participants due to changing economic circumstances, ongoing demographic trends such as pregnancy and new births, and some of the growth is a result of auto-issuance. It is difficult to estimate the independent increase in participation based on auto-issuance alone since auto-issuance is applied to all certified individuals meeting the criteria. With the implementation of EBT, CDPH/WIC does not have statewide historical trends to estimate pre-COVID issuance of EBT food benefits.

CDPH/WIC is monitoring benefit utilization data to determine if the auto-issuance of benefits impacts the utilization rate. Historically when participants shopped with checks, about five percent of checks were not redeemed; the available EBT data for the first

nine months of EBT transition showed a similar five percent non-utilization rate (although these months only included the families that had transitioned to the WIC Card, based on the pilot counties and then statewide geographic roll out).

The benefit utilization rates for March, April, May and June 2020 showed a decline in the percent of families redeeming at least one food item (8 percent, 13 percent, 14 percent and 15 percent, respectively), with July stabilizing at 15 percent (because of a family's benefit cycle, final utilization data are not available until 30 days after the cycle ends--June data not final until August 1), and not all participants will redeem electronic benefits until August 2020, so a complete statewide benefit utilization rate will not be available until October 1. Additionally, a more detailed analysis comparing auto-issued versus non-auto-issued families showed that auto-issued families did have a larger decline than non-auto-issued families (between three and five percentage points); however, even the non-auto-issued families showed a decline in redemption, suggesting the decline in utilization rates are also likely to be a result of food shortages and shopping behavior changes due to health concerns. CDPH/WIC will continue to monitor benefit utilization data to assess the impact of auto-issuance.

With increasing participation numbers due to the changing economic conditions, as well as auto-issuance, coupled with a possible decline in benefit utilization due to COVID-19 as well as auto-issuance, the cost per participant may artificially decline, thereby impacting the projected total food expenditures. Therefore, CDPH/WIC is proposing to exclude the per-participant food costs for the impacted auto-issuance months of March through December 2020 from the calculation of average per participant costs used in the estimate.

Discretionary: Yes

Reason for Adjustment/Change:

- To ensure that eligible participants are issued monthly food benefits during the COVID-19 pandemic, and to protect the health of participants and staff by reducing in-person interaction.
- Leverages the federal waivers of physical presence and remote benefit issuance to ensure participants have access to their prescribed healthy food.
- The risk of including the impacted redemption months in the average food package cost per-participant projection used to estimate 2020-21 and 2021-22 expenditures is an underestimate of food expenditures of approximately \$60 million annually.

Fiscal Impact (Range) and Fund Source(s): No cost impact due to excluding the impacted months of expenditures from the average per participant food cost calculation.

d. WIC Authorized Food List (WAFL) changes for Half Gallons of Milk

Background: In the WIC Bulletin Regulations (WBR), section 82750 WIC Authorized Food List: Milk, plain fluid cow's milk in half gallon containers is authorized in the Milk Category as part of a participant's food package under the following circumstances:

when a participant selects a homeless food package or when the maximum monthly allowance cannot be met by issuing one (1) gallon containers. Plain fluid cow's milk in half gallon containers is only authorized for purchase when it meets the requirements in section (a)(1)(A) and (C) and only when half gallon is included in a participant's electronic benefits.

Description of Change: CDPH/WIC will amend the WBR to remove restrictions on milk purchases in one-gallon size containers allowing all WIC participants access to purchase plain fluid cow's milk in half gallon containers. Regulations are expected to become effective within 30 days after the end of the nationally-declared public health emergency under section 319 of the Public Health Service Act (42 U.S.C. 247d).

Discretionary: No

Reason for Adjustment/Change:

- Unable to enforce the purchase of one gallon containers due to WIC Web Information System Exchange (WISE) system constraints.
- Code of Federal Regulation Section 246.10 Supplement Foods does not specify restrictions regarding purchase of half gallon milk containers.
- Provide flexibility and a positive purchasing experience to WIC participants.

Fiscal Impact (Range) and Fund Source(s): Potential increase in costs will occur if participants change their shopping behavior and frequently select multiple half gallon containers as opposed to one-gallon containers of milk. The approximate difference in cost between one gallon of milk and two half gallons of milk is \$2.11/gallon. Based on participant shopping patterns in other large states, CDPH/WIC estimates a maximum of 40 percent of all milk being purchased in half gallons rather than one-gallon containers. This equates to 472,322 gallon-equivalents being purchased as half gallons for a potential monthly increase to food costs of \$1 million per month, or \$12 million annually, beginning in 2021-22. The impacted Fund Source is Fund 0890.

e. COVID-19 Approved Food Package Waivers

Background: In March 2020, USDA FNS granted states the opportunity to submit waiver requests that would allow for foods within the WIC food categories that did not meet the federal minimum requirements and specifications to be authorized for purchase during the COVID-19 pandemic. CDPH/WIC received waiver approvals in the Whole Grains, Tofu, and Legumes food categories, and received approval from USDA FNS to authorize new food items in all the food categories that meet the federal minimum requirements. These added food items during COVID-19 are not normally authorized in the WIC Authorized Food List regulations and Shopping Guide. The waivers and the expanded Authorized Product List (APL) may extend until 30 days after the end of the nationally-declared public health emergency under section 319 of the Public Health Service Act (42 U.S.C. 247d).

Description of Change: CDPH/WIC authorized approximately 1,400 new food items to the WIC Program's APL in the Milk, Yogurt, Cheese, Eggs, Whole Grains, Fruits and Vegetables, Canned Fish, Legumes, Tofu, Soy, Juice, and Infant Foods categories.

Discretionary: Yes

Reason for Adjustment/Change:

- California grocers experienced surges and widespread food shortages across the state since COVID-19 became a state emergency.
- Various WIC Local Agencies across the state continue to report ongoing food outages at WIC Authorized Vendors within their counties, making it difficult for some participants to purchase WIC Authorized Foods.
- The food package waivers and the expanded APL provide participants more options while shopping for WIC Authorized Foods as grocery stores experience food shortages during the pandemic.

Fiscal Impact (Range) and Fund Source(s): Increase in costs will occur as a result from the approximately 1,400 higher cost food items being added to the APL that are normally not authorized because of cost containment strategies. The estimated increase in food costs for 2020-21, which is used as the basis for 2021-22 food cost projections, for redemption of the additional food items is approximately \$30,000. The impacted Fund Source is Fund 0890.

3. Existing (Significantly Changed) Assumptions/Premises

a. Rescission of Unspent Funds – FFY 2020

Background: The President signed the final appropriation bills for 2020 spending on December 20, 2019, guaranteeing WIC funding. The final appropriation included \$6 billion for WIC, a slight decrease of \$75 million from the previous 2019 levels. It also included an increase from \$60 million to \$90 million for the Breastfeeding Peer Counselor Program. The final appropriation also included a \$1 billion rescission of unspent funds from prior year.

Description of Change: The rescission and the reduction of the WIC budget had the potential to decrease funding for the Food grant and the NSA grant.

The 2020 appropriation resulted in final initial Food and NSA grants that were less than was projected in the 2019-20 Governor's Budget; however, California was subsequently successful in applying for and receiving reallocated funding for both NSA and Food grants to bring funding levels consistent with the 2019-20 Governor's Budget.

Discretionary: No. The Appropriation Committees, members of Congress, and the President decide the funding level for WIC. The USDA FNS approves funding reallocation requests from states.

Reason for Adjustment/Change:

- The federal budget for WIC that Congress passes and the President signs has a major impact on California's Food and NSA funding levels.

Fiscal Impact (Range) and Fund Source(s): There was a modest increase in projected food grant revenue for 2019-20 in the amount of \$185,000 and a modest increase in projected NSA revenue for 2019-20 in the amount of \$5.2 million when compared with the 2019 Budget Act.

4. Unchanged Assumptions/Premises

There are no Unchanged Assumptions/Premises.

5. Discontinued Assumptions/Premises**a. One-Time USDA Federal Funding Opportunity to Replace WIC MIS**

Background: The federal Healthy, Hunger-Free Kids Act of 2010 required all states to migrate WIC benefits from a paper-based food benefit delivery system to an EBT system by October 1, 2020. Federal funding has been appropriated to assist with project costs associated with implementation. California was at risk for losing millions of dollars in federal funding for WIC if the deadline was not met. Since the commencement of WIC Card pilot operations in June 2019, all active WIC participants have been issued the WIC Card for purchasing food benefits using store point-of-sale terminals and all WIC Authorized Vendors are now capable of processing California WIC Card transactions.

The successful implementation of the WIC Card required a new MIS. The existing MIS had several limitations, but most significantly, lacked the core requirements to integrate the WIC Card issuance into the existing MIS by October 1, 2020. The new MIS system, called WIC WISE, has replaced the existing MIS in order to meet the federal mandate.

Description of Change: In February 2019, USDA approved the California WIC application for the MIS Grant (\$25.9 million). These one-time funds for the MIS replacement received by California had an encumbrance end date of March 31, 2020.

Following the January 2020 Advanced Planning Document Update submission to USDA, project savings were identified in the project budget and WIC agreed that no additional MIS Grant funds were needed. As of July 22, 2020, California completed statewide implementation of EBT, thanks in part to receipt of the one-time MIS replacement funds from USDA.

Discretionary: Yes

Reason for Adjustment/Change:

- One-time funding to replace WIC MIS with WIC WISE and implement WIC Card.

Fiscal Impact (Range) and Fund Source(s): \$25.9 million revenue and expenditure for federal fiscal years 2019 and 2020. The fund impacted is Fund 0890.

IV. APPENDICES

APPENDIX A

Rationale and Methodology for Participation and Expenditure Projections

According to the most recent data (Eligibles and Program Reach, 2017, by USDA FNS released in January 2020), the WIC program serves 61.1 percent of eligible Californians, the second highest coverage of eligible persons of all state WIC programs and third nationally behind Puerto Rico and Maryland, while the national average is 51.1 percent.

Federal fiscal year 2013 marked the first decline in WIC program participation since 2000, following similar participation declines nationwide that began in 2012. A variety of factors may have contributed to the decline of participation and/or eligible persons, including economic factors such as unemployment, demographic changes such as birth rates, immigration trends, and technology trends that are influences outside the control of WIC.

After about eight years of monthly declines in participation, in March 2020 participation increased, with continued monthly growth to the present day. This increase is due in part to a reaction by the WIC-eligible population to the COVID-19 pandemic and its associated economic hardship, as well as actions taken by CDPH/WIC to ensure that WIC families have food benefits during these uncertain times. This sudden departure from prior long-term trends necessitated a new projection methodology to accurately account for new factors influencing future WIC participation.

Participation is the main driver of food costs for the WIC program.

The five participation categories, defined on page 4 are forecasted separately based on:

- The participation numbers during the twelve most recent months of data; and
- The upper limit of possible WIC participants, jointly estimated using recently published USDA FNS coverage rates and counts of all WIC-eligible individuals using administrative data for WIC and Medi-Cal.

CDPH/WIC used a logistic growth model to project future category-specific WIC participation. This model makes use of two parameters to predict changes in participation over time.

The first parameter is a growth rate of the population, which is based on the average percent change in monthly participation across the twelve most recently available months of actuals.

The second parameter is the upper limit of possible participants in California, given WIC age and income eligibility requirements. CDPH/WIC estimated this upper limit using both administrative data sources and WIC eligibility estimates published by USDA FNS. Counts of all WIC-certified individuals were summed with counts of WIC-eligible non-participants determined from a match between WIC and Medi-Cal administrative records. This sum was adjusted upwards (to account for WIC-eligible individuals not participating in either WIC or Medi-Cal) using separate estimates of coverage rates available in the most recent version of the USDA FNS WIC Eligibility and Program Reach Report.

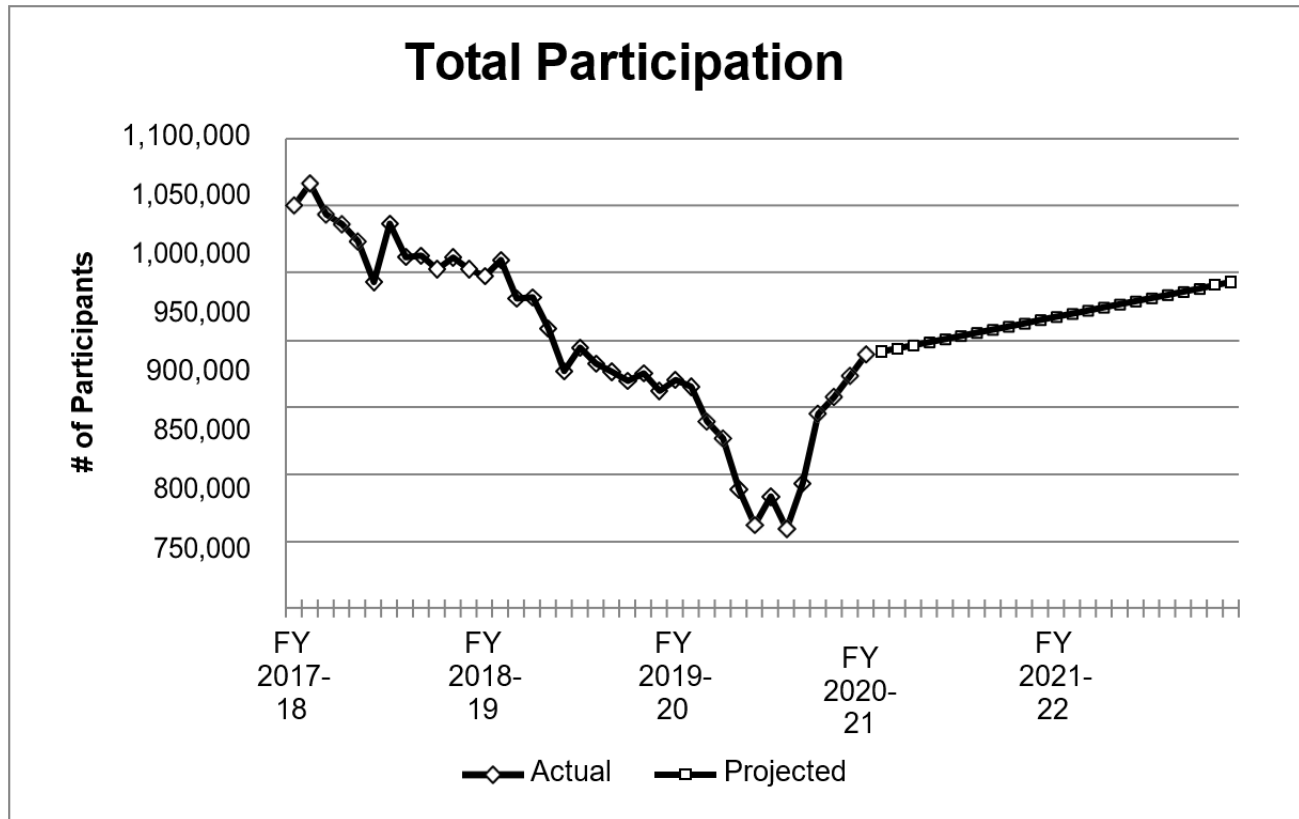
Using these two parameters and starting the model off with the most recent month of participation actuals, CDPH/WIC calculated subsequent months of participation for each of the five WIC participation categories (infants, children, pregnant women, breastfeeding mothers, and non-breastfeeding mothers). Monthly projections were then summed across categories to provide a total estimate of the WIC participant population at any given point in time.

This new approach makes more direct use of recent participant trends to inform future short-term projections. Nevertheless, information about long-term phenomena such as California's continued decline in births is also carried by timely actuals for participation. As the two parameters for the logistic growth model are assumed to be constant, they are best estimated with relatively short spans of recent data to produce meaningful short-term estimates. Additionally, as trends in participation change under the influence of long-term demographic declines and potentially unspecified future events, these parameter estimates can be easily reevaluated for subsequent budget cycles.

Total average monthly participation for 2020-21 is based upon one month of actuals and eleven months of projected data summed across all categories. For 2019-20, monthly average participation was 871,723. WIC estimates average monthly participation for 2020-21 will increase to 951,755, an increase of 9.18 percent, compared to a decline of 8.35 percent in 2019-20.

Total average monthly participation for 2021-2022 is based upon the remaining projected months from the growth model initialized with July 2020 as the most recent month of actuals. WIC estimates average monthly participation will increase to 979,983, an increase of 2.97 percent, compared to the 9.18 percent increase projected for 2020-21.

The participation graph below and the individual participant category charts located in Appendix B show the participation levels for 2021-22, which includes updated actual participation numbers through July 2020:



Total Food Expenditures

Food expenditures are divided by the number of participants to determine the average food cost per participant, which is then adjusted using the Consumer Price Index (CPI) projections for Food at Home from the ERU. Actual CPI data is available from ERU through July 2020, with projections through the end of 2021-22. The updated projected CPI rate in 2020-21 is 1.38 percent, and for 2021-22 is an inflation of 1.55 percent. Historical expenditures and average per participant food costs for 2019-20 through February 2020 were used to update projections for 2020-21 and build the new projection for 2021-22 food costs. Months impacted by the auto-issuance of benefits were excluded from the calculation of average per participant costs.

Below is a chart summarizing total actual food cost expenditures for 2019-20 and food cost projections for the current and budget year.

	Factor	SFY 2019-20	SFY 2020-21				SFY 2021-22		
		Actuals	Budget Act 2020	November Estimate	Change from 2020 Budget Act		November Estimate	Change from 2020 Budget Act	
Total***	Average monthly participation	871,723	818,547	951,755	80,032	9.18%	979,983	28,228	2.97%
	Average cost per participant	\$ 64.42	\$ 65.25	\$ 65.78	\$ 1.36	2.11%	\$ 66.80	\$ 1.02	1.55%
	Annual Expenditures**	\$673,882,977	\$640,922,301	\$751,277,458	\$77,394,481	11.48%	\$785,554,573	\$34,277,115	4.56%

* SFY 2020-21 Average Participation includes actual participation for July 2020 and projected participation for August 2020 through June 2021.

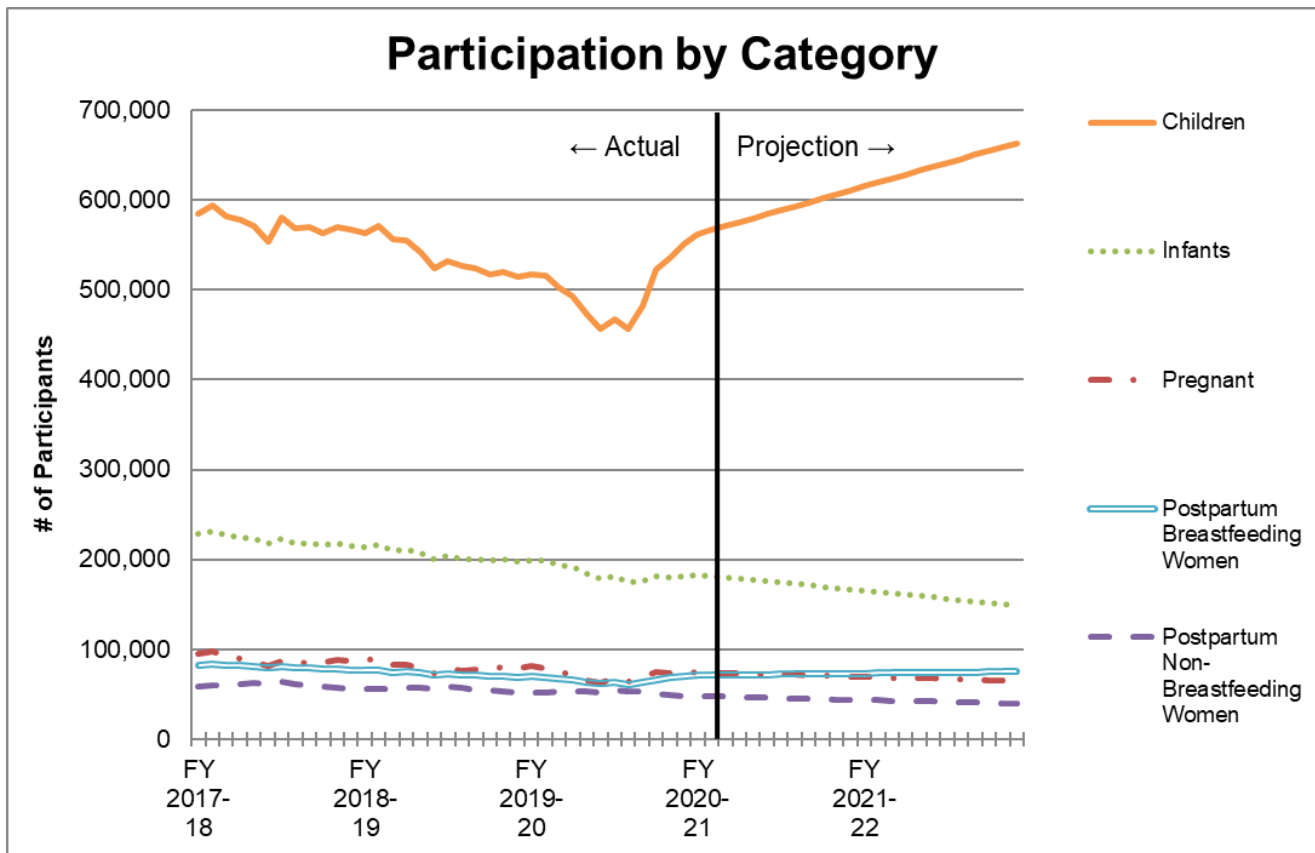
** Numbers rounded to the nearest dollar.

***Does not include 3% Prudent Reserve in food expenditures or half gallon milk adjustment

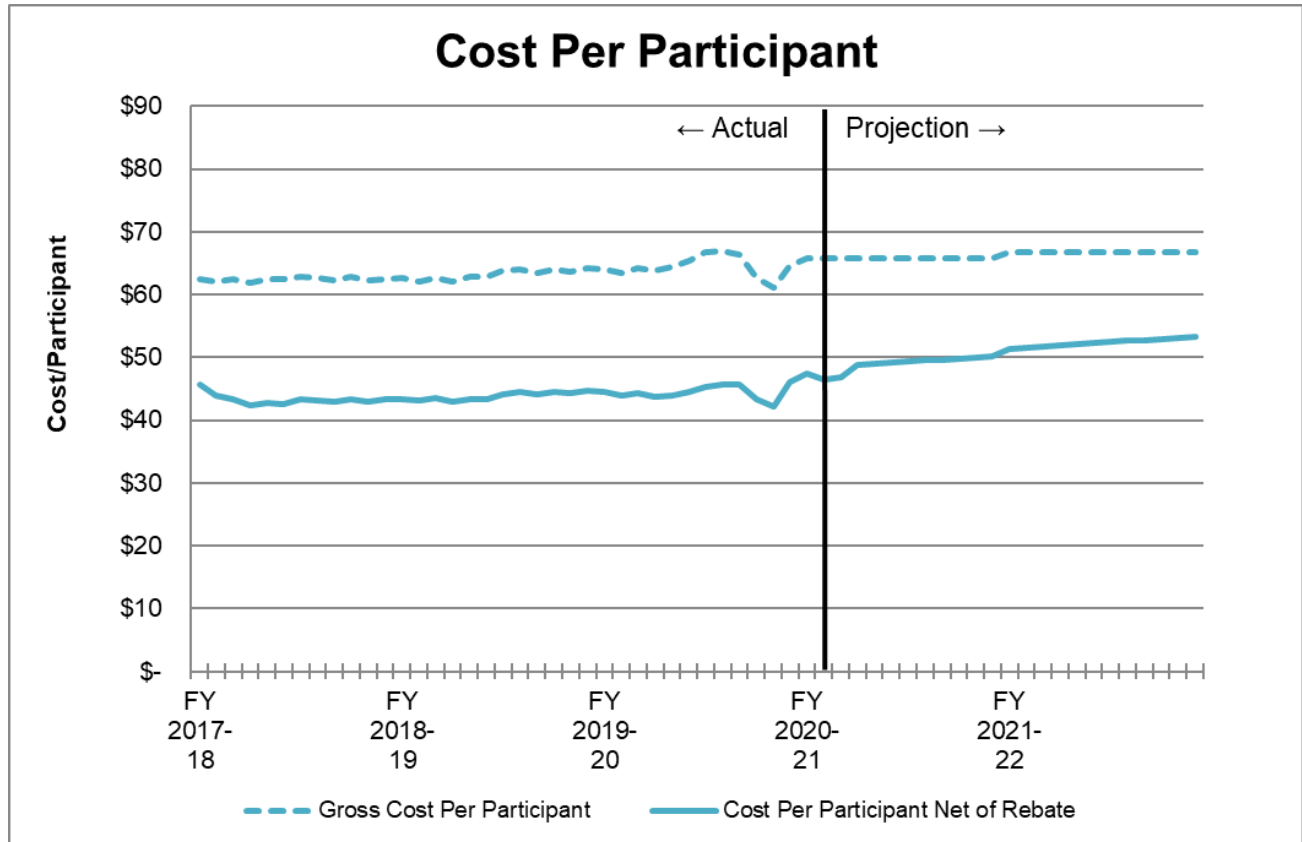
APPENDIX B

Participant and Food Cost Projections by Category

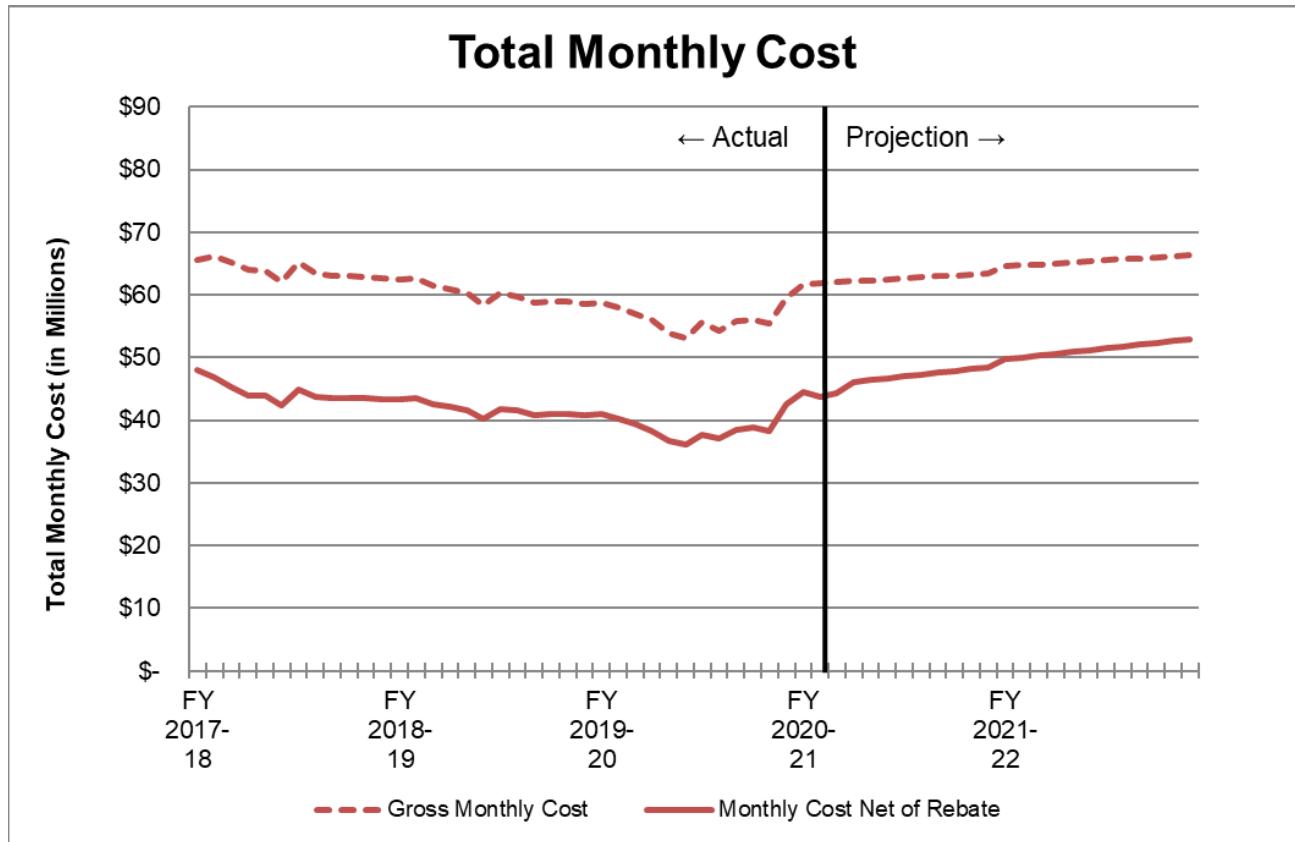
The figure below illustrates actual and projected participation trends since 2017-18. As mentioned previously, the Children participant category is the largest due to their longer period of eligibility. Forecasted monthly participation by category is included in the table in Appendix A:



The figure below illustrates average cost per participant. Projected costs include inflation projections:



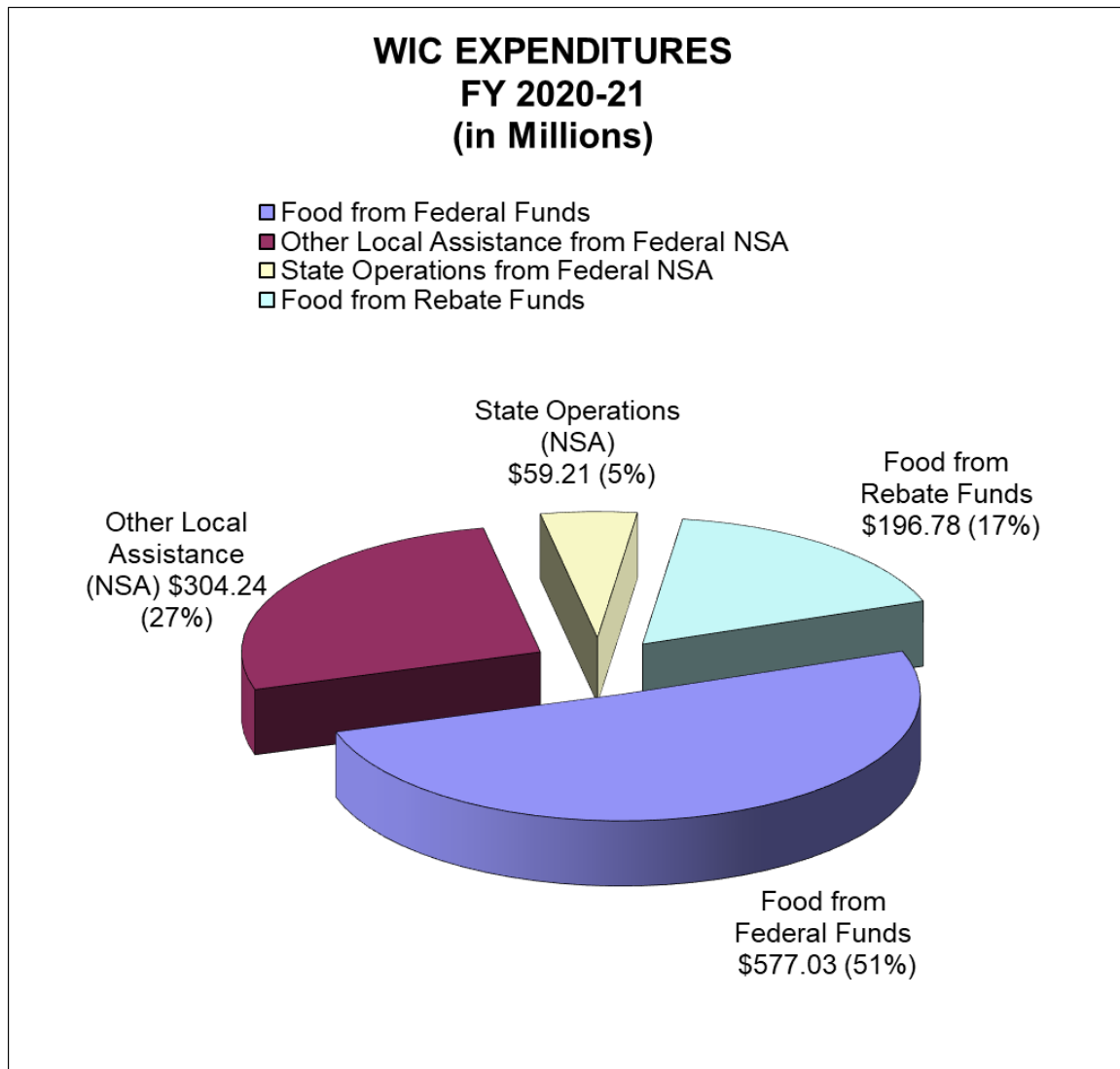
The figure below consolidates the information in the above two charts, and illustrates total monthly cost (forecasted participation times average cost per participant):



APPENDIX C**WIC Special Display Chart (Government Code 13343)****CALIFORNIA WIC PROGRAM EXPENDITURES**

Expenditures	PY SFY 2019-20*	CY SFY 2020-21 (Estimated)	BY SFY 2021-22 (Proposed)
LOCAL ASSISTANCE			
0890 Federal Grant for Food	\$ 477,792,000	\$ 577,031,000	\$ 646,708,000
0890 Federal Grant for Administration	\$ 314,834,000	\$ 304,243,000	\$ 304,243,000
TOTAL FEDERAL TRUST FUND	\$ 792,626,000	\$ 881,274,000	\$ 950,951,000
3023 WIC Manufacturer Rebate Fund*	\$ 210,098,000	\$ 196,784,000	\$ 174,414,000
TOTAL LOCAL ASSISTANCE	\$ 1,002,724,000	\$ 1,078,058,000	\$ 1,125,365,000
STATE OPERATIONS			
0890 Federal Grant for State Operations	\$ 62,270,000	\$ 59,210,000	\$ 59,210,000
GRAND TOTAL WIC PROGRAM	\$ 1,064,994,000	\$ 1,137,268,000	\$ 1,184,575,000

**Financial statements are currently unavailable for SFY 2019-20. The amount displayed is an estimated amount.*



APPENDIX D

Revenue Projections

WIC is federally funded by the USDA through the Food Grant and the NSA Grant, as well as through rebates received from the contracted infant formula manufacturer.

The federal revenue estimates are revised for 2020-21 and total \$1.1 billion, which is an increase of \$140.4 million or 14.9 percent when compared to the \$944.1 million amount provided in the 2020 Budget Act. The increase is based on the House's proposed federal budget for federal fiscal year 2021.

For 2021-22, the projected federal revenue will total \$1.1 billion, which is an increase of \$181.5 million or 19.22 percent when compared to the 2020 Budget Act amount of \$944.1 million as follows:

REVENUE COMPARISON (all funds)

All figures in dollars, rounded to the nearest thousand

Revenue Source	2019-20 Actual	2020 Budget Act	SFY 2020-21			SFY 2021-22		
			November Estimate	Change from 2020 Budget Act		November Estimate	Change from 2020 Budget Act	
Federal Food Grant	569,526,000	570,956,000	687,073,000	116,117,000	20.34%	725,696,000	154,740,000	27.10%
Rebate Food Funds	219,881,000	189,012,000	196,784,000	7,772,000	4.11%	174,414,000	(14,598,000)	-7.72%
Total Funds for Food	789,407,000	759,968,000	883,857,000	123,889,000	16.30%	900,110,000	140,142,000	18.44%
Federal NSA Grant	393,771,422	373,104,000	397,408,000	24,314,000	6.51%	399,849,000	26,745,000	7.17%
Total Federal Funds	963,297,422	944,060,000	1,084,481,000	140,421,000	14.87%	1,125,545,000	181,485,000	19.22%

1. Revenue Estimate Methodology Federal Funds: Fund 0890

The annual federal revenue for WIC depends upon the amount of the discretionary grant appropriated annually by Congress, plus subsequent reallocations of prior year unspent funds. California's share of the federal grant is approximately 18 percent of the national appropriation. Federal funds are granted to each state using a formula methodology as specified in federal regulation to distribute the following:

- Federal Food Grant funds that reimburse authorized vendors for foods purchased by WIC participants
- NSA funds that reimburse WIC Local Agencies contracted for direct services provided to WIC participants and support state operations

2. Federal Food Grant

Nationally, approximately 67 percent of the federal fiscal year 2019 appropriation is allocated for food and California receives approximately 16 percent of that appropriation. The food allocation for federal fiscal year 2020 will remain at to 67 percent, and California will continue to receive approximately 16 percent of the national appropriation:

FEDERAL REVENUE PROJECTIONS (Food)

FFY	A National Budget Appropriation	B Discretionary Funds	C Food Allocation	D California Share	E=(A-B)*C*D Total Allocated Food
FFY 2020	\$5,000,000,000	\$120,000,000	66.89%	15.54%	\$507,201,983
FFY 2021	\$5,750,000,000	\$120,400,000	66.89%	15.54%	\$585,111,534

The appropriated grant for each fiscal year may be supplemented through federal reallocations which are distributed at least twice and up to four times during the federal fiscal year. These are funds from all state's WIC programs that have not, or will not, be able to expend all their grant funds, which are then redistributed by the USDA to those states that have demonstrated both a need for the additional funding and the ability to spend it. WIC has typically applied for reallocations and has been successful in receiving these additional funds. In addition, states are eligible to receive WIC contingency funds, when authorized by the USDA Secretary, if the annual federal appropriation and supplemental reallocations are insufficient.

In 2020-21, Food Grant revenue is expected to total \$687.1 million, which is an increase of \$116.1 million or 20.34 percent more when compared to \$571.0 million in the 2020 Budget Act.

For 2021-22, Food Grant revenue is expected to total \$725.7 million, which is an increase of \$154.7 million or 27.1 percent more when compared to \$571.0 million in the 2020 Budget Act.

WIC RESOURCES FOR FOOD

Resources	FFY 2020	FFY 2021	Prorate to SFY 2020-21
Base Appropriation	\$ 507,201,983	\$ 585,111,534	\$ 564,634,146
Reallocations	\$ 64,000,000	\$ 140,584,592	\$ 121,438,444
Recovery	\$ -	\$ -	\$ -
Total	\$ 571,201,983	\$ 725,696,126	\$ 687,072,590

Resources	FFY 2021	FFY 2022	Prorate to SFY 2020-21
Base Appropriation	\$ 585,111,534	\$ 585,111,534	\$ 585,111,534
Reallocations	\$ 140,584,592	\$ 140,584,592	\$ 140,584,592
Total	\$ 725,696,126	\$ 725,696,126	\$ 725,696,126

3. NSA Grant

Approximately 33 percent of the national WIC appropriation for federal fiscal year 2019 was allocated for NSA, and California received approximately 15 percent of that allocation. The NSA allocation for federal fiscal year 2020 will continue at 33 percent; California's share will remain at 15 percent of the national appropriation:

FEDERAL REVENUE PROJECTIONS (NSA)

	A	B	C	D	E=(A-B)*C*D
FFY	National Budget Appropriation	Discretionary Funds	NSA Allocation	California Share	Total Allocated NSA
FFY 2019	\$ 5,000,000,000	\$ 120,000,000	33.11%	15.00%	\$ 242,339,566
FFY 2020	\$ 5,750,000,000	\$ 120,400,000	33.11%	15.00%	\$ 279,564,512

In 2020-21, NSA Grant revenue is expected to total \$397.4 million based on the House's proposed budget, which is an increase of \$24.3 million or 6.51 percent when compared to \$373.1 million in the 2020 Budget Act.

In 2021-22, NSA Grant revenue is expected to total \$400.0 million, which is an increase of \$26.7 million or 7.17 percent when compared to \$373.1 million in the 2020 Budget Act.

WIC RESOURCES FOR NSA

Resources	FFY 2021	FFY 2022	Prorate to SFY 2020-21
Base Appropriation, NSA	\$ 242,339,566	\$ 279,564,512	\$ 270,258,276
Farmers' Market and Nutrition	\$ 2,063,983	\$ 2,063,983	\$ 2,063,983
Breastfeeding Peer Counseling	\$ 8,364,780	\$ 12,068,098	\$ 11,142,269
Reallocations	\$ 95,909,657	\$ 76,892,136	\$ 81,646,516
Spendforward	\$ 32,178,689	\$ 32,336,303	\$ 32,296,900
Technology Grant	\$ 9,219,498	\$ -	\$ -
Total	\$ 390,076,173	\$ 402,925,032	\$ 397,407,943

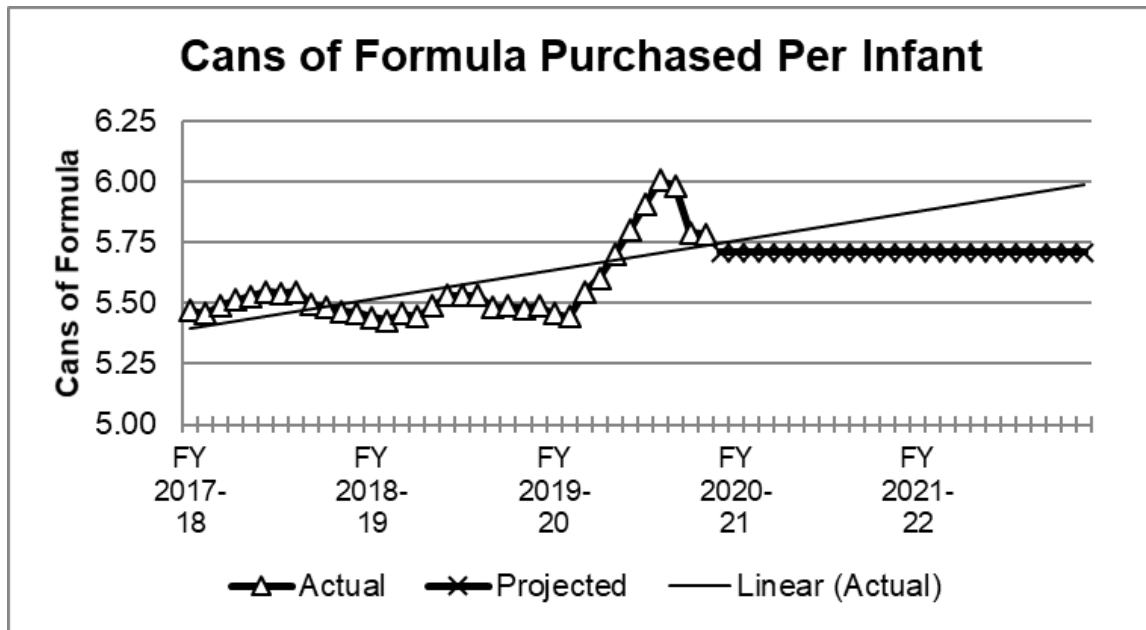
WIC RESOURCES FOR NSA

Resources	FFY 2021	FFY 2022	Prorate to SFY 2021-22
Base Appropriation, NSA	\$ 279,564,512	\$ 279,564,512	\$ 279,564,512
Farmers' Market and Nutrition	\$ 2,063,983	\$ 2,063,983	\$ 2,063,983
Breastfeeding Peer Counseling	\$ 12,068,098	\$ 12,068,098	\$ 12,068,098
Reallocations	\$ 76,892,136	\$ 76,892,136	\$ 76,892,136
Spendforward	\$ 32,336,303	\$ 28,234,724	\$ 29,260,119
Technology Grant	\$ -	\$ -	\$ -
Total	\$ 402,925,032	\$ 398,823,453	\$ 399,848,848

*5% is subtracted from Total Allocated NSA for Regional Contribution to Operational Adjustment funds to arrive at this amount.

4. Rebate Funds: WIC Manufacturer Rebate Fund 3023

In addition to the federal Food and NSA Grants, WIC receives rebate funds from the contracted infant formula manufacturer. WIC estimates current year infant formula WIC Manufacturer Rebate Fund revenues to total \$196.83 million, an increase of \$7.8 million or 4.11 percent when compared to the 2020 Budget Act amount of \$189.0 million. In 2021-22, WIC estimates infant formula WIC Manufacturer Rebate Fund revenues to total \$174.4 million, which is a decrease of \$14.6 million or 7.72 percent when compared to the 2020 Budget Act amount of \$189.0 million. While total participation is increasing, participation in the infant category is declining and is the driving factor in the decline in rebate revenue.



WIC prescribes approximately 5.71 cans of infant formula on average per month for each infant issued formula, which is then multiplied by the number of infants projected to be served monthly to arrive to total cans purchased. This number is then divided proportionally between the different forms of infant formula purchased to account for price variations by type of formula. The total number of cans is multiplied by the rebate per can to arrive at a total rebate projection by obligation month.