

**Women, Infants, and Children  
(WIC)  
2025-26 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 \$1.4 billion program that served approximately 988,000 -low to-medium income California residents per month in 2023-24.

WIC receives federal funding to administer the WIC program through 84 local agencies (WIC Local Agencies) and nearly 3,800 authorized grocers (including military commissaries) and 49 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 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 \$47,767 for a family size of three in 2024. 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 that can be redeemed 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 2022, by USDA/Food and Nutrition Service (FNS) released in August 2024), the WIC program serves 69.7 percent of eligible

Californians, the second highest coverage of eligible persons of all state WIC programs and third nationally behind Puerto Rico and Vermont, while the national average is 53.5 percent; California's coverage rate is statistically significantly higher than the national average. 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.

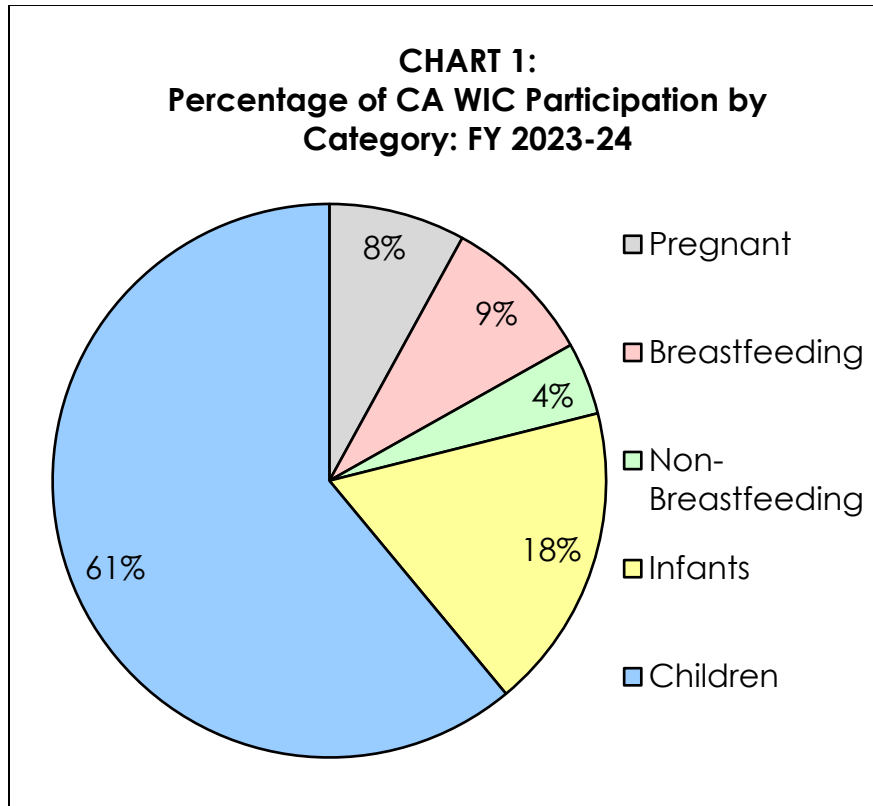
WIC revenues are comprised of the federal grants and retained manufacturer rebates. The maximum number of participants served by WIC depends largely on food package costs, of which infant formula is a large percentage. Infant formula purchases represent approximately 22 percent of gross food expenditures. 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 18 percent of WIC revenue for food, currently.

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 29)

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 2023-24.



**TABLE 1: ACTUAL CA WIC PARTICIPATION BY  
CATEGORY: FY 2023-24**

Participant Category	Annual Average Monthly Participation FY 2023-24
<b>Pregnant</b>	78,828
<b>Breastfeeding</b>	87,727
<b>Non-Breastfeeding</b>	41,844
<b>Infants</b>	176,938
<b>Children</b>	603,088
<b>Total</b>	988,425

WIC Modernization Efforts

The WIC program is actively modernizing to improve the applicant and participant WIC experience in California. Initiatives include simplified use of benefits at farmers' markets, expanded food choices, and leveraging technology for enrollment, education, and communication. These efforts align with federal policy changes and modernization initiatives and aim to provide equitable access to WIC benefits and services. It is important to note that the federal final

rule for WIC online ordering and transactions is expected in 2025, and CDPH/WIC remains committed to meeting the needs of a modern program that uses online technologies for WIC food delivery.

**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>Current Year 2024 Budget Act</b>	<b>Current Year November Estimate</b>	<b>Change from 2024 Budget Act</b>	<b>% Change from 2024 Budget Act</b>	<b>Budget Year November Estimate</b>	<b>Change from 2024 Budget Act</b>	<b>% Change from 2024 Budget Act</b>
Participant Food Package Costs	1,029,158,000	1,000,083,000	(29,075,000)	-2.83%	1,040,642,00	11,484,000	1.12%
Prudent Reserve	30,875,000	30,002,000	(873,000)	-2.83%	31,219,000	344,000	1.11%
<b>Total Food Expenditures</b>	<b>1,060,033,000</b>	<b>1,030,085,000</b>	<b>(29,948,000)</b>	<b>-2.83%</b>	<b>1,071,861,000</b>	<b>11,828,000</b>	<b>1.12%</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	Current Year 2024 Budget Act	Current Year November Estimate	Change from 2024 Budget Act	% Change from 2024 Budget Act	Budget Year November Estimate	Change from 2024 Budget Act	% Change from 2024 Budget Act
<b>Total Food Expenditures</b>	<b>1,060,033,000</b>	<b>1,030,085,000</b>	<b>(29,948,000)</b>	<b>-2.83%</b>	<b>1,071,861,000</b>	<b>11,828,000</b>	<b>1.12%</b>
Food Expenditures Paid from Rebate Funds	183,995,000	188,288,000	4,293,000	2.33%	186,443,000	2,448,000	1.33%
Food Expenditures Paid from Federal Funds	876,038,000	841,797,000	(34,241,000)	-3.91%	885,418,000	9,380,000	1.07%
Other Local Assistance Expenditures (Federal NSA)	322,000,000	341,707,000	19,707,000	6.12%	341,707,000	19,707,000	6.12%
<b>Total Federal Local Assistance Expenditures (Food + NSA)</b>	<b>1,198,038,000</b>	<b>1,183,504,000</b>	<b>(14,534,000)</b>	<b>-1.21%</b>	<b>1,227,125,000</b>	<b>29,087,000</b>	<b>2.43%</b>
State Operations (Federal NSA)	69,483,000	69,473,000	(10,000)	-0.01%	71,105,000	1,622,000	2.33%



### 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 increase in unemployment leading to a surge in the caseload could result in costs exceeding the projections in this Estimate.

As allowed, the prudent reserve request for food expenditures is revised for the current year to \$30.0 million, which is a decrease of \$873,000 or 2.83 percent when compared to the 2024 Budget Act. The prudent reserve request for 2025-26 is \$31.2 million, which is an increase of \$344,000 or 1.11 percent when compared to the 2024 Budget Act. The 2025-26 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 up to six weeks after the birth of an infant or the end of the pregnancy), and receive supplemental foods high in protein, calcium, iron, folate and folic acid, 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 (birth or end of pregnancy) 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 their first birthday. The WIC program promotes breastfeeding as the optimal infant feeding choice due to its many health, nutritional, economical, and emotional benefits to parents and babies. Infants may also receive supplemental foods that are

rich in protein, calcium, iron, zinc, vitamin A, and vitamin C during this critical period of development.

- Children – Children are eligible for benefits from age one up to their fifth birthday, 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 2024 Budget Act estimated \$1.060 billion (\$876.0 million federal fund and \$184.0 million rebate fund) for 2024-25. The November Estimate anticipates a decrease in food expenditures in 2024-25 to \$1.030 billion (\$841.8 million federal fund and \$188.3 million rebate fund), a small decrease of \$29.9 million or 2.83 percent compared to the 2024 Budget Act. The decrease in food expenditures is based on a decrease in projected participation (1,010,675 participants projected in the 2024-25 November Estimate compared to 1,032,546 projected in the 2024 Budget Act) partially offset by a slight increase in per participant food cost. The food inflation rate is revised up slightly from the 2024 Budget Act (2.05 percent in the November Estimate compared to 1.99 percent in the 2024 Budget Act). Rebate revenue is projected at \$188.3 million, which is an increase of \$4.3 million or 2.33 percent compared with the 2024 Budget Act amount of \$184.0 million. The increase is attributed to an increase in projected infant participation from the 2024 Budget Act.

### **2. Budget Year**

For 2025-26, WIC's food expenditure estimate is \$1.072 billion (\$885.4 million federal fund and \$186.4 million rebate fund), which is a slight increase of \$11.8 million or 1.12 percent as compared to the 2024 Budget Act amount of \$1.060 billion (\$876.0 million federal fund and \$183.9 million rebate fund). The increase in food expenditures is driven by a moderate food inflation rate of 1.92 percent, slightly offset by a reduced participation forecast for 2025-26 (1,031,891 participants projected in the 2025-26 November Estimate compared to 1,032,546 projected in the 2024 Budget Act). Rebate revenue is projected at \$186.4 million, which is an increase of \$2.4 million or 1.33 percent compared with the 2024 Budget Act amount of \$184.0 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 2024-25, the NSA budget, including the anticipated expenditures for local administration, are estimated at \$341.7 million, which is an increase of \$19.7 million or 6.12 percent compared with the 2024 Budget Act. The increase is driven by increased allocations to WIC Local Agencies to support growing caseload. State Operations expenditures are estimated at \$69.5 million, which is a 0.01 percent decrease due baseline adjustments.

### **2. Budget Year**

For 2025-26, the NSA budget and anticipated expenditures for local administration are estimated at \$341.7 million, which is the same as the 2025-26 November Estimate for current year. State Operations expenditures are estimated at \$71.1 million, which represents an increase of \$1.6 million or 2.33 percent from the 2024 Budget Act due to baseline adjustments and additional position and expenditure authority approved in the WIC Modernization BCP ([4265-161-BCP-2024-GB](#)). The BCP increase is also referenced in the WIC Modernization Initiatives and Funding Unchanged Assumption.

**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>Current Year 2024 Budget Act</b>	<b>Current Year November Estimate</b>	<b>Change from 2024 Budget Act</b>	<b>% Change from 2024 Budget Act</b>	<b>Budget Year November Estimate</b>	<b>Change from 2024 Budget Act</b>	<b>% Change from 2024 Budget Act</b>
<b>Local Assistance Expenditures</b>	<b>1,198,038,000</b>	<b>1,183,504,000</b>	<b>(14,534,000)</b>	<b>-1.21%</b>	<b>1,227,125,000</b>	<b>29,087,000</b>	<b>2.43%</b>
Food Expenditures (Food Grant)	876,038,000	841,797,000	(34,241,000)	-3.91%	885,418,000	9,380,000	1.07%
Other Local Assistance (NSA Grant)	322,000,000	341,707,000	19,707,000	6.12%	341,707,000	19,707,000	6.12%
<b>State Operations (NSA Grant)</b>	<b>69,483,000</b>	<b>69,473,000</b>	<b>(10,000)</b>	<b>-0.01%</b>	<b>71,105,000</b>	<b>1,622,000</b>	<b>2.33%</b>

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

<b>Fund 0890 Federal Trust Fund</b>	<b>Current Year 2024 Budget Act</b>	<b>Current Year November Estimate</b>	<b>Change from 2024 Budget Act</b>	<b>% Change from 2024 Budget Act</b>	<b>Budget Year November Estimate</b>	<b>Change from 2024 Budget Act</b>	<b>% Change from 2024 Budget Act</b>
<b>Total Available Resources</b>	1,304,112,000	1,259,564,000	(44,548,000)	-3.42%	1,304,075,000	(37,000)	0.00%
Food Grant	902,319,000	841,797,000	(60,522,000)	-6.71%	885,418,000	(16,901,000)	-1.87%
NSA Grant	401,793,000	417,767,000	15,974,000	3.98%	418,657,000	16,864,000	4.20%

**TABLE 6: EXPENDITURE COMPARISON (rebate funds)**  
*All figures in dollars, rounded to the nearest thousand*

<b>Fund 3023 Manufacturer Rebate</b>	<b>Current Year 2024 Budget Act</b>	<b>Current Year November Estimate</b>	<b>Change from 2024 Budget Act</b>	<b>% Change from 2024 Budget Act</b>	<b>Budget Year November Estimate</b>	<b>Change from 2024 Budget Act</b>	<b>% Change from 2024 Budget Act</b>
<b>Local Assistance Expenditures</b>	183,995,000	188,288,000	4,293,000	2.33%	186,443,000	2,448,000	1.33%

**TABLE 7: REVENUE COMPARISON (rebate funds)**  
*All figures in dollars, rounded to the nearest thousand*

<b>Fund 3023 Manufacturer Rebate</b>	<b>Current Year 2024 Budget Act</b>	<b>Current Year November Estimate</b>	<b>Change from 2024 Budget Act</b>	<b>% Change from 2024 Budget Act</b>	<b>Budget Year November Estimate</b>	<b>Change from 2024 Budget Act</b>	<b>% Change from 2024 Budget Act</b>
Projected Rebate Revenue	176,918,000	181,046,000	4,128,000	2.33%	179,272,000	2,354,000	1.33%
4% Reserve for Additional Revenue	7,077,000	7,242,000	165,000	2.33%	7,171,000	94,000	1.33%
<b>Total Available Resources</b>	<b>183,995,000</b>	<b>188,288,000</b>	<b>4,293,000</b>	<b>2.33%</b>	<b>186,443,000</b>	<b>2,448,000</b>	<b>1.33%</b>

## 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 2023-24, and projected revenues and expenditures for 2024-25 and 2025-26:

**TABLE 8: FUND CONDITION STATEMENT**

*Dollars in thousands*

<b>3023 WIC Manufacturer Rebate Fund</b>	<b>SFY 2023-24 Estimate</b>	<b>SFY 2024-25 Estimate</b>	<b>SFY 2025-26 Estimate</b>
BEGINNING BALANCE	559	553	654
Prior Year Adjustments	-39	0	0
Adjusted Beginning Balance	521	553	654
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4163000 Investment Income - Surplus Money Investments	111	101	101
4172500 Miscellaneous Revenue	179,425	188,288	186,443
Total Revenues, Transfers, and Other Adjustments	179,536	188,389	186,544
Total Resources	180,057	188,942	187,198
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4265 Department of Public Health (Local Assistance)	179,504	188,288	186,443
Total Expenditures and Expenditure Adjustments	179,504	188,288	186,443
<b>FUND BALANCE</b>	<b>553</b>	<b>654</b>	<b>755</b>

### III. Assumptions

#### 1. Future Fiscal Issues

##### a. Federal Fiscal Year (FFY) 2025 Budget Appropriation

**Background:** The WIC Program national budget is subject to federal budget negotiations and annual appropriations process, starting with the President's proposed budget, due annually to Congress by the first Monday in February, followed by the House and Senate proposed budgets for the federal fiscal year. Following negotiations, the final federal budget passed by the legislature is signed and enacted by the President.

The U.S. Department of Agriculture, Food and Nutrition Service (USDA/FNS) has indicated that WIC will need approximately \$7.7 billion nationally in FFY 2025 funding to support projected caseload. In early March 2024, the President proposed \$7.7 billion to fully fund WIC for FFY 2025, an increase of \$670 million over the prior year appropriation. In mid-June, the House proposed a lesser amount of \$7.235 billion in FFY 2025 WIC funding, a slight increase of \$205 million compared to the prior year. The House's proposed lesser amount is part of a larger effort to meet spending caps for agricultural programs to meet debt ceiling agreement goals established by Congress in 2023. As of late July 2024, it is unclear if the House's proposal will move forward as-is since the proposal includes several policy provisions or riders that could interfere with implementation of the evidence-based rule updating WIC's food packages. The path forward for the House's proposal is uncertain at this time but will be negotiated in the coming months. The Senate also proposed a budget range for WIC in early July 2024 in alignment with the President's budget to fully fund WIC, but at a very slightly lesser amount of ranging from \$7.400 to \$7.697 billion, depending on continued negotiations.

**Description of Change:** The President, House, and Senate budget proposals for WIC in FFY 2025 of \$7.700 billion, \$7.235 billion, and \$7.400 to \$7.697 billion respectively, provide sufficient funding at the national level to meet California's needs for the fiscal year.

**Discretionary:** No. The Appropriation Committees and members of Congress decide the funding levels 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 WIC Nutrition Services and Administration (NSA) funding levels.
- The President, House, and Senate budget proposals providing fund levels that will meet projected need for FFY 2025.



**Fiscal Impact (Range) and Fund Source(s):** There is no projected impact to Food or NSA grant revenue, and it is expected that operational needs will be met in the final appropriation for FFY 2025. In prior years, CDPH/WIC has requested additional reallocation for Food and NSA funding from prior year unspent funds. Operational needs will be met in the final appropriation for FFY 2024. The impacted Fund Source is the Federal Trust Fund (0890).

### **b. Revisions to WIC Food Packages**

**Background:** On April 18, 2024, USDA/FNS released the final rule for regulations governing the WIC food packages. This final rule incorporates recommendations from a National Academies of Sciences, Engineering, and Medicine's (NASEM) 2017 report, public comments, and the latest Dietary Guidelines for Americans. The final rule includes NASEM recommended food package revisions, including increases for under-consumed foods like fruits and vegetables and canned fish. Specifically, the final rule makes permanent an increase in the monthly fruits and vegetables benefit allowing amounts based on enacted federal appropriations legislation for FFY 2024 to continue: \$26 for children; \$47 for pregnant and postpartum participants; and \$52 for breastfeeding participants. These amounts continue to be adjusted annually by the USDA for inflation.

USDA/FNS is requiring states to implement most provisions by April 2026, with certain exceptions. States must have implemented the increased amount for fruits and vegetables by June 2024, and make changes to yogurt vitamin D requirements by April 2027. CDPH/WIC has already implemented the increased amounts for fruits and vegetables and is in the process of reviewing changes necessary to amend state WIC food package regulations for implementation of the remaining provisions.

**Description of Change:** Specific food package changes in California will depend on both the mandatory and optional provisions USDA/FNS included in their final rule.

California's WIC Bulletin Regulations will incorporate the mandatory changes, as well as the optional changes that are chosen by CDPH/WIC. Stakeholders are provided an opportunity to provide comments on the changes during the expedited regulatory process, as detailed in California Health and Safety Code §123322.

Highlights of the final rule include, but are not limited to, the following food package changes:

- Mandatory changes that CDPH/WIC must implement include a permanent increase in the fruits and vegetables benefit, the participant option to substitute juice with a \$3 fruits and vegetables benefit, the addition of

canned fish for all non-infant participants, the choice to replace eggs with legumes (dry beans, canned beans, or peanut butter), and increased/decreased food amounts for various food groups.

- Optional changes that State agencies may choose to implement based on needs in their respective states. CDPH/WIC is actively reviewing these optional changes to set future food policy and assess potential food expenditure impacts.
- Additional food choices for various food groups are expected to increase food expenditures for those food groups.
- Reductions in the amounts of some authorized foods, like juice and milk, are expected to reduce food expenditures for those food groups.
- Increases in the amounts of some authorized foods, like whole grains for adult participants and canned fish, are expected to increase food expenditures for those food groups.

**Discretionary:** Mixed – some food changes in California resulting from the USDA/FNS final rule are mandatory, while others are permissive to accommodate the specific needs of California participants. Many of the optional food changes allow State agencies to authorize foods that are more expensive than existing options.

Prior to implementation, CDPH/WIC will amend the WIC Bulletin Regulations to incorporate applicable mandatory and optional food changes, all of which will be subject to stakeholder feedback as part of the expedited regulatory amendment process.

**Reason for Adjustment/ Change:**

- CDPH/WIC will be required to implement the majority of mandatory food changes by April 2026.
- The final rule includes both increases and reductions to the quantities issued depending on food group and participant category, and the addition of new foods for some participants.
- 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. The fiscal impact will be influenced by additional food choices and/or increased food amounts, and reductions in the amounts of some authorized foods like juice and milk. The increase to the monthly fruits and vegetables benefit is already included as a part of the base participant cost in the existing estimate. The fiscal impact will also depend on the specific choices made by CDPH/WIC in implementing the optional changes allowed by the USDA FNS final rule.

## 2. New Assumptions/Premises

There are no New Assumptions/Premises.

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

There are no Existing (Significantly Changed) Assumptions/Premises.

## 4. Unchanged Assumptions/Premises

### a. WIC Modernization Initiatives and Funding

**Background:** The United States Department of Agriculture (USDA) is investing in the WIC Program to reach more eligible families, keep families in WIC until they are no longer eligible, encourage families to redeem more of their food benefits, and advance equity.

The WIC Modernization Initiative includes four components:

- improving the shopping experience, including online shopping, access to farmers' markets, and expanding the variety and choice of WIC foods;
- modernizing technology and service delivery, including streamlining enrollment in WIC and leveraging technology to make applying for the program, scheduling appointments, receiving nutrition services, and interacting with WIC between appointments easier;
- investing in the WIC workforce; and
- prioritizing outreach.

The American Rescue Plan Act of 2021 (P.L. 117-2, ARPA) provided USDA with \$390 million to carry out outreach, innovation, and program modernization efforts to increase participation and redemption of benefits in the WIC Program. In late May 2023, USDA provided CDPH/WIC \$5.7 million in non-competitive funding as part of the 2023 WIC Modernization Grant. The period of performance for this grant is from May 24, 2023, through September 30, 2027. The WIC Modernization Grant, along with the existing WIC Nutrition Services and Administration (NSA) Grant, will be used to support CDPH/WIC's objectives under the WIC Modernization Initiative.

CDPH/WIC plans to improve the shopping experience by implementing online shopping, simplifying the use of WIC benefits at farmers' markets, and expanding WIC food options. CDPH/WIC will align with the federal regulatory changes that are in process at USDA regarding these shopping changes. CDPH/WIC plans to enhance WIC services for participants by leveraging modern technologies for

enrollment, nutrition services, communication with families, and workforce development and training. In addition, CDPH/WIC will align with the federal regulatory changes that are in process at USDA regarding service delivery.

Through a 2024-25 Budget Change Proposal ([4265-161-BCP-2024-GB](#)), CDPH/WIC was approved for 18 positions in 2024-25 and 9 additional positions in 2025-26 for a total of 27 permanent positions funded in part by the WIC Modernization Grant and the remainder by WIC Nutrition Services and Administration (NSA) funds to implement these strategies for improving program services and shopping.

**Description of Change:** CDPH/WIC will implement changes as outlined in USDA's WIC Modernization Initiative and use funds from the Modernization ARPA Grant and WIC NSA Grant to support the changes. CDPH/WIC is planning to improve the overall WIC shopping experience, including implementing online shopping, expanding access at farmers' markets, expanding the variety and choice of WIC foods. In addition, CDPH/WIC will implement changes to modernize enrollment, nutrition services, communication with families, and workforce training.

**Discretionary:** Yes

**Reason for the Adjustment/Change:**

- USDA's objective for the funding is to modernize WIC to meet the needs for a 21<sup>st</sup> century program and better serve WIC families.
- Funding has been allocated to California to implement initiatives to modernize the program to increase participation and increase options for redemption of WIC benefits.
- CDPH/WIC requested and was approved for 18 positions in 2024-25 and 9 additional positions in 2025-26 for a total of 27 permanent positions through 2024-25 BCP for ongoing positions to support program modernization efforts.
- Goals for California are to:
  - Implement online shopping, expand access to farmers' markets, expand variety and choice of WIC foods;
  - Modernize and advance enrollment, nutrition and breastfeeding services, and education to better serve WIC families; and
  - Support local agencies to provide modernized services to families.

**Fiscal Impact (Range) and Fund Source(s):** The projected impact of the BCP is an increase to state operations budget authority for new positions and associated expenditure authority in the amount of \$3 million in 2024-25 and \$4.4 million in 2025-26 and annually. A portion of the \$5.7 million in new WIC Modernization Grant funding will temporarily offset some of those increased costs. The remaining cost will be supported by existing WIC NSA grant funds. The impacted Fund Source is the Federal Trust Fund (0890).

**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, 2022, by USDA FNS released in August 2024), the WIC program serves 69.7 percent of eligible Californians, the second highest coverage of eligible persons of all state WIC programs and third nationally behind Puerto Rico and Vermont, while the national average is 53.5 percent.

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.

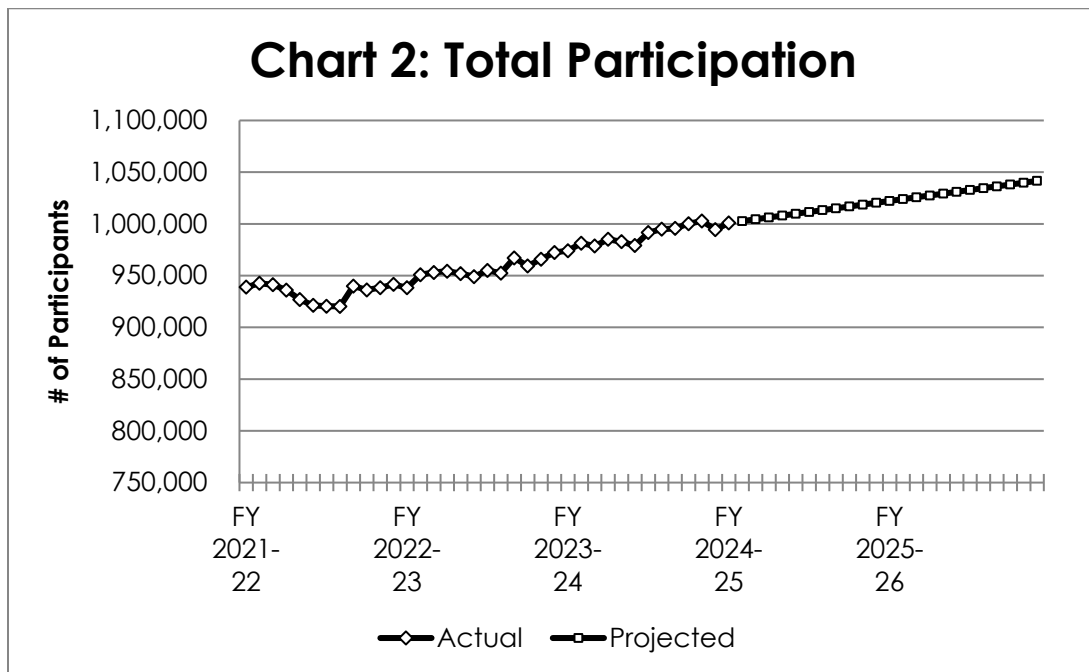
The second parameter is the upper limit of possible participants in California, given WIC age and income eligibility requirements. CDPH/WIC estimated this upper limit using both administrative data sources and WIC eligibility estimates published by USDA FNS. Counts of all WIC certified individuals were 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.

Total average monthly participation for 2024-25 is based upon 11 months of projected data and 1 month of actuals summed across all categories. For 2023-24, monthly average participation was 988,424. WIC estimates average monthly participation for 2024-25 will increase to 1,010,675, an increase of 2.25 percent, compared to an increase of 3.41 percent in 2023-24.

Total average monthly participation for 2025-26 is based upon the remaining projected months from the growth model initialized with July 2024 as the most recent month of actuals. WIC estimates average monthly participation will increase to 1,031,891, an increase of 2.1 percent, compared to the 2.25 percent increase projected for 2024-25.

The participation graph below and the individual participant category charts located in Appendix B show the participation levels through 2025-26, which includes updated actual participation numbers through July 2024:



**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 June 2024 with projections through the end of 2025-26. The updated projected CPI rate in 2024-25 is 2.05 percent, and for 2025-26 is 1.92 percent. Historical expenditures and updated average per participant food costs for 2023-24 through June 2024 were used to update projections for 2024-25 and to build the new projection for 2025-26 food costs. Below is a chart summarizing total actual food cost expenditures for 2023-24 and food cost projections for the current and budget year.

**TABLE 9: FOOD EXPENDITURES**

Factor	2023-24 Actuals	Current Year 2024 Budget Act	Current Year November Estimate	Change from 2024 Budget Act	% Change from 2024 Budget Act	Budget Year November Estimate	Change from 2024 Budget Act	% Change from 2024 Budget Act
Average Monthly Participation*	988,424	1,032,546	1,010,675	-21,871	-2.12%	1,031,891	-655	-0.06%
Average Cost per Participant**	\$80.81	\$81.81	\$82.46	\$0.65	0.79%	\$84.04	\$2.23	2.73%
Annual Expenditures***	\$958,546,129	\$1,013,671,059	\$1,000,083,373	\$(13,587,686)	-1.34%	\$1,040,641,604	\$26,970,545	2.66%

\* SFY 2024-25 Average Participation includes projected participation for August 2024 through June 2025.

\*\*SFY 2024-25 and SFY 2025-26 Average Cost per Participant calculation does not include Fruits and Vegetables inflationary increase.

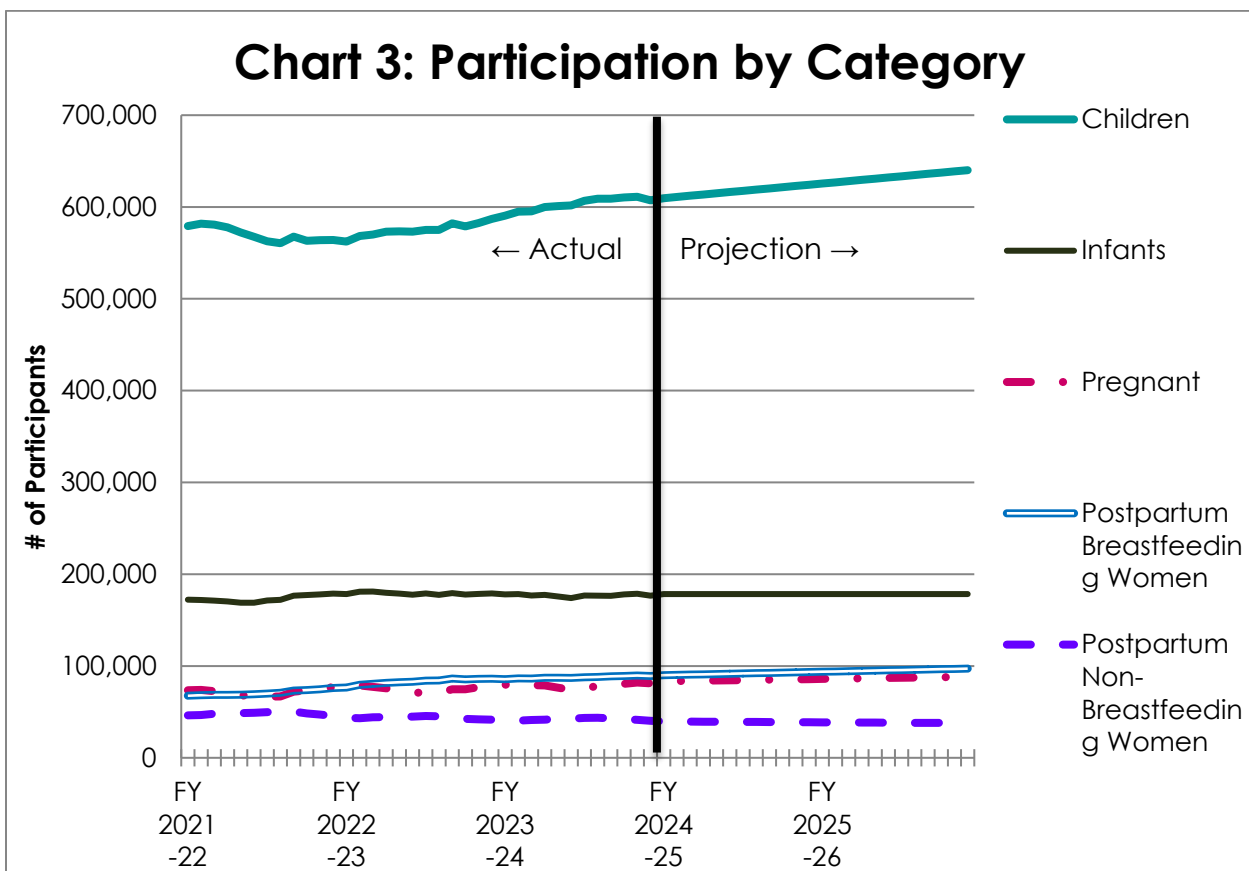
\*\*\* Numbers rounded to the nearest dollar. Does not include 3 percent Prudent Reserve in food expenditures.



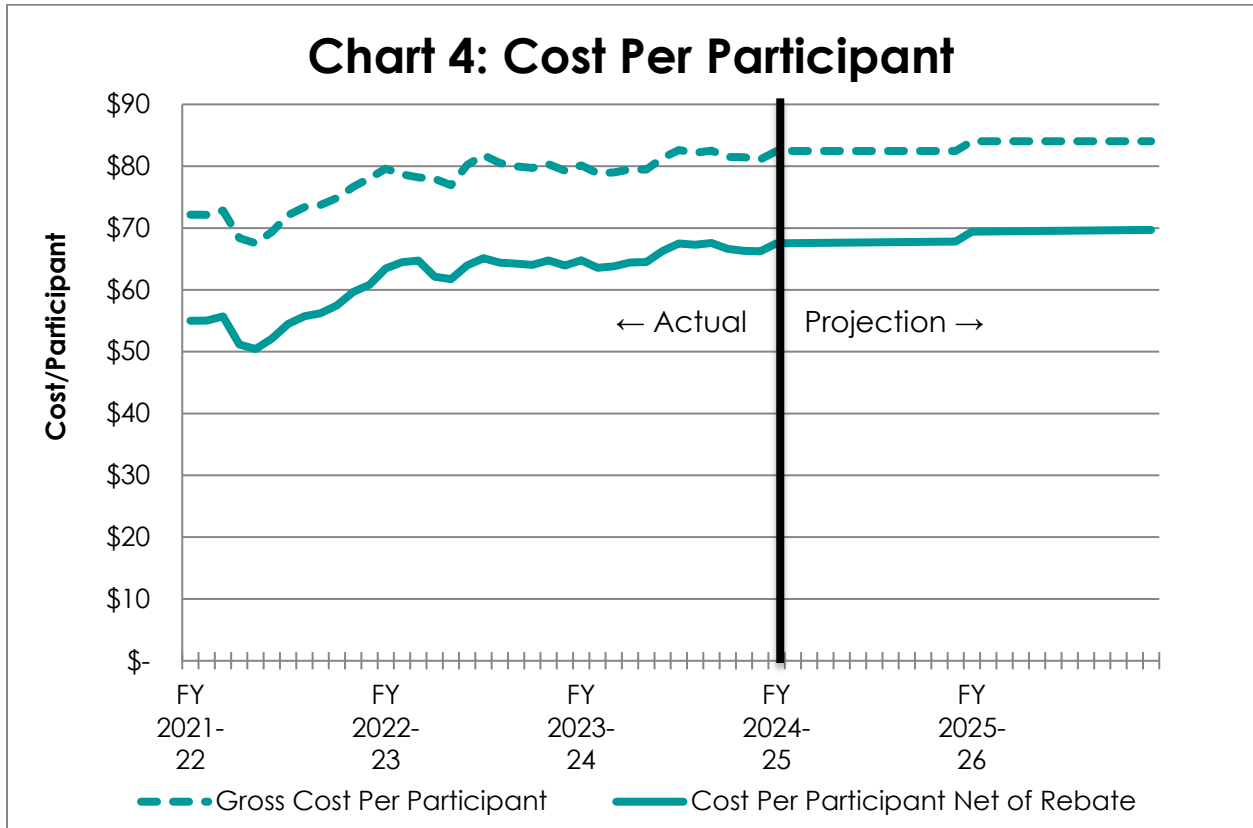
**APPENDIX B**

**Participant and Food Cost Projections by Category**

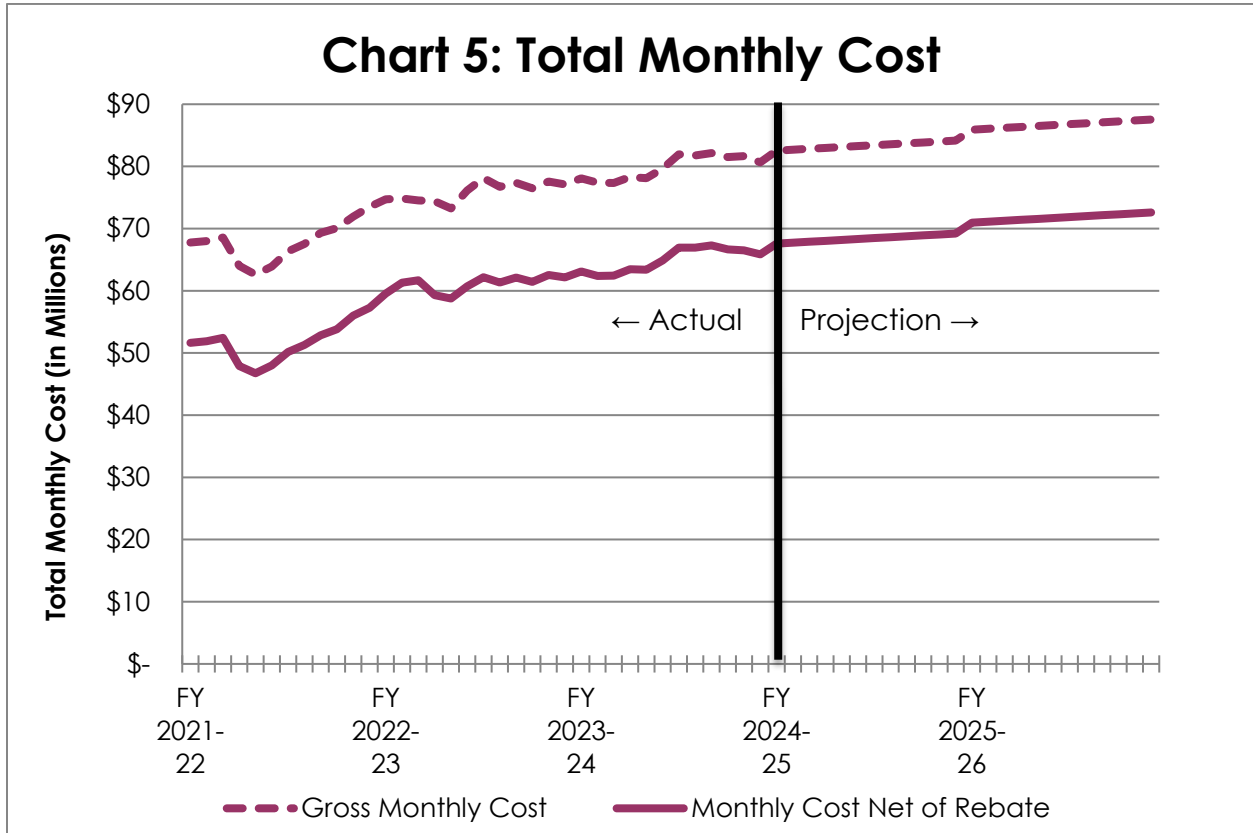
The figure below illustrates actual and projected participation trends since 2021-22. As mentioned previously, the Children participant category is the largest due to their longer period of eligibility. This population also experienced considerable growth around the time of the COVID-19 statewide shutdown because of increased recertification rates and large-scale auto-issuance of food benefits. This growth slowed for a time but has now started to increase moderately once again. Forecasted total monthly participation is included in the chart in Appendix A:



The figure below illustrates the 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)**

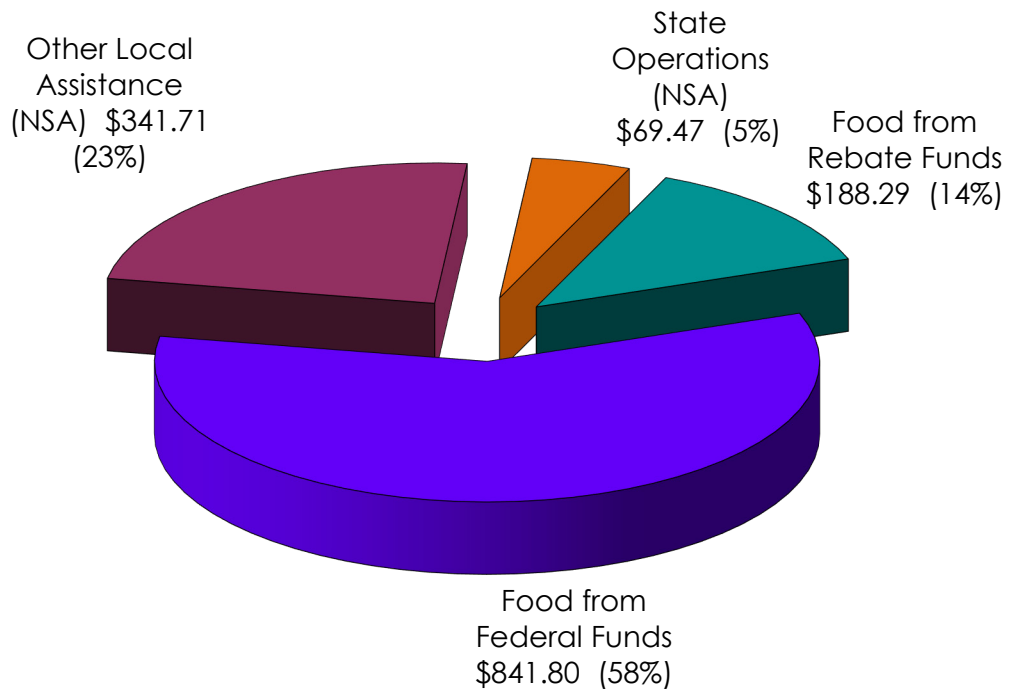
**TABLE 10: CALIFORNIA WIC PROGRAM EXPENDITURES**

PY 2023-24 (Actual) figures pending submittal of financial statements.

<b>Funding Source</b>	<b>PY 2023-24 (Actual)</b>	<b>CY 2024-25 (Estimated)</b>	<b>BY 2025-26 (Proposed)</b>
<b>LOCAL ASSISTANCE</b>			
<i>0890 Federal Grant for WIC</i>	\$1,218,424,000	\$1,183,504,000	\$1,227,125,000
<b>TOTAL FEDERAL TRUST FUND</b>	<b>\$1,218,424,000</b>	<b>\$1,183,504,000</b>	<b>\$1,227,125,000</b>
<i>3023 WIC Manufacturer Rebate Fund</i>	\$179,504,000	\$188,288,000	\$186,443,000
<b>TOTAL LOCAL ASSISTANCE</b>	<b>\$1,397,928,000</b>	<b>\$1,371,792,000</b>	<b>\$1,413,568,000</b>
<b>STATE OPERATIONS</b>			
<i>0890 Federal Grant for State Operations</i>	\$54,871,000	\$69,473,000	\$71,105,000
<b>GRAND TOTAL WIC PROGRAM</b>	<b>\$1,452,799,000</b>	<b>\$1,441,265,000</b>	<b>\$1,484,673,000</b>

### Chart 6: WIC EXPENDITURES FY 2024-25 (in Millions)

- Food from Federal Funds
- Other Local Assistance from Federal NSA
- State Operations from Federal NSA
- Food from Rebate Funds



## **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 \$1.26 billion, which is a decrease of \$44.5 million or 3.42 percent less than the 2024 Budget Act amount of \$1.304 billion. The estimate is based on the appropriated federal budget for federal fiscal year 2024.

For 2025-26, the projected federal revenue will total \$1.304 billion, which is a very slight decrease of \$37,000 or no percentage change from the 2024 Budget Act amount of \$1.304 billion. This projection is based on the House's proposed budget for FFY 2025.

**TABLE 11: REVENUE COMPARISON (all funds)**

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

Revenue Source	2023-24 Actual	Current Year 2024 Budget Act	Current Year November Estimate	Change from 2024 Budget Act	% Change from 2024 Budget Act	Budget Year November Estimate	Change from 2024 Budget Act	% Change from 2024 Budget Act
Federal Food Grant	837,725,617	902,319,000	841,797,000	(60,522,000)	-6.71%	885,418,000	(16,901,000)	-1.87%
Rebate Food Funds	179,504,000	183,995,000	188,288,000	4,293,000	2.33%	186,443,000	2,448,000	1.31%
<b>Total Funds for Food</b>	<b>1,017,229,617</b>	<b>1,086,314,000</b>	<b>1,030,085,000</b>	<b>(56,229,000)</b>	<b>-5.18%</b>	<b>1,071,861,000</b>	<b>(14,453,000)</b>	<b>-1.33%</b>
Federal NSA Grant	407,703,515	401,793,000	417,767,000	15,974,000	3.98%	418,657,000	16,864,000	4.20%
<b>Total Federal Funds</b>	<b>1,245,429,131</b>	<b>1,304,112,000</b>	<b>1,259,564,000</b>	<b>(44,548,000)</b>	<b>-3.42%</b>	<b>1,304,075,000</b>	<b>(37,000)</b>	<b>0.00%</b>

\* Food and NSA revenue for CY and BY are estimated based on national-level projections.

1. Revenue Estimate Methodology Federal Funds: Fund 0890

The annual federal revenue for WIC depends on 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 17 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, and
- 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 69.82 percent of the federal fiscal year 2024 appropriation is allocated for food and California receives approximately 16.13 percent of that appropriation. The food allocation for federal fiscal year 2025 is projected to be the same and federal fiscal year 2024. These amounts are based on the final funding formula allocations, which consider the two increases in food costs due to increased participation and inflation.

**TABLE 12: 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 2024	\$7,030,000,000	\$147,958,000	69.82%	16.13%	\$775,009,010
FFY 2025	\$7,235,000,000	\$147,985,000	69.82%	16.13%	\$798,094,723

\* 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 states' 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 2024-25, Food Grant revenue is expected to total \$841.8 million, which is decrease of \$60.5 million or 6.71 percent less than the 2024 Budget Act. The decrease is attributed to the reduced need for food funds to support projected food costs.



For 2025-26, Food Grant revenue is expected to total \$885.4 million, which is a decrease of \$16.9 million or 1.87 percent less than the 2024 Budget Act, also due to reduced need for food funds to support projected food costs.

**TABLE 13: WIC RESOURCES FOR FOOD FOR SFY 2024-25**

Resource	FFY 2024	FFY 2025	Prorate to SFY 2024-25
Base Appropriation	\$775,009,010	\$798,094,723	\$792,323,295
Reallocations	\$56,878,662	\$47,005,386	\$49,473,705
Total	\$831,887,672	\$845,100,109	\$841,797,000

**TABLE 14: WIC RESOURCES FOR FOOD FOR SFY 2025-26**

Resource	FFY 2025	FFY 2026	Prorate to SFY 2025-26
Base Appropriation	\$798,094,723	\$798,094,723	\$798,094,723
Reallocations	\$47,005,386	\$100,762,574	\$87,323,277
Total	\$845,100,109	\$898,857,297	\$885,418,000

### 3. NSA Grant

Approximately 30.18 percent of the national WIC appropriation for federal fiscal year 2024 was allocated for NSA, and California received approximately 14.56 percent of that allocation. The NSA allocation for federal fiscal year 2025 will not change; California's share will hold at 14.56 percent of the national appropriation.

**TABLE 15: FEDERAL REVENUE PROJECTIONS (NSA)**

Federal Fiscal Year	National Budget Appropriation	Discretionary Funds	% of NSA Allocation	% of California Share	Total Allocated NSA*
FFY 2024	\$7,030,000,000	\$147,985,000	30.18%	14.56%	\$302,449,255
FFY 2025	\$7,235,000,000	\$147,985,000	30.18%	14.56%	\$311,458,514

\* 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 2024-25, NSA Grant revenue is expected to total \$417.8 million, which is an increase of \$16.0 million or 3.98% more than the 2024 Budget Act amount of \$401.8 million due to the overall proposed increase of WIC funding for federal fiscal year 2025.

In 2024-25, NSA Grant revenue is expected to total at \$418.7 million, which is an increase of \$16.9 million or 4.2 percent more than the 2024 Budget Act amount of

\$401.8 million. This increase is due to the increased budget for WIC, as projected based on the House's proposed budget for federal fiscal year 2025.

**TABLE 16: WIC RESOURCES FOR NSA FOR SFY 2024-25**

<b>Resource</b>	<b>FFY 2024</b>	<b>FFY 2025</b>	<b>Prorate to SFY 2024-25</b>
Base Appropriation, NSA	\$302,449,255	\$311,458,514	\$309,206,199
Farmers' Market and Nutrition	\$2,447,470	\$2,447,470	\$2,447,470
Breastfeeding Peer Counseling	\$13,654,364	\$12,127,928	\$12,509,537
Reallocations	\$63,753,755	\$54,744,496	\$56,996,811
Spend Forward	\$32,547,061	\$35,948,788	\$35,098,356
WIC Modernization	\$36,000	\$1,999,063	\$1,508,297
<b>Total</b>	<b>\$414,851,905</b>	<b>\$418,726,259</b>	<b>\$417,766,670</b>

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

**TABLE 17: WIC RESOURCES FOR NSA FOR SFY 2025-26**

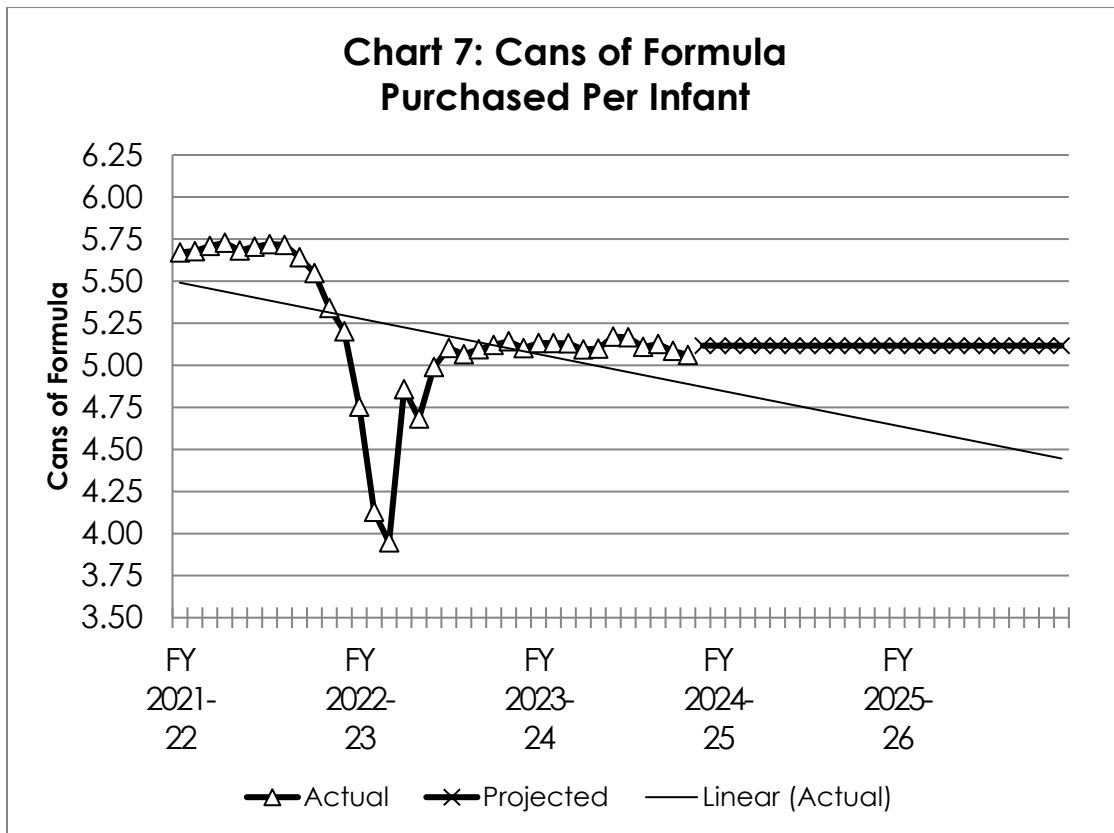
<b>Resource</b>	<b>FFY 2025</b>	<b>FFY 2026</b>	<b>Prorate to SFY 2025-26</b>
Base Appropriation, NSA	\$311,458,514	\$311,458,514	\$311,458,514
Farmers' Market and Nutrition	\$2,447,470	\$2,447,470	\$2,447,470
Breastfeeding Peer Counseling	\$12,127,928	\$12,127,928	\$12,127,928
Reallocations	\$54,744,496	\$54,744,496	\$54,744,496
Spend Forward	\$35,948,788	\$35,948,788	\$35,948,788
WIC Modernization	\$1,999,063	\$1,907,375	\$1,930,297
<b>Total</b>	<b>\$418,726,259</b>	<b>\$418,634,571</b>	<b>\$418,657,493</b>

\* 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 \$188.3 million, an increase of \$4.3 million or 2.33 percent when compared to the 2024 Budget Act amount of \$184.0 million. The increase in rebate revenue is attributed to an increase in projected infant participation from the 2024 Budget Act.

In 2025-26, WIC estimates infant formula WIC Manufacturer Rebate Fund revenues will total \$186.4 million, which is an increase of \$2.4 million or 1.31 percent when compared to the 2024 Budget Act amount of \$184.0 million. The increase is attributed to an increase in projected infant participation from the 2024 Budget Act. 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 5.12 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.