

# **Women, Infants, and Children (WIC)**

## **2023-24 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 934,000 low-to-medium income California residents per month in 2021-22.

WIC receives federal funding to administer the WIC program through 84 local agencies (WIC Local Agencies) and approximately 3,800 authorized grocers (including military commissaries) and 53 authorized farmers at farmers' markets. Select authorized grocers in bordering states also accept California WIC benefits.

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, applicants can become income-eligible by providing documentation of income below 185 percent of the federal poverty level, which is equivalent to an annual income of \$42,606 for a family size of three in 2022. Applicants can also be deemed income-eligible (adjunctive eligibility) based on participation in certain means-tested programs. Applicants who currently receive or are certified as eligible to receive Medi-Cal, California Work Opportunity and Responsibility to Kids (CalWORKs), CalFresh, or Food Distribution on Indian Reservations benefits are adjunctively eligible.

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 2019](#), by USDA/Food and Nutrition Service (FNS))

released in February 2022), the WIC program serves 68.9 percent of eligible Californians, the third highest coverage of eligible persons of all state WIC programs and fourth nationally behind Puerto Rico, Vermont, and Oregon, while the national average is 57.4 percent. A separate analysis showed that nearly half of all California resident infants born in 2018 were enrolled in WIC during their first year of life.

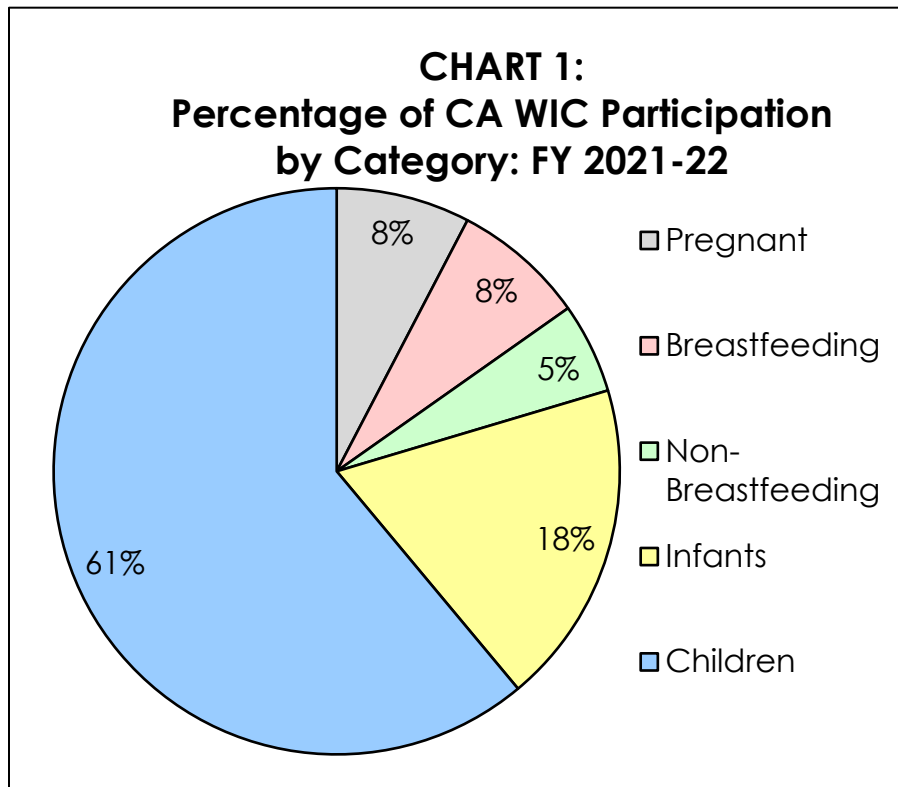
WIC revenues are comprised of the federal grants and retained manufacturer rebates. The maximum number of participants served by WIC depends largely on food package costs, of which infant formula is a large percentage. Purchase of infant formula represents approximately 35 percent of gross food expenditures. WIC program federal regulations 7 CFR 246.16a 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 22 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 by WIC Local Agencies to provide services directly to WIC families and support the statewide 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 28)

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.

**WIC Participation in California**

The largest participant category served in WIC 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. The table below displays the distribution of California WIC participants by category for 2021-22.



**TABLE 1: ACTUAL CA WIC PARTICIPATION BY  
 CATEGORY: FY 2021-22**

Participant Category	Annual Average Monthly Participation FY 2021-22
Pregnant	71,383
Breastfeeding	70,784
Non-Breastfeeding	48,190
Infants	173,159
Children	570,139

**B. Food Expenditure Projections (See Appendix A)**

The following tables detail 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 tables to illustrate total federal funds used by WIC for Local Assistance and State Operations:

**TABLE 2: FOOD EXPENDITURE COMPARISON BY CATEGORY (all funds)**

*All figures in dollars, rounded to the nearest thousand*

<b>Expenditure Category</b>	<b>2022 Budget Act</b>	<b>2022-23 November Estimate</b>	<b>2022-23 Change from 2022 Budget Act</b>	<b>2022-23 % Change from 2022 Budget Act</b>	<b>2023-24 November Estimate</b>	<b>2023-24 Change from 2022 Budget Act</b>	<b>2023-24 % Change from 2022 Budget Act</b>
Participant Food Package Costs	661,002,000	774,096,000	113,094,000	17.11%	793,345,000	132,343,000	20.02%
Fruits & Vegetables Increase FFY 2022 & FFY 2023	21,700,000	120,428,000	98,728,000	454.97%	123,380,000	101,680,000	468.57%
Prudent Reserve	19,830,000	26,836,000	7,006,000	35.33%	27,502,000	7,672,000	38.69%
<b>Total Food Expenditures</b>	<b>702,532,000</b>	<b>921,360,000</b>	<b>218,828,000</b>	<b>31.15%</b>	<b>944,227,000</b>	<b>241,695,000</b>	<b>34.40%</b>

**TABLE 3: LOCAL ASSISTANCE AND STATE OPERATIONS EXPENDITURE COMPARISON BY FUND SOURCE (all funds)**

*All figures in dollars, rounded to the nearest thousand*

Expenditure Category	2022 Budget Act	2022-23 November Estimate	2022-23 Change from 2022 Budget Act	2022-23 % Change from 2022 Budget Act	2023-24 November Estimate	2023-24 Change from 2022 Budget Act	2023-24 % Change from 2022 Budget Act
<b>Total Food Expenditures</b>	<b>702,532,000</b>	<b>921,360,000</b>	<b>218,828,000</b>	<b>31.15%</b>	<b>944,227,000</b>	<b>241,695,000</b>	<b>34.40%</b>
Food Expenditures Paid from Rebate Funds	190,012,000	213,809,000	23,797,000	12.52%	221,918,000	31,906,000	16.79%
Food Expenditures Paid from Federal Funds	512,520,000	707,551,000	195,031,000	38.05%	722,309,000	209,789,000	40.93%
Other Local Assistance Expenditures (Federal NSA)	322,000,000	322,000,000	0	0.00%	322,000,000	0	0.00%
<b>Total Federal Local Assistance Expenditures (Food + NSA)</b>	<b>834,520,000</b>	<b>1,029,551,000</b>	<b>195,031,000</b>	<b>23.37%</b>	<b>1,044,309,000</b>	<b>209,789,000</b>	<b>25.14%</b>
State Operations (Federal NSA)	63,145,000	64,502,000	1,357,000	2.15%	64,475,000	1,330,000	2.11%

### Prudent Reserve for Food Expenditures

The USDA allows states to maintain 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. For example, 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 \$26.8 million, which is an increase of \$7.0 million or 35.33 percent when compared to the 2022 Budget Act. The prudent reserve request for 2023-24 is \$27.5 million, which is an increase of \$7.7 million or 38.69 percent when compared to the 2022 Budget Act. The 2023-24 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 Category – Those who are in the pregnant category 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 Category – Those who are in the breastfeeding category 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 Category – Those who are in the non-breastfeeding category 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 2022 Budget Act appropriation provided \$702.5 million (\$512.5 million federal fund and \$190.0 million rebate fund). The November Estimate anticipates an increase in food expenditures in 2022-23 to \$921.4 million (\$707.6 million federal fund and \$213.8 million rebate fund), an increase of \$218.8 million or 31.15% percent compared to the 2022 Budget Act appropriation. The increase in food expenditures is based on an increase in participation (943,237 participants projected in the November Estimate compared to 886,299 projected in the 2022 Budget Act), an increase in food inflation (7.94 percent in the November Estimate compared to 3.88 percent in the 2022 Budget Act), a reduction in the projected rebate per can to be received with the start of the new infant formula rebate contracts, and the extension of the fruits and vegetables benefit increase for the full year, with an inflationary adjustment to benefit levels beginning October 1, 2022. Rebate revenue is projected at \$213.8 million, which is an increase of \$23.8 million or 12.52 percent compared with the 2022 Budget Act amount of \$190.0 million and is attributed to a higher number of infants projected to be served in current year than was projected in the 2022 Budget Act.

### **2. Budget Year**

For 2023-24, WIC's food expenditure estimate is \$944.2 million (\$722.3 million federal fund and \$221.9 million rebate fund), which is an increase of \$241.7 million or 34.4 percent as compared to the 2022 Budget Act amount of \$702.5 million (\$512.5 million federal fund and \$190.0 million rebate fund). The increase in food expenditures is driven by the extension of the fruits and vegetables benefit increase with an inflationary increase to benefit levels, an increase in current and budget year participation projections (943,247 in 2022-23 and 946,352 in 2023-24 compared to 886,299 in the 2022 Budget Act), and a food inflation rate of 1.88 percent. Rebate revenue is projected at \$221.9 million, which is an increase of \$31.9 million or 16.79 percent compared with the 2022 Budget Act amount of \$190.0 million. The increase in rebate revenue is due to a higher number of infants projected to be served.

## **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 2022-23, the NSA budget, including the anticipated expenditures for local administration, are estimated at \$322.0 million, which is the same as the 2022 Budget Act. State Operations expenditures are estimated at \$64.5 million, which is an increase of \$1.4 million or 2.15 percent from the 2022 Budget Act due to baseline adjustments (increased employee compensation and pension contribution adjustments).

### **2. Budget Year**

For 2023-24, the NSA budget and anticipated expenditures for local administration are estimated at \$322.0 million, which is the same as the 2022 Budget Act. State Operations expenditures are estimated at \$64.5 million, which is an increase of \$1.3 million or 2.11 percent from the 2022 Budget Act due to baseline adjustments (increased employee compensation and pension contribution adjustments).

**F. Fiscal Comparison Summary**

The following tables 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:

**TABLE 4: EXPENDITURE COMPARISON (federal funds)**  
*All figures in dollars, rounded to the nearest thousand*

<b>Fund 0890 Federal Trust Fund</b>	<b>2022 Budget Act</b>	<b>2022-23 November Estimate</b>	<b>2022-23 Change from 2022 Budget Act</b>	<b>2022-23 % Change from 2022 Budget Act</b>	<b>2023-24 November Estimate</b>	<b>2023-24 Change from 2022 Budget Act</b>	<b>2023-24 % Change from 2022 Budget Act</b>
<b>Local Assistance Expenditures</b>	834,520,000	1,029,551,000	195,031,000	23.37%	1,044,309,000	209,789,000	25.14%
<b>Food Expenditures (Food Grant)</b>	512,520,000	707,551,000	195,031,000	38.05%	722,309,000	209,789,000	40.93%
<b>Other Local Assistance (NSA Grant)</b>	322,000,000	322,000,000	0	0.00%	322,000,000	0	0.00%
<b>State Operations (NSA Grant)</b>	63,145,000	64,502,000	1,357,000	2.15%	64,475,000	1,330,000	2.11%

**TABLE 5: REVENUE COMPARISON (federal funds)**  
*All figures in dollars, rounded to the nearest thousand*

<b>Fund 0890 Federal Trust Fund</b>	<b>2022 Budget Act</b>	<b>2022-23 November Estimate</b>	<b>2022-23 Change from 2022 Budget Act</b>	<b>2022-23 % Change from 2022 Budget Act</b>	<b>2023-24 November Estimate</b>	<b>2023-24 Change from 2022 Budget Act</b>	<b>2023-24 % Change from 2022 Budget Act</b>
<b>Total Available Resources</b>	966,850,000	1,119,991,000	153,141,000	15.84%	1,122,790,000	155,940,000	16.13%
<b>Food Grant</b>	581,598,000	732,491,000	150,893,000	25.94%	734,590,000	152,992,000	26.31%
<b>NSA Grant</b>	385,252,000	387,500,000	2,248,000	0.58%	388,200,000	2,948,000	0.77%

**TABLE 6: EXPENDITURE COMPARISON (rebate funds)**

*All figures in dollars, rounded to the nearest thousand*

Fund 3023 Manufacturer Rebate	2022 Budget Act	2022-23 November Estimate	2022-23 Change from 2022 Budget Act	2022-23 % Change from 2022 Budget Act	2023-24 November Estimate	2023-24 Change from 2022 Budget Act	2023-24 % Change from 2022 Budget Act
Local Assistance Expenditures	190,012,000	213,809,000	23,797,000	12.52%	221,918,000	31,906,000	16.79%

**TABLE 7: REVENUE COMPARISON (rebate funds)**

*All figures in dollars, rounded to the nearest thousand*

Fund 3023 Manufacturer Rebate	2022 Budget Act	2022-23 November Estimate	2022-23 Change from 2022 Budget Act	2022-23 % Change from 2022 Budget Act	2023-24 November Estimate	2023-24 Change from 2022 Budget Act	2023-24 % Change from 2022 Budget Act
Projected Rebate Revenue	182,704,000	205,586,000	22,882,000	12.52%	213,383,000	30,679,000	16.79%
4% Reserve for Additional Revenue	7,308,000	8,223,000	915,000	12.52%	8,535,000	1,227,000	16.79%
Total Available Resources	190,012,000	213,809,000	23,797,000	12.52%	221,918,000	31,906,000	16.79%

**II. FUND CONDITION STATEMENT**

The Fund Condition Statement below illustrates the status of the WIC Manufacturer Rebate Fund (Fund 3023) for actual revenues and expenditures for 2021-22, and projected revenues for 2022-23 and 2023-24:

**TABLE 8: FUND CONDITION STATEMENT***Dollars in thousands*

<b>3023 WIC Manufacturer Rebate Fund</b>	<b>SFY 2021-22 Actual</b>	<b>SFY 2022-23 Estimate</b>	<b>SFY 2023-24 Estimate</b>
BEGINNING BALANCE	137	9,057	9,126
Prior Year Adjustments	370		
Adjusted Beginning Balance	507	9,057	9,126
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4163000 Investment Income - Surplus Money Investments	11	69	69
4172500 Miscellaneous Revenue	193,068	213,809	221,918
Total Revenues, Transfers, and Other Adjustments	193,079	213,878	221,987
Total Resources	193,586	222,935	231,113
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4265 Department of Public Health (Local Assistance)	184,529	213,809	221,918
Total Expenditures and Expenditure Adjustments	184,529	213,809	221,918
<b>FUND BALANCE</b>	<b>9,057</b>	<b>9,126</b>	<b>9,195</b>

## II. ASSUMPTIONS

### 1. Future Fiscal Issues

#### a. Healthy Meals, Healthy Kids Act (H.R. 8450)

**Background:** On July 20, 2022, House Representative Robert C. Scott (D-VA), introduced the child nutrition programs reauthorization bill titled Healthy Meals, Healthy Kids Act (H.R. 8450). The bill was introduced with the intention to eliminate child hunger and would make modifications to federal child nutrition programs including WIC. Specifically, the bill would expand access to school meals, preserve the future of school meal programs, address food insecurity during the summer, improve school meal capacity and sustainability, strengthen the Child and Adult Care Food Program, and modernize WIC.

This legislation incorporates several previous bills focused on WIC program improvements and is broadly referred to as Child Nutrition Reauthorization (CNR). Reauthorization is Congress's process of making changes to the permanent statutes that authorize WIC and other federal programs. The most recent CNR was the Healthy, Hunger-Free Kids Act of 2010. While the authority for the WIC program is permanent, authorizations for appropriations have been renewed annually since 2015.

This bill does not include any food package provisions and the USDA is set to revise the food package through a separate scientific process described in the Food Package Revisions section below.

**Description of Change:** Modernization of the WIC Program proposed amendments include changes to eligibility and certification, breastfeeding and nutrition education, infant formula and clean water, WIC-authorized vendors and product pricing, Farmers' Market Nutrition Program (FMNP) expansion, and administration updates.

Highlights of the bill include expanded adjunctive eligibility, extending program benefits through age six, extending certification periods for all categories to two years, and streamlining the certification process. The bill proposes to double the funding for the Breastfeeding Peer Counselor Program (BFPC) from \$90 million to \$180 million and funding options for breastfeeding supplies. The bill would allow safe drinking water to be purchased and distributed to participants to mix infant formula in disaster situations.

The bill would also require state agencies to approve three vendors for online benefit redemptions by October 1, 2025, which may increase participation by easing access to benefits. Additionally, the bill has a provision to add a five percent tolerance to the cost neutrality requirements for above-50-percent WIC

sales vendors. FMNP benefits would be increased and expanded to include Community Supported Agriculture programs, and additional funds would be provided to support administrative operations. Spend forward authorities are proposed to allow state agencies to spend Nutrition Services Administrative funds in a subsequent fiscal year from three percent to 10 percent.

**Discretionary:** No

**Reason for Adjustment/Change:**

- Changes to adjunctive eligibility and certification could decrease administrative burden on applicants and participants, potentially increasing participation.
- Increased breastfeeding support may increase breastfeeding rates.
- Online shopping could improve participant shopping experience.
- Required programmatic updates will likely result in significant changes to the management information system.

**Fiscal Impact (Range) and Fund Source(s):** The projected fiscal impact to California is unknown at this time. The provisions in the bill are numerous and would increase not only spending, but also funding for nutrition services, food expenditures, and special projects like the BFPC and FMNP. The bill will likely be revised in House and Senate committees before finalization. The impacted Fund Source is Fund 0890.

**b. American Rescue Plan Act of 2021: Outreach, Innovation, and Modernization**

**Background:** On March 11, 2021, the President signed the American Rescue Plan Act of 2021 into law. The Act provides funding for critical WIC investments totaling \$880 million. The Act allocates \$390 million for WIC to focus on outreach, innovation, and program modernization efforts for both WIC and the WIC Farmers' Market Nutrition Program.

In late February 2022, the USDA released grant information to modernize benefit delivery for the Farmers' Market Nutrition Program. The total funding amount is \$15.0 million and the USDA indicated to states that grant amounts are expected to be up to \$250,000 per state agency and up to \$750,000 for a multi-state consortium to procure an existing electronic, mobile FMNP solution. This grant opportunity is not intended to support the development of a new, untested solution.

In June 2022, the USDA announced a grant opportunity for WIC state agencies to improve the shopping experience for participants, which includes online shopping. There is a total of \$50 million available with a maximum grant total of \$15 million for first-year state agency projects. FNS expects to make awards



between \$250,000 and \$750,000 per state agency or per member of a multi-state agency collaboration.

In August 2022, the USDA offered a total of \$31.2 million in non-competitive grant funding to WIC state agencies. Each state agency is eligible for \$350,000. Federally funded projects must aim to improve the WIC participant experience, with the goals of increasing participant enrollment and retention while improving equity.

**Description of Change:** The \$390 million will be available to the USDA Secretary of Agriculture until September 30, 2024, for outreach, innovation, and program modernization efforts, to increase participation and redemption of benefits.

**Discretionary:** Yes

**Reason for Adjustment/Change:**

- Accelerate modernization that is routine in other public service programs or adopt technologies implemented during the pandemic.
- Modernize enrollment and recertification processes.
- Explore innovative approaches to enroll and encourage continued participation in WIC.
- Support outreach campaigns and encourage the redemption of benefits.

**Fiscal Impact (Range) and Fund Source(s):** The projected fiscal impact to California and breakdown by year for WIC investments is unknown at this time. The impacted Fund Source is Fund 0890.

**c. Proposed Food Package Revisions**

**Background:** In November 2022, USDA FNS released its proposed rule for regulations governing the WIC food packages. This proposed rule incorporates recommendations from a National Academies of Sciences, Engineering, and Medicine's (NASEM) 2017 report and the latest Dietary Guidelines for Americans. The proposed rule includes many recommended food package revisions, including increases for under-consumed foods like fruits and vegetables and canned seafood. The proposed rule includes an increased fruits and vegetables benefit matching the amounts from FFY 2022: \$24 for children; \$43 for pregnant and postpartum participants; and \$47 for partially (mostly) and fully breastfeeding participants. These amounts will be adjusted for inflation and are slightly lower than the amounts currently authorized as part of the Consolidated Appropriations Act, 2023.

**Description of Change:** Changes would result when CDPH/WIC implements food changes after USDA FNS releases its final rule for food packages. Specific food

changes are dependent on which changes USDA FNS includes in their final rule, but CDPH/WIC expects the plan to include the following food package changes:

- Making the enhanced fruit and vegetable benefit for women and children from FFY 2022 and FFY 2023 permanent; would make permanent the increase in food expenditures that began in federal fiscal year 2022.
- New seafood choices for older children and non-breastfeeding women; would likely increase food expenditures for that food group.
- Additional food choices and/or increased food amounts for various food groups; would likely increase food expenditure for those food groups.
- Reductions in the amounts of some authorized foods, like juice and milk; would likely reduce food expenditures for those food groups.

**Discretionary:** Mixed – will depend on whether regulatory provisions are permissive or mandatory in the final food package rule.

**Reason for Adjustment/Change:**

- CDPH/WIC will be required to implement mandatory food changes once USDA FNS releases the final rule for food packages; the proposed rule includes both increases and reductions to the quantities issued depending on food group, as well as the addition of new foods for some participants. As a result, there may be an increase in some food group expenditures and reductions in others.

**Fiscal Impact (Range) and Fund Source(s):** Impact to Federal Trust Fund 0890 is uncertain at this time as there are no implementation dates included in USDA's proposed rule.

## 2. New Assumptions/Premises

### a. Infant Formula Shortage and Rebate Revenue

**Background:** From March through June 2022, a major production plant for one of the largest infant formula manufacturers in the United States, Abbott Laboratories, was closed by the FDA while researching alleged infant formula contamination and subsequent damage to the facility from extreme weather. This resulted in a nationwide shortage of infant formula as families sought other infant formula options, clearing shelves in grocery stores. As a result, California families participating in the WIC program faced difficulties purchasing infant formula using their WIC benefits. CDPH/WIC implemented emergency measures authorized by the federal government to increase access to infant formula for WIC participants, including authorizing non-contract infant formulas and allowing purchasing flexibilities for participants in stores.

These emergency measures resulted in a decrease in rebate-eligible infant formula purchased by the WIC program using the EBT benefits than would be expected under normal circumstances. As a result, the redemption data for rebated items purchased per infant participant for the months between March and June 2022 are unreliable for projecting future rebate item purchasing patterns and rebate revenue.

**Description of Change:** The rebate revenue reported for the redemption months of March through June 2022 will be excluded from the calculation of average cans of infant formula purchased by participants for the purposes of projecting future rebate revenue. CDPH/WIC will use the prior 12 months of data for the estimates, ending with February 2022 redemption data.

**Discretionary:** Yes

**Reason for Adjustment/Change:**

- Infant formula shortages caused by an infant formula plant closure from March to June 2022, forced CDPH/WIC to implement emergency measures to ensure access to infant formula.
- Emergency measures resulted in more non-rebated infant formula purchased by the WIC Program and an artificial decrease in rebate revenue.
- Redemption data from the time that emergency measures were implemented are now an unreliable source for estimating the number of rebate items purchased per participant and projecting rebate revenue.
- Historical data prior to the infant formula shortage is still recent enough and reliable for projecting rebate revenue.

**Fiscal Impact (Range) and Fund Source(s):** No anticipated fiscal impact to Manufacturer's Rebate Fund (Fund 3023) projections by using data from prior to the infant formula shortage. If the months are not excluded, there would be a decrease in rebate revenue projections for FY 2022-23 of \$1.47 million and for FY 2023-24 of \$1.53 million due to the reduced rebate revenue and cans purchased per participant.

**b. Federal Fiscal Year (FFY) 2023 Budget Appropriation**

**Background:** In December 2022, the Consolidated Appropriations Act, 2023 was enacted and includes \$6 billion in funding for WIC with a modest rescission amount of \$315 million. The Act includes an extension of the enhanced Cash Value Benefits (CVB) for fruits and vegetables through FFY 2023 and plans to update the WIC food packages to reflect the most updated nutrition science-based recommendations aligned with the NASEM recommendations, adjusted for inflation.

**Description of Change:** There would be no change to overall WIC funding levels under the Consolidated Appropriations Act for FFY 2023.

**Discretionary:** No. The Appropriation Committees and members of the Congress decide the funding level for WIC.

**Reason for Adjustment/Change:**

- The Federal budget for WIC that the Congress votes and passes, and the President signs, directly affects California's Food and NSA funding levels.
- The Consolidated Appropriations Act, 2023 provides funding levels for WIC for FFY 2023 equal to FFY 2022.

**Fiscal Impact (Range) and Fund Source(s):** Based on the Consolidated Appropriations Act, 2023, there will be no impact to Food or NSA grant revenue for FFY 2023 from FFY 2022 funding levels. There is sufficient funding to support the continuation of the increase to the fruits and vegetables benefit, estimated at \$113 million annually, through September 30, 2023. The impacted Fund Source is the Federal Trust Fund (Fund 0890).

### **3. Existing (Significantly Changed) Assumptions/Premises**

#### **a. Federal Fiscal Year (FFY) 2022 and 2023 Fruits and Vegetables Increase**

**Background:** The FFY 2022 final full year federal budget included provisions which extended the fruits and vegetables increase through September 30, 2022. Benefit levels for FFY 2022 were authorized at an amount recommended by NASEM and adjusted for inflation. The amounts for FFY 2022 were: \$24 per month for children, \$43 per month for pregnant and postpartum participants, and \$47 per month for breastfeeding participants. The Consolidated Appropriations Act, 2023 authorized the increased fruit and vegetable benefit to September 30, 2023.

The USDA provided state agencies with the anticipated FFY 2023 inflation adjusted amounts, increasing the monthly fruits and vegetables benefit amounts in FFY 2023 to \$25 for children, \$44 for pregnant and postpartum participants, and \$49 for breastfeeding participants.

**Description of Change:** The average additional amount spent on fruits and vegetables per participant for the months of October 2021 through May 2022 is \$9.97. The projected additional amount is added into the estimate for FY 2022-23 by multiplying projected participation by this average additional amount spent on fruits and vegetables. The Consolidated Appropriations Act, 2023 extended the increased fruit and vegetable benefit through September 30, 2023 and is included as a part of the base cost per participant used in the projections for FFY 2023.

**Discretionary:** No.

**Reason for Adjustment/Change:**

- The Federal budget for WIC that the Legislature votes and passes and the President signs directly affects California's Food and NSA funding levels.
- The final federal budget funding for FFY 2022 is sufficient to cover the increased fruits and vegetables expenditures.
- The funding provided for the WIC Program for FFY 2023 by the Consolidated Appropriations Act, 2023 is sufficient to cover the increased fruits and vegetables expenditures.

**Fiscal Impact (Range) and Fund Source(s):** The fruits and vegetables increase authorized from October 2021 through May 2022 totaled \$74.2 million in additional food costs, or \$9.97 per participant, increased from \$8.06 per participant used in the 2022 Budget Act projections. The revised projected impact for California food costs for July through September 2022 is \$28.4 million, with the full year impact from July 2022 through June 2023 at a total of \$112.9 million. The extension of the increased fruits and vegetables benefit for the full FFY 2023 increases the FY 2022-23 budget request from \$21.7 million to \$120.4 million, an increase of 454.97 percent from 2022 Budget Act. The full year impact from July 2023 through June 2024 is \$113.2 million. The projected impact of the inflationary increase to the fruits and vegetables benefit starting October 1, 2022 is \$7.6 million in 2022-23 and \$10.2 million in 2023-24. The increase to the fruits and vegetables benefit is included through FFY 2024 due to unilateral federal support for making the increase to the fruits and vegetables benefit permanent through the pending Child Nutrition Reauthorization Bill being considered in Congress. The projected fiscal impact of the increased fruits and vegetables benefit portion of the bill is \$92.5 million for October 2023 through June 2024. These additional food costs from FY 2021-22 and 2022-23 will be incorporated into the baseline projections for FY 2023-24 in the May Revise. There is sufficient Food grant revenue authorized under the final and proposed federal budgets to support this increase. The impacted Fund Source is the Federal Trust Fund (Fund 0890).

**4. Unchanged Assumptions/Premises**

There are no Unchanged Assumptions/Premises.

**5. Discontinued Assumptions/Premises**

There are no Discontinued Assumptions/Premises.

## **IV. APPENDICES**

### **APPENDIX A**

#### **Rationale and Methodology for Participation and Expenditure Projections**

According to the most recent data (Eligibles and Program Reach, 2019, by USDA FNS released in February 2022), the WIC program serves 68.9 percent of eligible Californians, the third highest coverage of eligible persons of all state WIC programs and fourth nationally behind Puerto Rico, Vermont and Oregon, while the national average is 57.4 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, participation increased in March 2020 through May 2020 and stabilized thereafter. 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 maintain the availability of food benefits for WIC families 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 6 are forecasted separately based on:

- The participation numbers during the 12 most recent months of data.
- 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.

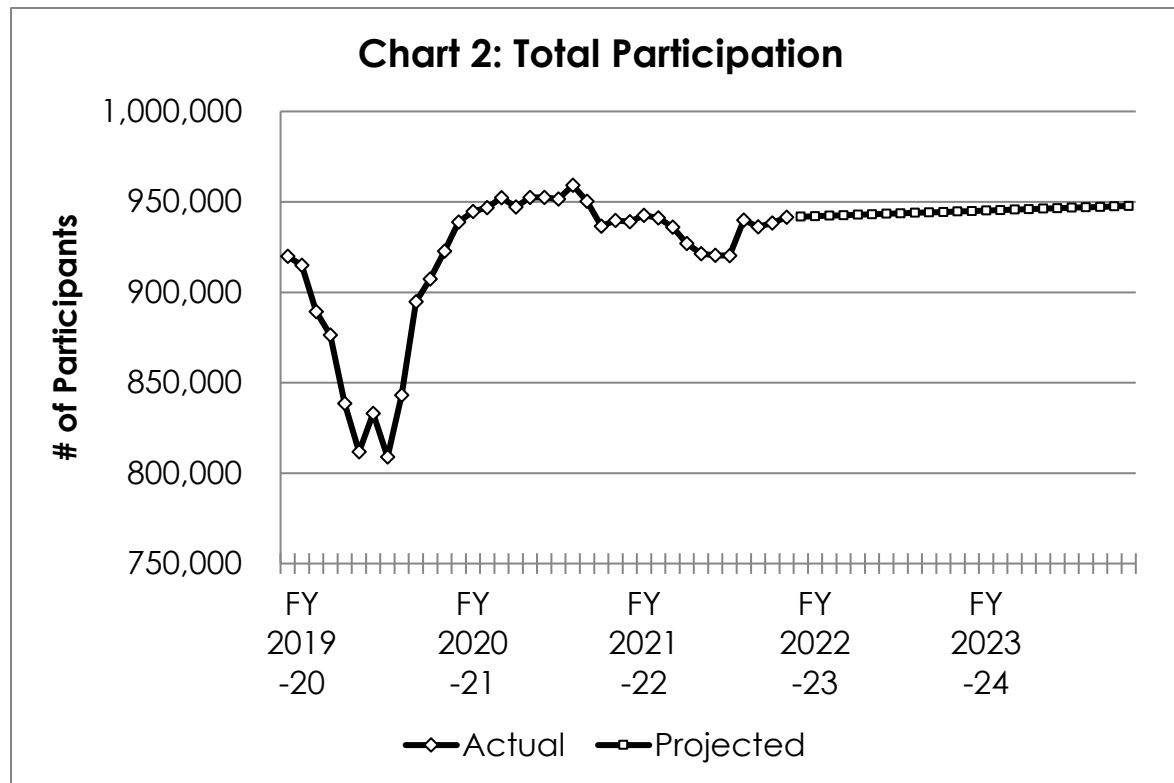
Using these two parameters and starting the model off with the most recent month of participation actuals, CDPH/WIC calculated subsequent months of participation for each of the five WIC participation categories (infants, children, pregnant women, breastfeeding mothers, and non-breastfeeding mothers). 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 2022-23 is based upon 12 months of projected data summed across all categories. For 2021-22, monthly average participation was 933,656. WIC estimates average monthly participation for 2022-23 will increase to 943,237, an increase of 1.03 percent, compared to a decrease of 1.48 percent in 2021-22.

Total average monthly participation for 2023-24 is based upon the remaining projected months from the growth model initialized with June 2022 as the most recent month of actuals. WIC estimates average monthly participation will increase to 946,352, an increase of 0.33 percent, compared to the 1.03 percent increase projected for 2022-23.

The participation graph below and the individual participant category charts located in Appendix B show the participation levels through 2023-24, which includes updated actual participation numbers through June 2022:





**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 Department of Finance Economic Research Unit (ERU). Actual CPI data is available from ERU through April 2022 with projections through the end of 2023-24. The updated projected CPI rate in 2022-23 is 7.94 percent, and for 2023-24 is an inflation of 1.88 percent. Historical expenditures and updated average per participant food costs for 2021-22 through June 2022 were used to update projections for 2022-23 and build the new projection for 2023-24 food costs. Below is a chart summarizing total actual food cost expenditures for 2021-22 and food cost projections for the current and budget year.

**TABLE 9: FOOD EXPENDITURES**

Factor	2021-22 Actuals	Budget Act 2022	2022-23 November Estimate	2022-23 Change from 2022 Budget Act	2022-23 % Change from 2022 Budget Act	2023-24 November Estimate	2023-24 Change from 2022 Budget Act	2023-24 % Change from 2022 Budget Act
<b>Average Monthly Participation*</b>	933,656	886,299	943,237	56,938	6.42%	946,352	60,053	6.78%
<b>Average Cost per Participant**</b>	\$72.61	\$62.15	\$78.36	\$16.21	26.08%	\$79.83	\$17.68	28.45%
<b>Annual Expenditures***</b>	\$813,550,787	\$661,001,856	\$886,944,694	\$225,942,838	34.18%	\$906,567,202	\$245,565,346	37.15%

\* SFY 2022-23 Average Participation includes projected participation for July 2022 through June 2023.

\*\*SFY 2022-23 Average Cost per Participant calculation includes full year impact of the Fruit and Vegetable increase in FFY 2022 of \$9.97/participant which accounts for 16 of the 26 percentage points increase from Budget Act 2022. SFY

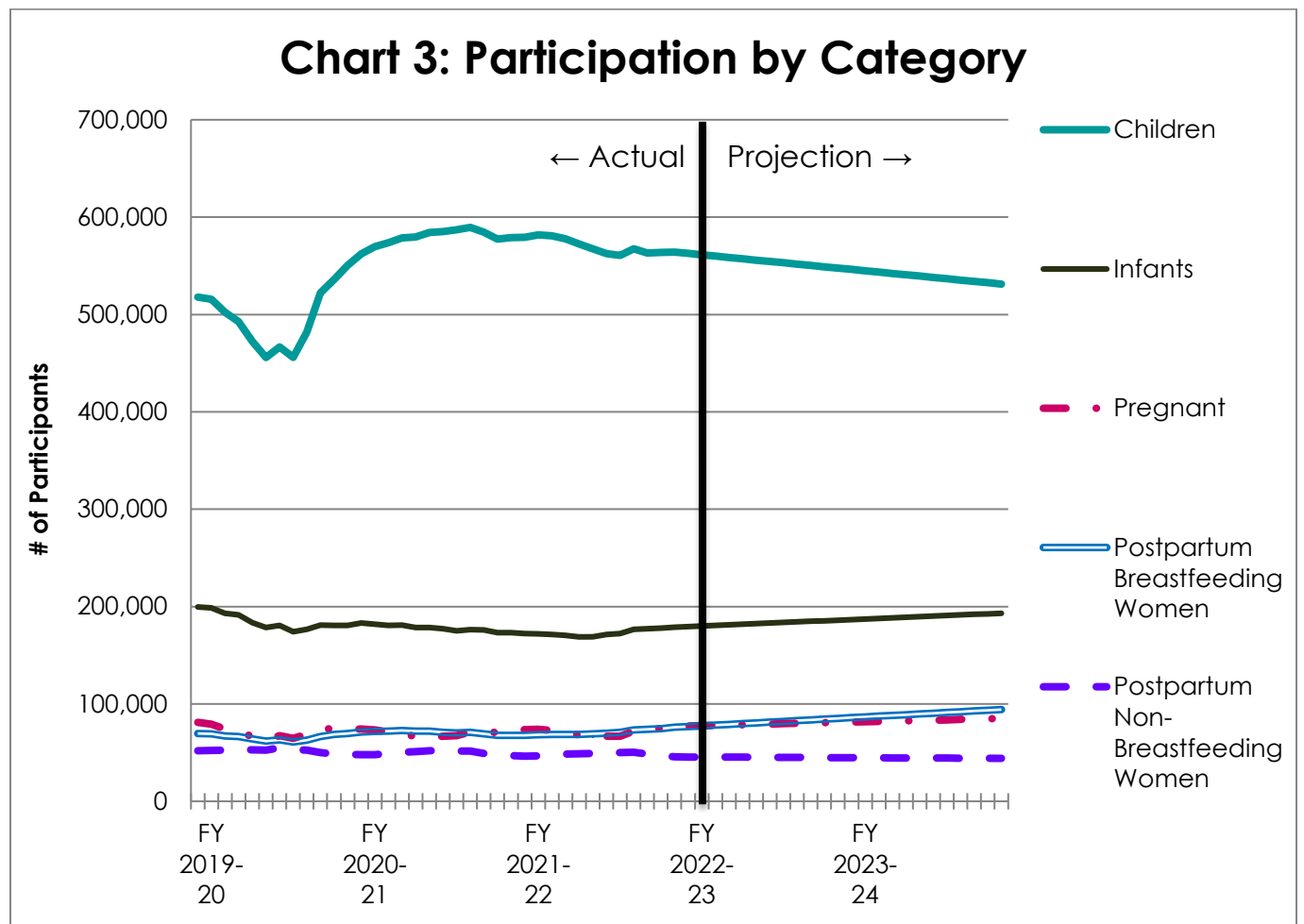
2023-24 Average Cost per Participant calculation includes full year impact of the Fruit and Vegetable increase in FFY 2022 of \$9.97/participant which accounts for 16 of the 28 percentage points increase from Budget Act 2022.

\*\*\* Numbers rounded to the nearest dollar. Does not include 3 percent Prudent Reserve in food expenditures or CVB inflationary increase.

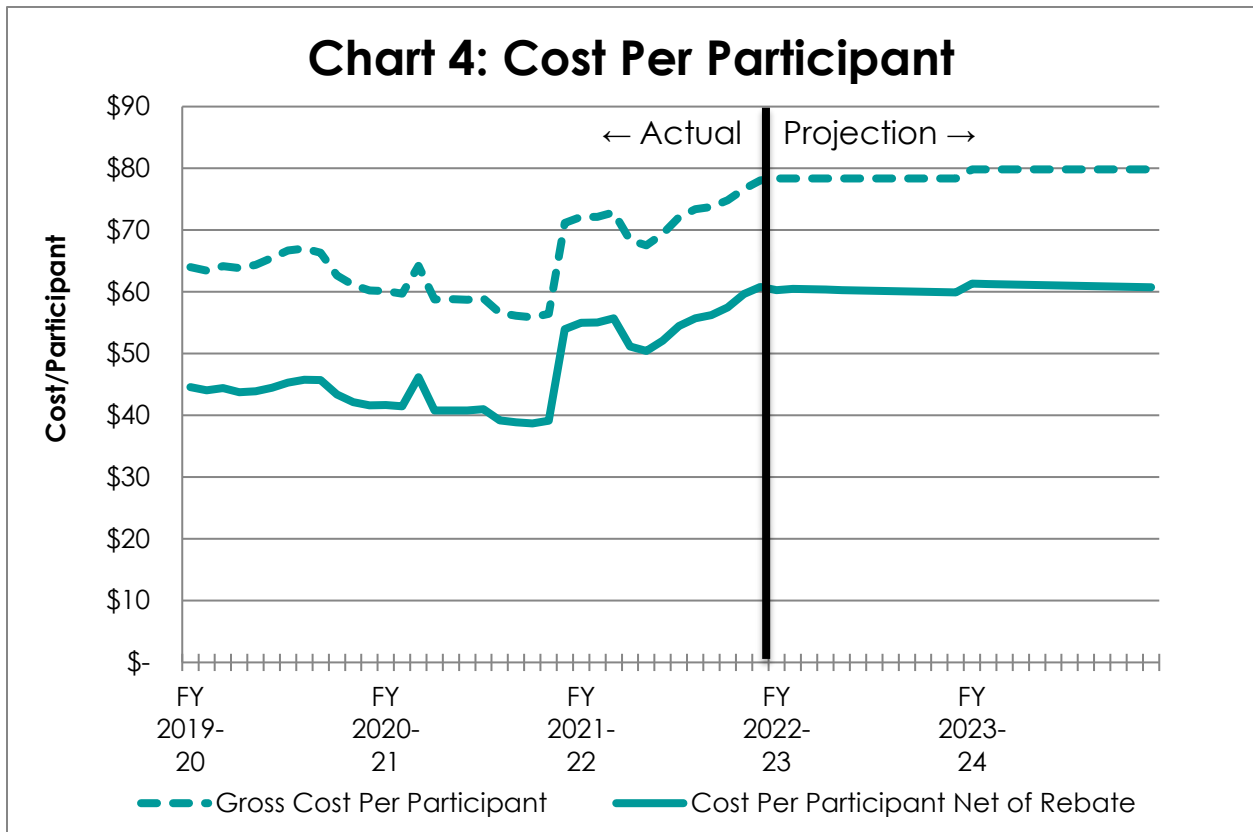
**APPENDIX B**

**Participant and Food Cost Projections by Category**

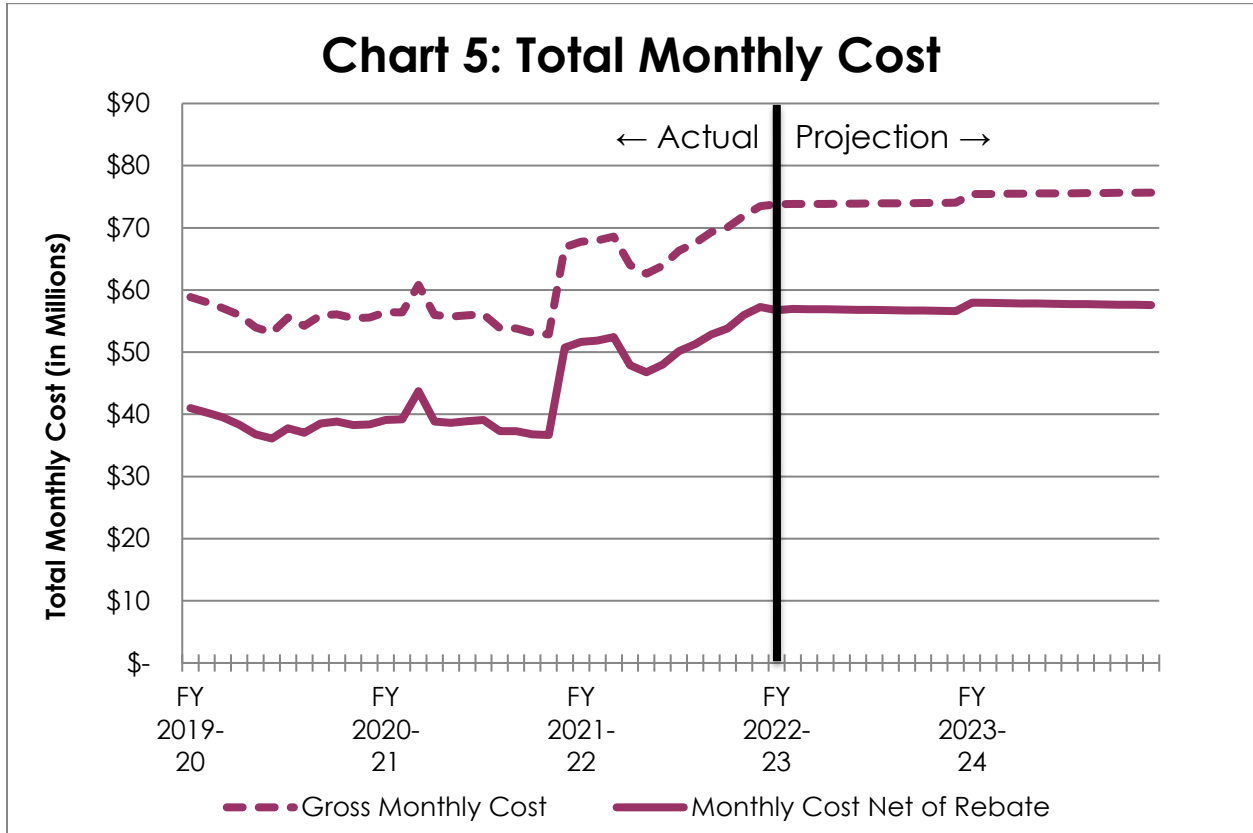
The figure below illustrates actual and projected participation trends since 2019-20. As mentioned previously, the Children participant category is the largest due to their longer period of eligibility. This population also experienced considerable growth around the time of the COVID-19 statewide shutdown as a result of increased recertification rates and large-scale auto-issuance of food benefits. This growth has slowed in recent months, and now has started to decline once again. Forecasted total monthly participation is included in the chart 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):

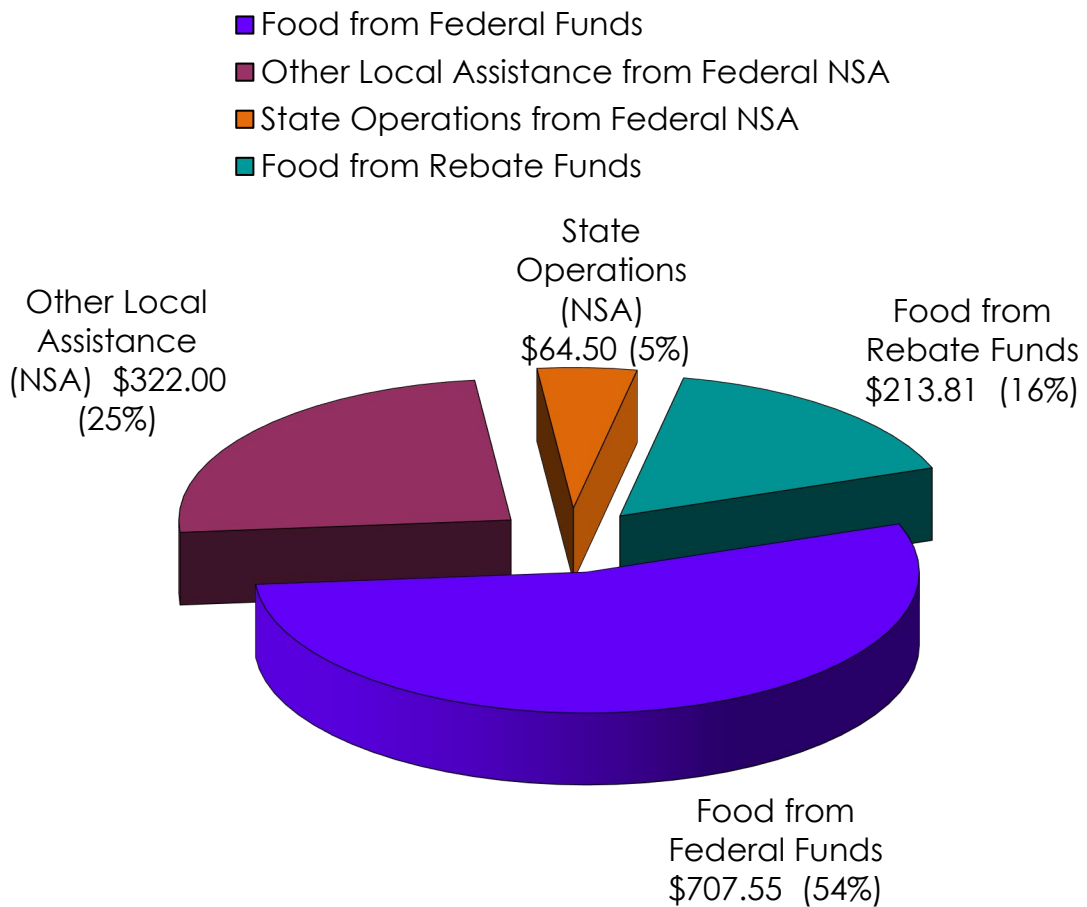


**APPENDIX C****WIC Special Display Chart (Government Code 13343)****TABLE 10: CALIFORNIA WIC PROGRAM EXPENDITURES**

PY 2021-22 (Actual) figures pending submittal of financial statements.

<b>Funding Source</b>	<b>PY 2021-22 (Actual)</b>	<b>CY 2022-23 (Estimated)</b>	<b>BY 2023-24 (Proposed)</b>
<b>LOCAL ASSISTANCE</b>			
<i>0890 Federal Grant for WIC</i>	\$802,249,395	\$1,029,551,000	\$1,044,309,000
<b>TOTAL FEDERAL TRUST FUND</b>	<b>\$802,249,395</b>	<b>\$1,029,551,000</b>	<b>\$1,044,309,000</b>
<i>3023 WIC Manufacturer Rebate Fund</i>	\$193,606,321	\$213,809,000	\$221,918,000
<b>TOTAL LOCAL ASSISTANCE</b>	<b>\$995,855,716</b>	<b>\$1,243,360,000</b>	<b>\$1,266,227,000</b>
<b>STATE OPERATIONS</b>			
<i>0890 Federal Grant for State Operations</i>	\$52,395,000	\$64,502,000	\$64,475,000
<b>GRAND TOTAL WIC PROGRAM</b>	<b>\$1,048,250,716</b>	<b>\$1,307,862,000</b>	<b>\$1,330,702,000</b>

Chart 6: WIC EXPENDITURES  
FY 2022-23  
(in Millions)



## **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 total \$1.120 billion, which is an increase of \$153.1 million or 15.84 percent from the 2022 Budget Act amount of \$966.9 million. The estimate is based on the appropriated federal budget for federal fiscal year 2022.

For 2023-24, the projected federal revenue will total \$1.123 billion, which is an increase of \$155.9 million or 16.13 percent from the 2022 Budget Act amount of \$966.9 million. This projection is based on California's base grant allocation for Food and NSA for FFY 2023.



**TABLE 10: REVENUE COMPARISON (all funds)**  
*All figures in dollars, rounded to the nearest thousand*

Revenue Source	2021-22 Actual	2022 Budget Act	2022-23 November Estimate	2022-23 Change from 2022 Budget Act	2022-23 % Change from 2022 Budget Act	2023-24 November Estimate	2023-24 Change from 2022 Budget Act	2023-24 % Change from 2022 Budget Act
Federal Food Grant	745,848,000	581,598,000	732,491,000	150,893,000	25.94%	734,590,000	152,992,000	26.31%
Rebate Food Funds	193,606,000	190,012,000	213,809,000	23,797,000	12.52%	221,918,000	31,906,000	16.79%
<b>Total Funds for Food</b>	<b>939,454,000</b>	<b>771,610,000</b>	<b>946,300,000</b>	<b>174,690,000</b>	<b>22.64%</b>	<b>956,508,000</b>	<b>184,898,000</b>	<b>23.96%</b>
Federal NSA Grant	384,110,000	385,252,000	387,500,000	2,353,000	0.58%	388,200,000	2,948,000	0.77%
<b>Total Federal Funds</b>	<b>1,129,958,000</b>	<b>966,850,000</b>	<b>1,119,991,000</b>	<b>153,141,000</b>	<b>15.84%</b>	<b>1,122,790,000</b>	<b>155,940,000</b>	<b>16.13%</b>

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 15 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 to support state operations

2. Federal Food Grant

Nationally, approximately 68.5 percent of the federal fiscal year 2022 appropriation is allocated for food and California receives approximately 15.6 percent of that appropriation. The food allocation for federal fiscal year 2023 will hold at 68.5 percent. These projected amounts could change based on the final funding formula allocations, which take into account the continuation of the fruits and vegetables increase as part of the base grant, as authorized by the Consolidated Appropriations Act, 2023.

**TABLE 11: FEDERAL REVENUE PROJECTIONS (Food)**

<b>Federal Fiscal Year</b>	<b>National Budget Appropriation</b>	<b>Discretionary Funds</b>	<b>% of Food Allocation</b>	<b>% of California Share</b>	<b>Total Allocated Food*</b>
FFY 2022	\$5,378,328,000	\$146,500,000	68.50%	15.59%	\$558,603,102
FFY 2023	\$5,378,328,000	\$146,900,000	68.50%	15.59%	\$558,560,394

\* Total Allocated Food is equal to the National Budget Appropriation less Discretionary Funds, multiplied by the Percent of Food Allocation, and multiplied by the Percent of California Share.

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 2022-23, Food Grant revenue is expected to total \$732.5 million, which is an increase of \$150.9 million or 25.94 percent from the 2022 Budget Act. The increase is driven by higher than anticipated grant allocation for food in FFY 2022 and continuation of funding for the fruits and vegetables benefit increase in both FFY 2022 and FFY 2023..

For 2023-24, Food Grant revenue is expected to total \$734.6 million, which is an increase of \$153 million or 26.31 percent from the 2022 Budget Act, due to the continuation of funding for the fruits and vegetables benefit increase in FFY 2023 and projected continuation of the fruits and vegetables benefit in FFY 2024.

**TABLE 12: WIC RESOURCES FOR FOOD FOR SFY 2022-23**

Resource	FFY 2022	FFY 2023	Prorate to SFY 2022-23
Base Appropriation	\$ 558,603,102	\$ 558,560,394	\$ 558,571,071
Reallocations	\$ 167,590,369	\$ 176,029,713	\$ 173,919,877
Total	\$ 726,193,471	\$ 734,590,107	\$ 732,490,948

**TABLE 13: WIC RESOURCES FOR FOOD FOR SFY 2023-24**

Resource	FFY 2023	FFY 2024	Prorate to SFY 2023-24
Base Appropriation	\$ 558,560,394	\$ 558,560,394	\$ 558,560,394
Reallocations	\$ 176,029,713	\$ 176,029,713	\$ 176,029,713
Total	\$ 734,590,107	\$ 734,590,107	\$ 734,590,107

3. NSA Grant

Approximately 31.5 percent of the national WIC appropriation for federal fiscal year 2022 was allocated for NSA, and California received approximately 15 percent of that allocation. The NSA allocation for federal fiscal year 2023 will hold at 31.5 percent; California's share will remain at 15 percent of the national appropriation.

**TABLE 14: FEDERAL REVENUE PROJECTIONS (NSA)**

Federal Fiscal Year	National Budget Appropriation	Discretionary Funds	% of NSA Allocation	% of California Share	Total Allocated NSA*
FFY 2022	\$5,378,328,000	\$146,500,000	31.50%	14.96%	\$246,578,503
FFY 2023	\$5,378,328,000	\$146,900,000	31.50%	14.96%	\$246,559,651

\* Total Allocated NSA is equal to the National Budget Appropriation less Discretionary Funds, multiplied by the Percent of NSA Allocation, and multiplied by the Percent of California Share.

In 2022-23, NSA Grant revenue is expected to total \$387.5 million, which is an increase of \$2.3 million or 0.58 percent from the 2022 Budget Act amount of \$385.3 million. This increase is due to additional prior year funds reallocated to California during FFY 2022 for NSA.

In 2023-24, NSA Grant revenue is expected to total at \$388.2 million, which is an increase of \$3 million or 0.77 percent from the 2022 Budget Act amount of \$385.3 million. This increase is due to additional prior year funds projected to be reallocated to California during FFY 2023 for NSA and projected reallocation for FFY 2024.

**TABLE 15: WIC RESOURCES FOR NSA FOR SFY 2022-23**

Resource	FFY 2022	FFY 2023	Prorate to SFY 2022-23
Base Appropriation, NSA	\$246,578,503	\$246,559,651	\$246,564,364
Farmers' Market and Nutrition	\$ 3,087,089	\$ 3,087,089	\$ 3,087,089
Breastfeeding Peer Counseling	\$ 13,133,083	\$ 13,046,020	\$ 13,067,786
Reallocations	\$ 91,238,725	\$ 91,257,577	\$ 91,252,864
Spendforward	\$ 31,101,382	\$ 34,336,764	\$ 33,527,919
Total	\$385,138,782	\$388,287,101	\$387,500,021

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

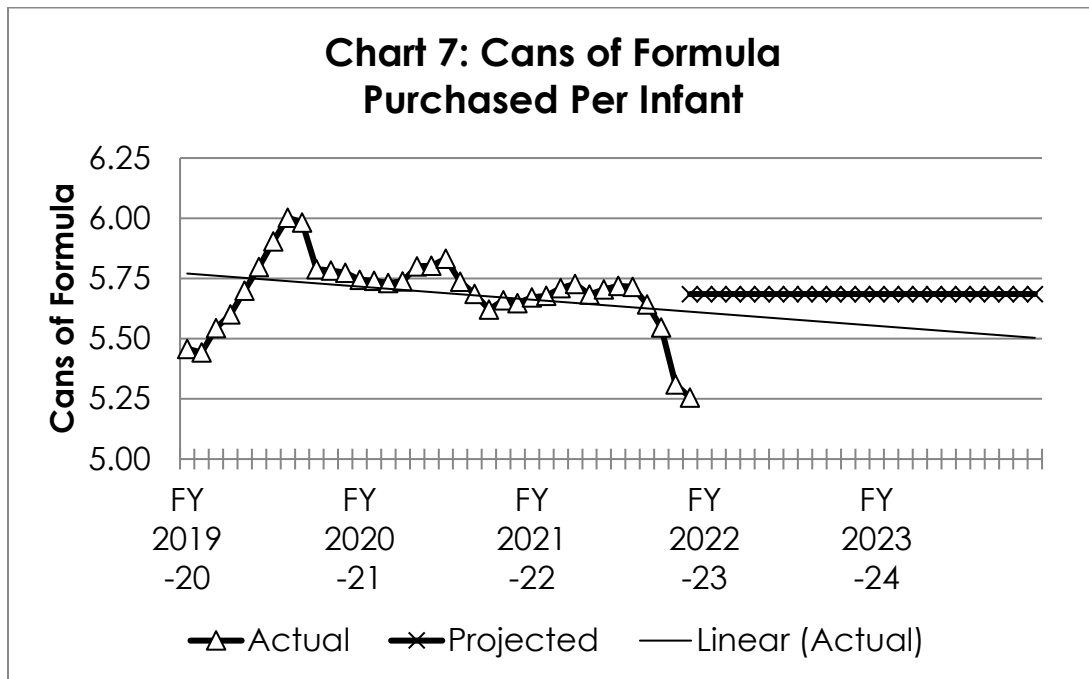
**TABLE 16: WIC RESOURCES FOR NSA FOR SFY 2023-24**

Resource	FFY 2023	FFY 2024	Prorate to SFY 2023-24
Base Appropriation, NSA	\$246,559,651	\$246,559,651	\$246,559,651
Farmers' Market and Nutrition	\$ 3,087,089	\$ 3,087,089	\$ 3,087,089
Breastfeeding Peer Counseling	\$ 13,046,020	\$ 13,046,020	\$ 13,046,020
Reallocations	\$ 91,257,577	\$ 91,257,577	\$ 91,257,577
Spendforward	\$ 34,336,764	\$ 34,220,321	\$ 34,249,432
Total	\$388,287,101	\$388,170,658	\$388,199,768

\* 5 percent 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 (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 \$213.8 million, an increase of \$23.8 million or 12.52 percent when compared to the 2022 Budget Act amount of \$190.0 million. The increase in projected rebate revenue is the result of an increased number of infants projected to be served in current year than was projected in the 2022 Budget Act offset by a slight decrease in the number of cans of infant formula being purchased per infant participant on average than was projected in the 2022 Budget Act. In 2023-24, WIC estimates infant formula WIC Manufacturer Rebate Fund revenues will total \$221.9 million, which is an increase of \$31.9 million or 16.79 percent when compared to the 2022 Budget Act amount of \$190.0 million. Participation in the infant category is higher than previously projected and is the driving factor in the increase in rebate revenue from 2021-22 to 2022-23. The estimated rebate revenue includes a four percent reserve to account for changes in participation in alignment with the updated projections.



Infant participants redeem approximately 5.69 cans of infant formula on average per month for each infant participant, 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. Due to the nationwide shortage of infant formula, CDPH/WIC authorized non-contract infant formulas, resulting in a decrease in rebate-eligible infant formula redemptions between March and June 2022. These months were excluded from the calculation of the average cans purchased, instead using the prior 12 months data ending with February 2022.