

**Women, Infants, and Children  
(WIC)  
2024-25 May Revision 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 956,000 low -to- medium income California residents per month in 2022-23.

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 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 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 \$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 2021, by USDA/Food and Nutrition Service (FNS) released in November 2023), the WIC program serves 66.5 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 51.2 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.

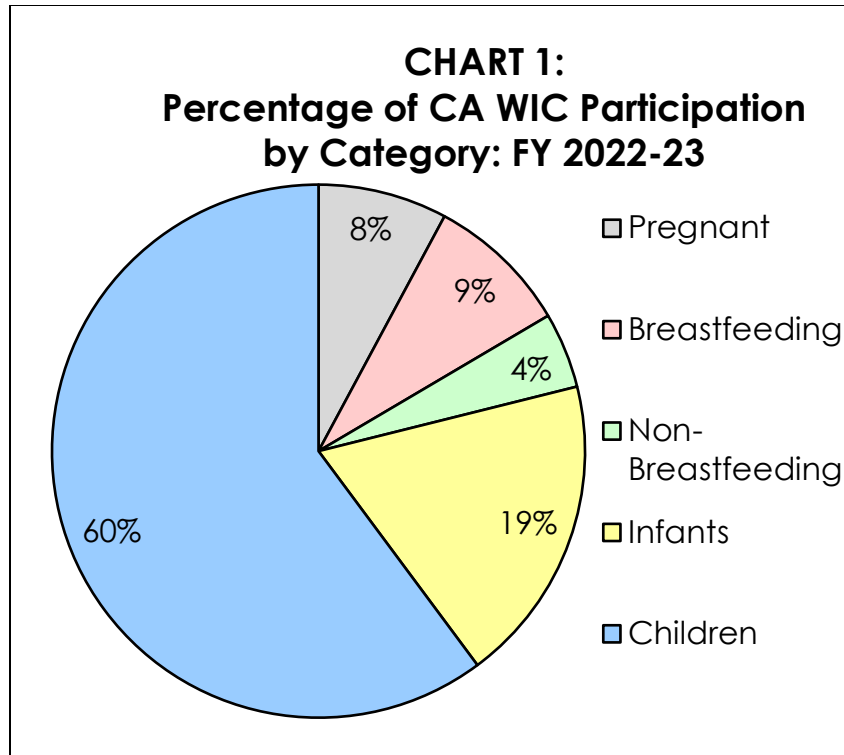
WIC revenues are comprised of the federal grants and retained manufacturer rebates. The maximum number of participants served by WIC depends largely on food package costs, of which infant formula is a large percentage. Infant formula purchases represent approximately 23 percent of gross food expenditures. 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 20 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 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 2022-23.



**TABLE 1: ACTUAL CA WIC PARTICIPATION BY  
CATEGORY: FY 2022-23**

Participant Category	Annual Average Monthly Participation FY 2022-23
<b>Pregnant</b>	74,933
<b>Breastfeeding</b>	82,969
<b>Non-Breastfeeding</b>	43,831
<b>Infants</b>	179,014
<b>Children</b>	575,089

WIC Modernization Efforts

Nationally, the retail grocery industry has changed significantly in recent years and the COVID-19 public health emergency accelerated the use of alternative shopping options. CDPH/WIC recognizes that consumers expect modern options such as online ordering, online purchasing, and home food delivery. USDA/FNS estimates that in Federal Fiscal Year (FFY) 2024, 12 percent of WIC participants in states that opt to offer online purchasing will make a WIC purchase online. By 2028; this number is expected to increase to 20 percent (Mercatus, “eGrocery Transformed: Market projections and insight into online grocery’s elevated future,” (2021)), as cited in Federal Register: Special Supplemental Nutrition

Program for Women, Infants, and Children (WIC): Online Ordering and Transactions and Food Delivery Revisions To Meet the Needs of a Modern Data-Driven Program 7 CFR, Section 246, 11540 (Feb. 23, 2023)). 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.

Modernization of WIC nutrition and breastfeeding education tools and resources is critical for reaching and engaging with WIC participants. Comprehensive statewide communication and outreach efforts will also be needed to communicate these changes to WIC families, prospective applicants, and local agencies. CDPH/WIC plans to enhance WIC services for participants by leveraging modern technologies for enrollment, nutrition services and education, communication with families, and workforce development and training. In addition, CDPH/WIC will align with the federal policy and regulatory changes that are in process at USDA regarding service 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*

Expenditure Category	2023 Budget Act	2024-25 Governor's Budget for 2023-24	2024-25 May Revision for 2023-24	Change from Governor's Budget	% Change from Governor's Budget	2024-25 Governor's Budget for 2024-25	2024-25 May Revision for 2024-25	Change from Governor's Budget	% Change from Governor's Budget
Participant Food Package Costs	974,682,000	970,444,000	953,352,000	(17,092,000)	-1.76%	1,020,796,000	1,013,671,000	(7,125,000)	-0.70%
Fruits & Vegetables Increase FFY 2022 & FFY 2023	0	11,188,000	11,120,000	(68,000)	-0.61%	15,494,000	15,487,000	(7,000)	-0.05%
Prudent Reserve	29,240,000	29,449,000	28,934,000	(515,000)	-1.75%	31,089,000	30,875,000	(214,000)	-0.69%
<b>Total Food Expenditures</b>	<b>1,003,922,000</b>	<b>1,011,081,000</b>	<b>993,406,000</b>	<b>(17,675,000)</b>	<b>-1.75%</b>	<b>1,067,379,000</b>	<b>1,060,033,000</b>	<b>(7,346,000)</b>	<b>-0.69%</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	2023 Budget Act	2024-25 Governor's Budget for 2023-24	2024-25 May Revision for 2023-24	Change from Governor's Budget	% Change from Governor's Budget	2024-25 Governor's Budget for 2024-25	2024-25 May Revision for 2024-25	Change from Governor's Budget	% Change from Governor's Budget
<b>Total Food Expenditures</b>	<b>1,003,922,000</b>	<b>1,011,081,000</b>	<b>993,406,000</b>	<b>(17,675,000)</b>	<b>-1.75%</b>	<b>1,067,379,000</b>	<b>1,060,033,000</b>	<b>(7,346,000)</b>	<b>-0.69%</b>
Food Expenditures Paid from Rebate Funds	217,313,000	189,616,000	186,617,000	(2,999,000)	-1.58%	190,373,000	183,995,000	(6,378,000)	-3.35%
Food Expenditures Paid from Federal Funds	786,609,000	821,465,000	806,789,000	(14,676,000)	-1.79%	877,006,000	876,038,000	(968,000)	-0.11%
Other Local Assistance Expenditures (Federal NSA)	322,000,000	322,000,000	322,000,000	0	0.00%	322,000,000	322,000,000	0	0.00%
<b>Total Federal Local Assistance Expenditures (Food + NSA)</b>	<b>1,108,609,000</b>	<b>1,143,465,000</b>	<b>1,128,789,000</b>	<b>(14,676,000)</b>	<b>-1.28%</b>	<b>1,199,006,000</b>	<b>1,198,038,000</b>	<b>(968,000)</b>	<b>-0.08%</b>
State Operations (Federal NSA)	64,475,000	66,226,000	66,226,000	0	0.00%	69,483,000	69,483,000	0	0.00%



### 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 \$28.9 million, which is a decrease of \$515,000 or 1.75 percent when compared to the 2024-25 Governor’s Budget. The prudent reserve request for 2024-25 is \$30.9 million, which is a decrease of \$214,000 or 0.69 percent when compared to the 2024-25 Governor’s Budget. The 2024-25 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 6 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 2024-25 Governor's Budget estimated \$1.011 billion (\$821.5 million federal fund and \$189.6 million rebate fund) for 2023-24. The 2024-25 May Revision Estimate anticipates a decrease in food expenditures in 2023-24 to \$993.4 million (\$806.8 million federal fund and \$186.6 million rebate fund), a decrease of \$17.7 million or 1.75 percent compared to the 2024-25 Governor's Budget. The decrease in food expenditures is based on a slowing food inflation rate (1.58 percent in the 2024-25 May Revision compared to 2.55 percent in the 2024-25 Governor's Budget) and a decrease in participation (990,425 participants projected in the 2024-25 May Revision compared to 992,640 projected in the 2024-25 Governor's Budget). Rebate revenue is projected at \$186.6 million, which is a decrease of \$3.0 million or 1.58 percent compared with the 2024-25 Governor's Budget amount of \$189.6 million. The decrease is attributed to a decrease in projected infant participation from the 2024-25 Governor's Budget.

### **2. Budget Year**

For 2024-25, WIC's food expenditure estimate is \$1.060 billion (\$876.0 million federal fund and \$184.0 million rebate fund), which is a decrease of \$7.3 million or 3.35 percent as compared to the 2024-25 Governor's Budget amount of \$1.067 billion (\$877.0 million federal fund and \$190.3 million rebate fund). The decrease in food expenditures is driven by decreased current year per participant food costs, which are used to forecast budget year per participant food costs. This decrease is partially offset by increased budget year participation projections (1,032,546 participants projected in the 2024-25 May Revision Estimate compared to 1,029,734 projected in the 2024-25 Governor's Budget) and an increase food inflation rate of 1.99 percent from the 2024-25 Governor's Budget projection of 1.40 percent. Rebate revenue is projected at \$184.0 million, which is a decrease of \$6.4 million or 3.35 percent compared with the 2024-25 Governor's Budget Act amount of \$190.4 million. The decrease in rebate revenue is due to a decrease in projected infant participation from the 2024-25 Governor's Budget.

## **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 2023-24, the NSA budget, including the anticipated expenditures for local administration, are estimated at \$322.0 million, which is the same as the 2024-25 Governor's Budget. State Operations expenditures are estimated at \$66.2 million, which is the same as the 2024-25 Governor's Budget.

### **2. Budget Year**

For 2024-25, the NSA budget and anticipated expenditures for local administration are estimated at \$322.0 million, which is the same as the 2024-25 Governor's Budget. State Operations expenditures are estimated at \$69.5 million, which is the same as the 2024-25 Governor's Budget.

**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*

Fund 0890 Federal Trust Fund	2023 Budget Act	2024-25 Governor's Budget for 2023-24	2024-25 May Revision for 2023-24	Change from Governor's Budget	% Change from Governor's Budget	2024-25 Governor's Budget for 2024-25	2024-25 May Revision for 2024-25	Change from Governor's Budget	% Change from Governor's Budget
<b>Local Assistance Expenditures</b>	<b>1,108,609,000</b>	<b>1,143,465,000</b>	<b>1,128,789,000</b>	<b>(14,676,000)</b>	<b>-1.28%</b>	<b>1,199,006,000</b>	<b>1,198,038,000</b>	<b>(968,000)</b>	<b>-0.08%</b>
Food Expenditures (Food Grant)	786,609,000	821,465,000	806,789,000	(14,676,000)	-1.79%	877,006,000	876,038,000	(968,000)	-0.11%
Other Local Assistance (NSA Grant)	322,000,000	322,000,000	322,000,000	0	0.00%	322,000,000	322,000,000	0	0.00%
<b>State Operations (NSA Grant)</b>	<b>64,475,000</b>	<b>66,226,000</b>	<b>66,226,000</b>	<b>0</b>	<b>0.00%</b>	<b>69,483,000</b>	<b>69,483,000</b>	<b>0</b>	<b>0.00%</b>

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

Fund 0890 Federal Trust Fund	2023 Budget Act	2024-25 Governor's Budget for 2023-24	2024-25 May Revision for 2023-24	Change from Governor's Budget	% Change from Governor's Budget	2024-25 Governor's Budget for 2024-25	2024-25 May Revision for 2024-25	Change from Governor's Budget	% Change from Governor's Budget
<b>Total Available Resources</b>	1,173,084,000	1,238,664,000	1,230,860,000	(7,804,000)	-0.63%	1,295,618,000	1,304,112,000	8,494,000	0.69%
Food Grant	786,609,000	850,438,000	832,014,000	(18,424,000)	-2.17%	904,099,000	902,319,000	(1,780,000)	-0.21%
NSA Grant	386,475,000	388,226,000	398,846,000	10,620,000	2.74%	391,519,000	401,793,000	10,274,000	2.65%

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

Fund 3023 Manufacturer Rebate	2023 Budget Act	2024-25 Governor's Budget for 2023-24	2024-25 May Revision for 2023-24	Change from Governor's Budget	% Change from Governor's Budget	2024-25 Governor's Budget for 2024-25	2024-25 May Revision for 2024-25	Change from Governor's Budget	% Change from Governor's Budget
<b>Local Assistance Expenditures</b>	217,313,000	189,616,000	186,617,000	(2,999,000)	-1.58%	190,373,000	183,995,000	(6,378,000)	-3.35%

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

<b>Fund 3023 Manufacturer Rebate</b>	<b>2023 Budget Act</b>	<b>2024-25 Governor's Budget for 2023-24</b>	<b>2024-25 May Revision for 2023-24</b>	<b>Change from Governor's Budget</b>	<b>% Change from Governor's Budget</b>	<b>2024-25 Governor's Budget for 2024-25</b>	<b>2024-25 May Revision for- 2024-25</b>	<b>Change from Governor's Budget</b>	<b>% Change from Governor's Budget</b>
Projected Rebate Revenue	208,955,000	182,323,000	179,439,000	(2,884,000)	-1.58%	183,051,000	176,918,000	(6,133,000)	-3.35%
4% Reserve for Additional Revenue	8,358,000	7,293,000	7,178,000	(115,000)	-1.58%	7,322,000	7,077,000	(245,000)	-3.35%
<b>Total Available Resources</b>	<b>217,313,000</b>	<b>189,616,000</b>	<b>186,617,000</b>	<b>(2,999,000)</b>	<b>-1.58%</b>	<b>190,373,000</b>	<b>183,995,000</b>	<b>(6,378,000)</b>	<b>-3.35%</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 2022-23, and projected revenues for 2023-24 and 2024-25:

**TABLE 8: FUND CONDITION STATEMENT**

*Dollars in thousands*

<b>3023 WIC Manufacturer Rebate Fund</b>	<b>SFY 2022-23 Actual</b>	<b>SFY 2023-24 Estimate</b>	<b>SFY 2024-25 Estimate</b>
BEGINNING BALANCE	9,057	559	589
Prior Year Adjustments	-8,553	0	0
Adjusted Beginning Balance	504	559	589
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4163000 Investment Income - Surplus Money Investments	55	30	30
4172500 Miscellaneous Revenue	194,081	186,617	183,995
Total Revenues, Transfers, and Other Adjustments	194,136	186,647	184,025
Total Resources	194,640	187,206	184,614
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4265 Department of Public Health (Local Assistance)	194,081	186,617	183,995
Total Expenditures and Expenditure Adjustments	194,081	186,617	183,995
<b>FUND BALANCE</b>	<b>559</b>	<b>589</b>	<b>619</b>

### III. Assumptions

#### 1. Future Fiscal Issues

##### a. 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 Women, Infants, and Children (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 (FMNP). Overall, the modernization efforts aim to improve the effectiveness and accessibility of the WIC program for participants and providers. The White House Conference on Hunger, Nutrition, and Health was convened in September 2022. The Biden-Harris National Strategy on Hunger, Nutrition and Health was released and included the following directive: *USDA will advance the WIC Modernization strategy to invest in community-based outreach, streamline the participant experience, improve the in-store experience, expand access to farmer's markets, and increase diversity and cultural competency in the WIC workforce.*

USDA opened grant opportunities in June and August 2022 for small dollar amounts and short implementation timeframes for which California did not apply. Some of these grant opportunities have been superseded by non-competitive WIC Modernization Grant funds allocated to states in May 2023 (noted in New Assumption below). The USDA has announced plans to develop and implement a national outreach campaign by Federal Fiscal Year (FFY) 2024 to increase enrollment and retention in WIC. The USDA is also supporting local WIC partnerships with community organizations through strategic partnerships.

**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):** At this time, there are no additional grant opportunities for which CDPH/WIC will apply; however, these funds are authorized for release through September 30, 2024. Additional grants could become available and will be assessed if USDA publishes other opportunities. CDPH/WIC will provide an update if future grant funding opportunities are advertised, and CDPH/WIC is in a position to apply.

#### **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 are adjusted annually by the USDA for inflation.

USDA FNS is requiring states to implement the provisions within 24 months from the publication of the final rule, with certain exceptions. States must implement the increased amount for fruits and vegetables within 60 days and changes to yogurt vitamin D requirements within 36 months of the publication date. 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:** Changes will result when CDPH/WIC implements state-specific food package WIC Bulletin Regulation amendments, driven by the USDA FNS final rule. Specific food changes are dependent on mandatory and optional changes USDA FNS included in their final rule. WIC Bulletin Regulations will incorporate the mandatory changes, as well as the optional changes that CDPH/WIC chooses to implement. Highlights of the final rule include, but are not limited to, the following food package changes:

- Permanent increase to the fruits and vegetables inflation adjusted benefit from FFY 2022.
- Additional food choices and/or increased food amounts 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.

**Discretionary:** Mixed – some food changes in California resulting from the USDA FNS final rule will be mandatory, while others will be permissive to accommodate the specific needs of California participants.

**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 the permanent increases to the monthly fruits and vegetables benefit (adjusted for inflation), additional food choices and/or increased food amounts, and reductions in the amounts of some authorized foods like juice and milk. 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.

**c. Pending Federal Legislation for the 2023-2024 Session**

**Background:** Several bills have been introduced that could have potential impacts on streamlining the WIC program and expanding services to program recipients. The MODERN WIC Act of 2023 (S. 984 and H.R. 2424) and The WIC Act of 2023 (S. 1604 and H.R. 3364) were introduced in previous sessions, but not adopted. As in the previous session, these bills propose to put into statute program modernizations provided through waivers during the COVID-19 pandemic and extend services to children until the age of six, respectively. Neither made it out of Committee assignments.

Newly introduced legislation, the Extending WIC for New Moms Act (S. 1593) would extend the certification period for postpartum participants to 24 months instead of 12. This bill was referred to Senate Agriculture, Nutrition, and Forestry in May 2023. Also, the Improving Newborn Formula Access for a Nutritious Tomorrow Act of 2023 known as the INFANT Act of 2023 (H.R. 3540). This bill would allow CDPH/WIC to select and use a primary and secondary manufacturer for infant formula contracts. This bill was referred to the House Education and the Workforce Committee in May 2023.

**Description of Change:**

- Expanding appointments to be completed through phone or other 2-way interactive communications as was permitted during the pandemic.

- Extending the time requirement for collecting anthropometrics and nutrition assessment data.
- Allowing for remote benefit issuance.
- Expanding certifications for children to age six years old.
- Expanding certifications for postpartum participants to 24 months.
- Allowing infant formula contracts to include a secondary manufacturer.

**Discretionary:** Mixed – will depend on whether legislative provisions are permissive or mandatory once adopted.

**Reason for Adjustment/ Change:**

- CDPH/WIC would be required to implement mandatory requirements if proposed legislation is passed.

**Fiscal Impact (Range) and Fund Source(s):** Fiscal impact is unknown and will be based on when or if the specific pieces of legislation are adopted by Congress.

## 2. New Assumptions/Premises

### a. Federal Fiscal Year (FFY) 2024 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.

In early March 2024, a six-bill minibus appropriations package was approved by Congress and the President, which included \$7.03 billion in WIC funding for FFY 2024, an increase of over \$1 billion over the prior year appropriation.

**Description of Change:** The appropriated budget for WIC in FFY 2024 of \$7.03 provides sufficient funding at the national level which also averted the need for the USDA Secretary to authorize federal contingency funding to fully fund the WIC program.

**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.

**Fiscal Impact (Range) and Fund Source(s):** Based on USDA state agency allocations provided at the end of March for FY 2024, there are no projected increases to Food and NSA grant revenues for FFY 2024 from FFY 2023 funding levels. 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. Farmer's Market Nutrition Program (FMNP) eSolution Grant**

**Background:** In January 2024, CDPH/WIC applied for the FMNP eSolution grant, a non-competitive funding opportunity offered by the USDA to modernize benefit delivery for the FMNP. USDA approved CDPH/WIC's application in early March 2024. The grant amount is \$350,000 per state, and the total funding available nationally is \$15 million. CDPH/WIC intends to use the grant to enhance existing functionality for the benefit of both participants and farmers. The FMNP eSolution grant is part of the broader WIC Modernization strategy, which aims to improve the effectiveness and outreach of the WIC program and the FMNP.

**Description of Change:** \$350,000 in funds were awarded to California for obligation beginning March 1, 2024, through September 30, 2026.

**Discretionary:** Yes.

#### **Reason for Adjustment/Change:**

- All states were eligible to receive up to \$350,000 for this objective.
- Unlike the regular FMNP funds, there is no match requirement for this funding, providing a unique opportunity to transition the program to EBT from paper coupon benefit issuance without requiring state funding to support the implementation.

**Fiscal Impact (Range) and Fund Source(s):** Increase in administrative support funding through September 30, 2026, of \$350,000 total in Federal Trust Fund (Fund 0890).

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

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

### **4. Unchanged Assumptions/Premises**

#### **a. Federal Fiscal Year (FFY) 2024 and 2025 Fruits and Vegetables Inflationary Increase**

**Background:** The temporary FFY 2024 inflation-adjusted fruits and vegetable benefit amounts authorized in the 2023 Consolidated Appropriations Act have been adopted in the USDA FNS' final food package rule, published April 18, 2024. These benefits are now a permanent part of the WIC food package. The monthly fruits and vegetables benefit amounts increased for FFY 2024 to \$26 for children, \$47 for pregnant and postpartum participants, and \$52 for breastfeeding participants. These amounts will be adjusted annually by the USDA for inflation as specified in regulations. USDA FNS will notify states of the inflationary adjusted amounts for FFY 2025 later this year.

**Description of Change:** The average additional amount spent on fruits and vegetables per participant for the months of October 2022 through September 2023 is \$10.83. These costs are incorporated into the baseline projections for FY 2024 projections. The inflationary increase of \$1-3/per participant based on category to the fruits and vegetables benefit are accounted for separately in the projections.

**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 2023 was sufficient to cover the increased fruits and vegetables expenditures.
- The appropriated federal budget for FFY 2024 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 2022 through September 2023 totaled \$125.3 million in additional food costs, or \$10.83 per participant. These additional food costs from FY 2022-23 and 2023-24 are incorporated into the baseline projections for FY 2024-25 projections. The projected impact of the inflationary increase to the fruits and vegetables benefit is \$11.2 million in 2023-24 and \$15.5 million in 2024-25. There is sufficient Food grant revenue authorized under the appropriated federal budget to support this increase. The impacted Fund Source is the Federal Trust Fund (Fund 0890).

**b. 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 FY 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. To support the timely implementation of these changes for California WIC families, CDPH/WIC will be proposing statutory changes to provide a regulatory exemption for developing online shopping and corresponding vendor management rules. In addition, 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 (BCP), CDPH/WIC is requesting 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 has requested 18 positions in 2024-25 and 9 additional positions in 2025-26 for a total of 27 permanent positions through FY 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 position in the amount of \$3 million in FY 2024-25 and \$4.4 million in FY 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).

**c. Infant Formula Shortage and Rebate Revenue**

**Background:** From February through June 2022, an Abbott Nutritional production plant was closed by the FDA causing infant formula shortages impacting California WIC families. CDPH/WIC implemented emergency measures authorized by USDA FNS to allow purchase of non-contract infant formulas in stores which resulted in a decrease in rebate-eligible infant formula.

Formula shortages continued through the end of calendar year 2022 and into 2023. In the 2023-24 May Revise projections, CDPH/WIC excluded redemption data for rebated items purchased per infant participant for the months between July 2022 and February 2023 as they were determined to be unreliable for projecting future rebate item purchasing patterns and rebate revenue.

The USDA FNS flexibilities for non-contract formula ended on February 28, 2023. Other flexibilities for larger container sizes and some specialty formulas ended on June 30, 2023. In addition to the waivers ending, CDPH/WIC completed its transition of the milk-based infant formula rebate contract to Abbott Laboratories. Given the end of formula flexibilities, beginning March 2023, rebate revenue has stabilized and become reliable for projecting future rebate item purchasing patterns and rebate revenue.

**Description of Change:** The rebate revenue reported for the redemption months beginning March 2023 will be used for the calculation of average cans of infant formula purchased by participants for the purpose of projecting future rebate revenue.

**Discretionary:** Yes

**Reason for the Adjustment/Change:**

- Infant formula shortages are no longer reported as an issue for California WIC families.
- Emergency measures authorizing non-contract formulas have ended.
- CDPH/WIC has fully transitioned to Abbott Laboratories as the milk-based formula rebate contractor.
- Direct purchasing and distribution of infant formula in large quantities at local agencies has ended.

**Fiscal Impact (Range) and Fund Source(s):** The projected impact of using data beginning March 2023 is an annual decrease in rebate revenue and expenditures of \$10.3 million in Fiscal Year (FY) 2023-24 and \$20.6 million in FY 2024-25. This reflects both a decrease in formula purchased per infant participant following the formula shortage and reduced rebate revenue per can following the transition to Abbott Laboratories as the milk-based rebate contractor. The impacted fund source is the Manufacturer's Rebate Fund (3023).

**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, 2021, by USDA FNS released in November 2023), the WIC program serves 66.5 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 51.2 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.

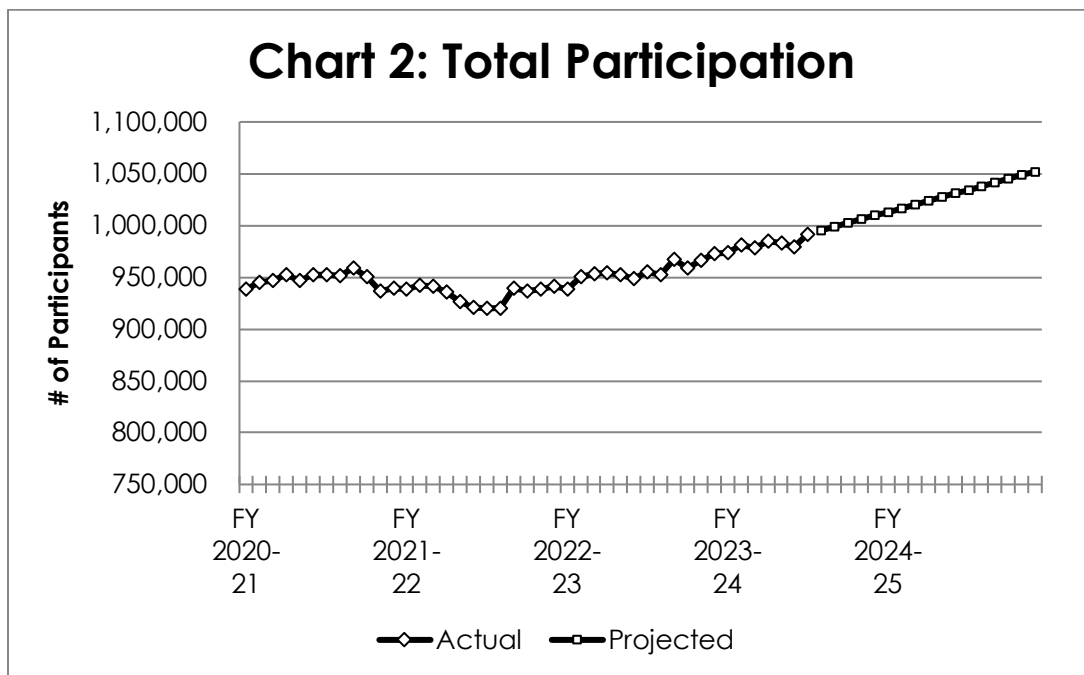
Using these two parameters and starting the model off with the most recent month of participation actuals, CDPH/WIC calculated subsequent months of participation for each of the five WIC participation categories (infants, children, pregnant women, breastfeeding mothers, and non-breastfeeding mothers).

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 2023-24 is based upon 5 months of projected data and 7 months of actuals summed across all categories. For 2022-23, monthly average participation was 955,836. WIC estimates average monthly participation for 2023-24 will increase to 990,425, an increase of 3.62 percent, compared to an increase of 2.38 percent in 2022-23.

Total average monthly participation for 2024-25 is based upon the remaining projected months from the growth model initialized with January 2024 as the most recent month of actuals. WIC estimates average monthly participation will increase to 1,032,546, an increase of 4.25 percent, compared to the 3.62 percent increase projected for 2023-24.

The participation graph below and the individual participant category charts located in Appendix B show the participation levels through 2024-25, which includes updated actual participation numbers through January 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 September 2023 with projections through the end of 2024-25. The updated projected CPI rate in 2023-24 is 1.58 percent, and for 2024-25 is 1.99 percent. Historical expenditures and updated average per participant food costs for 2022-23 through December 2023 were used to update projections for 2023-24 and to build the new projection for 2024-25 food costs. Below is a chart summarizing total actual food cost expenditures for 2022-23 and food cost projections for the current and budget year.

**TABLE 9: FOOD EXPENDITURES**

Factor	2023-24 Actuals	2024-25 Governor's Budget for 2023-24	2024-25 May Revision	Change from Governor's Budget	% Change from Governor's Budget	2024-25 May Revision	Change from Governor's Budget	% Change from Governor's Budget
Average Monthly Participation*	955,836	992,640	990,425	-2,215	-0.22%	1,032,546	39,906	4.02%
Average Cost per Participant**	\$79.44	\$81.47	\$80.21	\$(1.26)	-1.54%	\$81.81	\$0.34	0.42%
Annual Expenditures***	\$911,186,775	\$970,444,488	\$953,352,329	\$(17,092,159)	-1.76%	\$1,013,671,059	\$43,226,571	4.45%

\* SFY 2023-24 Average Participation includes projected participation for February 2024 through June 2024.

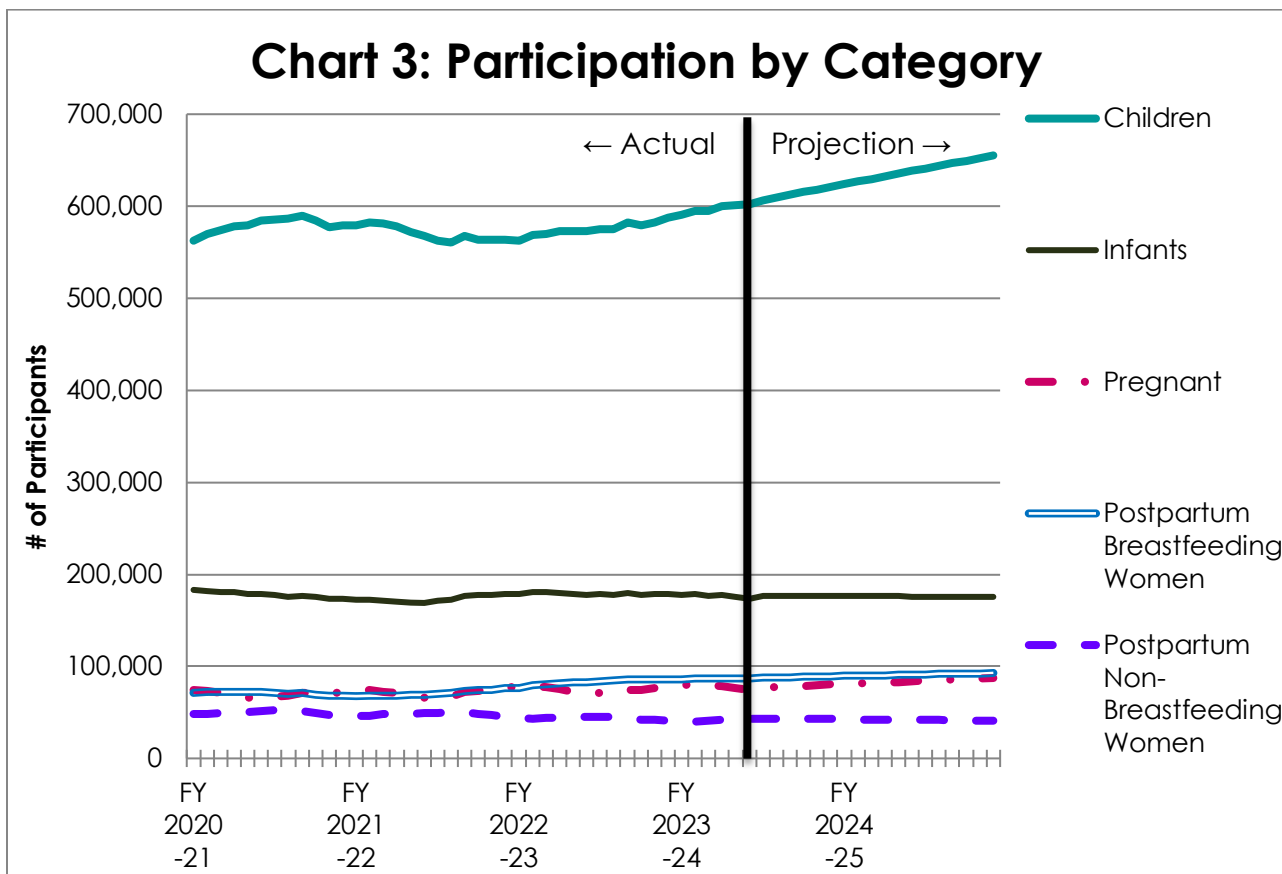
\*\*SFY 2023-24 and SFY 2024-25 Average Cost per Participant calculation does not include Fruits and Vegetables inflationary increase.

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

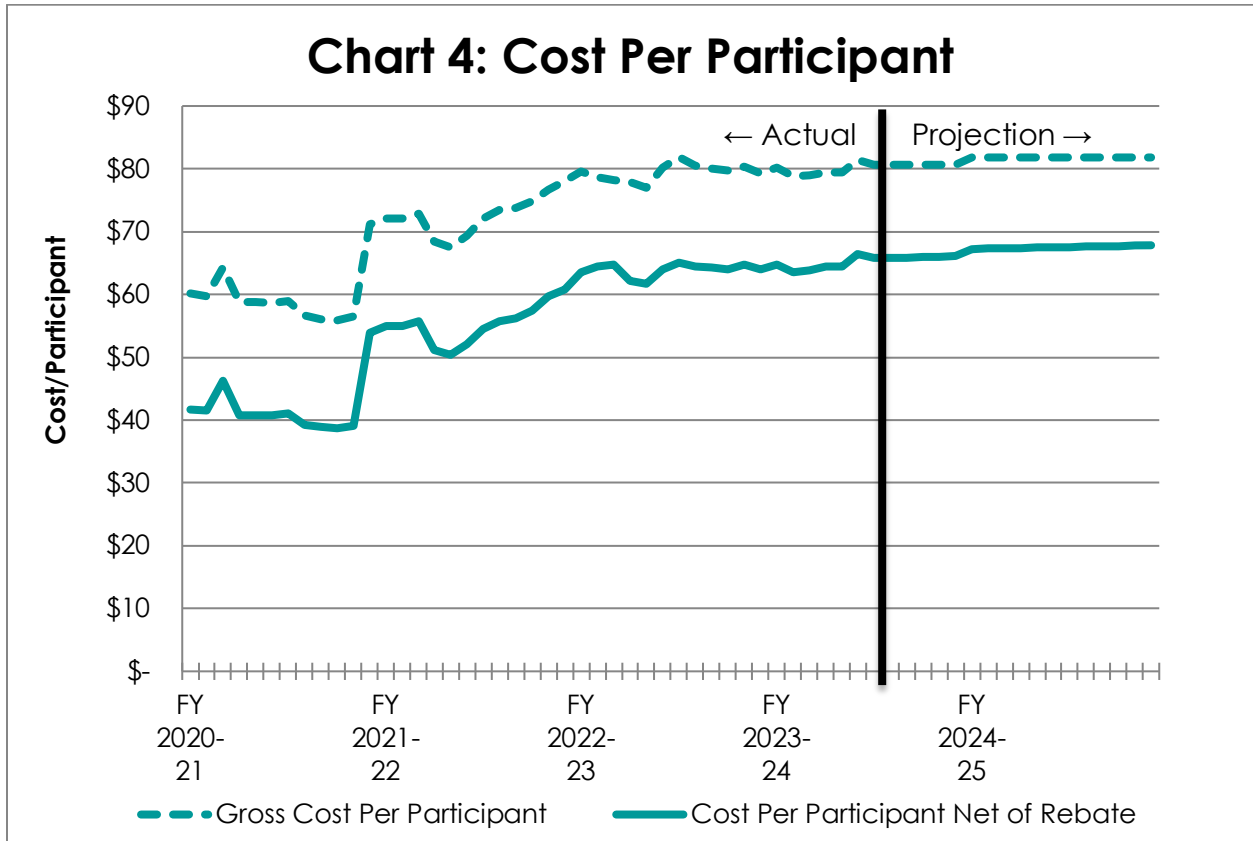
**APPENDIX B**

**Participant and Food Cost Projections by Category**

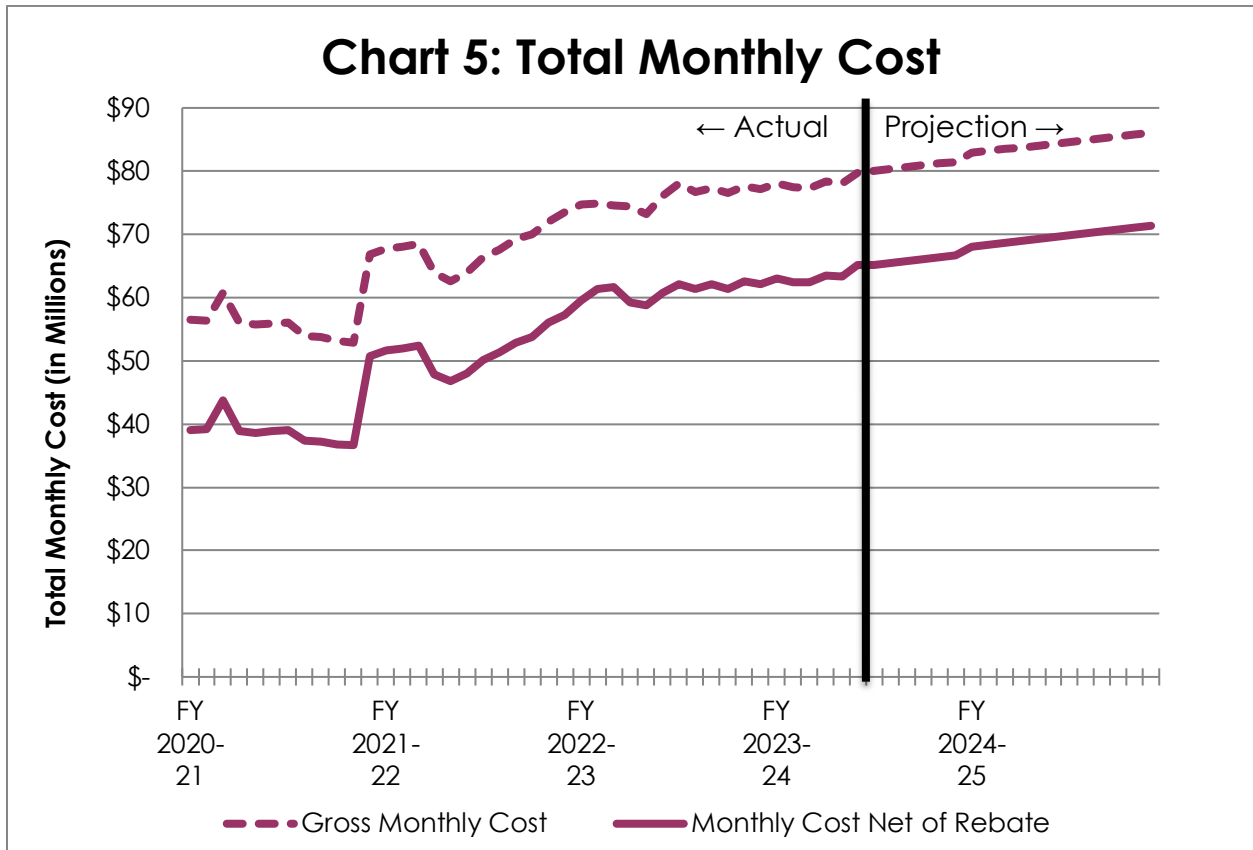
The figure below illustrates actual and projected participation trends since 2020-21. As mentioned previously, the Children participant category is the largest due to their longer period of eligibility. This population also experienced considerable growth around the time of the COVID-19 statewide shutdown 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**

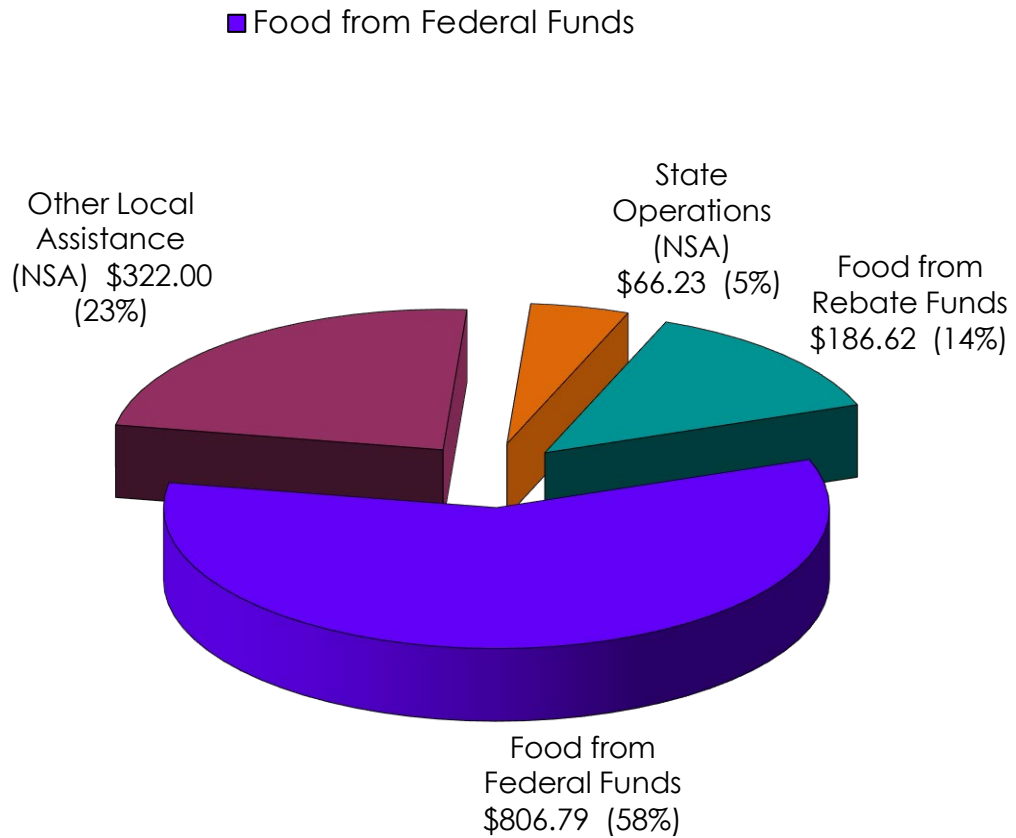
**WIC Special Display Chart (Government Code 13343)**

**TABLE 10: CALIFORNIA WIC PROGRAM EXPENDITURES**

PY 2022-23 (Actual) figures pending submittal of financial statements.

<b>Funding Source</b>	<b>PY 2022-23 (Actual)</b>	<b>CY 2023-24 (Estimated)</b>	<b>BY 2024-25 (Proposed)</b>
<b>LOCAL ASSISTANCE</b>			
<i>0890 Federal Grant for WIC</i>	\$1,041,867,010	\$1,128,789,000	\$1,198,038,000
<b>TOTAL FEDERAL TRUST FUND</b>	<b>\$1,041,867,010</b>	<b>\$1,128,789,000</b>	<b>\$1,198,038,000</b>
<i>3023 WIC Manufacturer Rebate Fund</i>	\$194,081,000	\$186,617,000	\$183,995,000
<b>TOTAL LOCAL ASSISTANCE</b>	<b>\$1,235,948,010</b>	<b>\$1,315,406,000</b>	<b>\$1,382,033,000</b>
<b>STATE OPERATIONS</b>			
<i>0890 Federal Grant for State Operations</i>	\$48,696,651	\$66,226,000	\$69,483,000
<b>GRAND TOTAL WIC PROGRAM</b>	<b>\$1,284,644,662</b>	<b>\$1,381,632,000</b>	<b>\$1,451,516,000</b>

**Chart 6: WIC EXPENDITURES  
FY 2023-24  
(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 \$1.23 billion, which is a decrease of \$7.8 million or 0.63 percent less than the 2024-25 Governor's Budget amount of \$1.239 billion. The estimate is based on the appropriated federal budget for federal fiscal year 2024.

For 2024-25, the projected federal revenue will total \$1.304 billion, which is an increase of \$8.5 million or 0.69 percent more than the 2024-25 Governor's Budget amount of \$1.296 billion. This projection is based on the President's proposed budget for FFY 2025.

**TABLE 11: REVENUE COMPARISON (all funds)**  
*All figures in dollars, rounded to the nearest thousand*

Revenue Source	2023 Budget Act	2024-25 Governor's Budget for 2023-24	2024-25 May Revision	Change from Governor's Budget	% Change from Governor's Budget	2024-25 Governor's Budget for 2024-25	2024-25 May Revision	Change from Governor's Budget	% Change from Governor's Budget
Federal Food Grant	786,609,000	850,438,000	832,014,000	(18,424,000)	-2.17%	904,099,000	902,319,000	(1,780,000)	-0.21%
Rebate Food Funds	217,313,000	189,616,000	186,617,000	(2,999,000)	-1.58%	190,373,000	183,995,000	(6,378,000)	-3.47%
<b>Total Funds for Food</b>	<b>1,003,922,000</b>	<b>1,040,054,000</b>	<b>1,018,631,000</b>	<b>(21,423,000)</b>	<b>-2.06%</b>	<b>1,094,472,000</b>	<b>1,086,314,000</b>	<b>(8,158,000)</b>	<b>-0.78%</b>
Federal NSA Grant	386,475,000	388,226,000	398,846,000	10,620,000	2.74%	391,519,000	401,793,000	10,274,000	2.65%
<b>Total Federal Funds</b>	<b>1,173,084,000</b>	<b>1,238,664,000</b>	<b>1,230,860,000</b>	<b>(7,804,000)</b>	<b>-0.63%</b>	<b>1,295,618,000</b>	<b>1,304,112,000</b>	<b>8,494,000</b>	<b>0.69%</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 16.7 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 67.86 percent of the federal fiscal year 2023 appropriation is allocated for food and California receives approximately 15.49 percent of that appropriation. The food allocation for federal fiscal year 2024 will slightly increase to 16.13 percent. These amounts are based on the final funding formula allocations, which consider the two increases in food costs due to increased participation, inflation, and continuation of the fruits and vegetables increase and an inflationary adjustment as part of the base grant and inflation, as authorized by the FFY 2024 appropriation.

**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 2023	\$6,000,000,000	\$157,654,000	67.86%	15.49%	\$580,978,951
FFY 2024	\$7,030,000,000	\$147,958,000	69.82%	16.13%	\$775,009,010

\* 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 2023-24, Food Grant revenue is expected to total \$832.0 million, which is decrease of \$18.4 million or 2.17 percent less than the 2024-25 Governor's Budget.

The decrease is attributed to the reduced need for food funds to support projected food costs.

For 2024-25, Food Grant revenue is expected to total \$902.3 million, which is slight decrease of \$1.8 million or 0.21 percent less than the 2024-25 Governor's Budget, also due to reduced need for food funds to support projected food costs.

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

Resource	FFY 2023	FFY 2024	Prorate to SFY 2023-24
Base Appropriation	\$580,978,951	\$775,009,010	\$726,501,495
Reallocations	\$197,165,784	\$49,263,772	\$86,239,275
SNAP Transfer	\$77,094,715	\$0	\$19,273,679
Total	\$855,239,450	\$824,272,782	\$832,014,449

**TABLE 14: WIC RESOURCES FOR FOOD FOR SFY 2024-25**

Resource	FFY 2024	FFY 2025	Prorate to SFY 2024-25
Base Appropriation	\$775,009,010	\$846,293,188	\$828,472,143
Reallocations	\$49,263,772	\$82,041,405	\$73,846,997
SNAP Transfer	\$0	\$0	\$0
Total	\$824,272,782	\$928,788,717	\$902,319,140

### 3. NSA Grant

Approximately 32.14 percent of the national WIC appropriation for federal fiscal year 2023 was allocated for NSA, and California received approximately 14.84 percent of that allocation. The NSA allocation for federal fiscal year 2024 will slightly decrease to 30.18 percent; California's share will also decrease to 14.56 percent of the national appropriation. This change is due to the increased proportion of national-level food allocation.

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

Federal Fiscal Year	National Budget Appropriation	Discretionary Funds	% of NSA Allocation	% of California Share	Total Allocated NSA*
FFY 2023	\$6,000,000,000	\$157,654,000	32.14%	14.84%	\$263,580,857
FFY 2024	\$7,030,000,000	\$147,985,000	30.18%	14.56%	\$302,449,255

\* 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 2023-24, NSA Grant revenue is expected to total \$389.8 million, which is an increase of \$10.6 million or 2.74% more than the 2024-25 Governor's Budget amount of \$388.2 million due to the overall increase of WIC funding for FFY 2024.

In 2024-25, NSA Grant revenue is expected to total at \$401.8 million, which is an increase of \$10.3 million or 2.65 percent more than the 2024-25 Governor's Budget amount of \$391.5 million. This increase is due to the increased budget for WIC, as proposed in the President's budget for FFY 2025.

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

Resource	FFY 2023	FFY 2024	Prorate to SFY 2023-24
Base Appropriation, NSA	\$263,580,857	\$302,449,255	\$292,732,156
Farmers' Market and Nutrition	\$3,257,739	\$3,257,739	\$3,257,739
Breastfeeding Peer Counseling	\$12,475,147	\$12,127,928	\$12,214,733
Reallocations	\$74,643,600	\$51,587,872	\$57,351,804
Spend Forward	\$31,960,826	\$32,702,066	\$32,516,756
SNAP Transfer	\$232,174	\$0	\$58,044
WIC Modernization	\$0	\$953,688	\$715,266
<b>Total</b>	<b>\$386,150,343</b>	<b>\$403,078,548</b>	<b>\$398,846,497</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 2024-25**

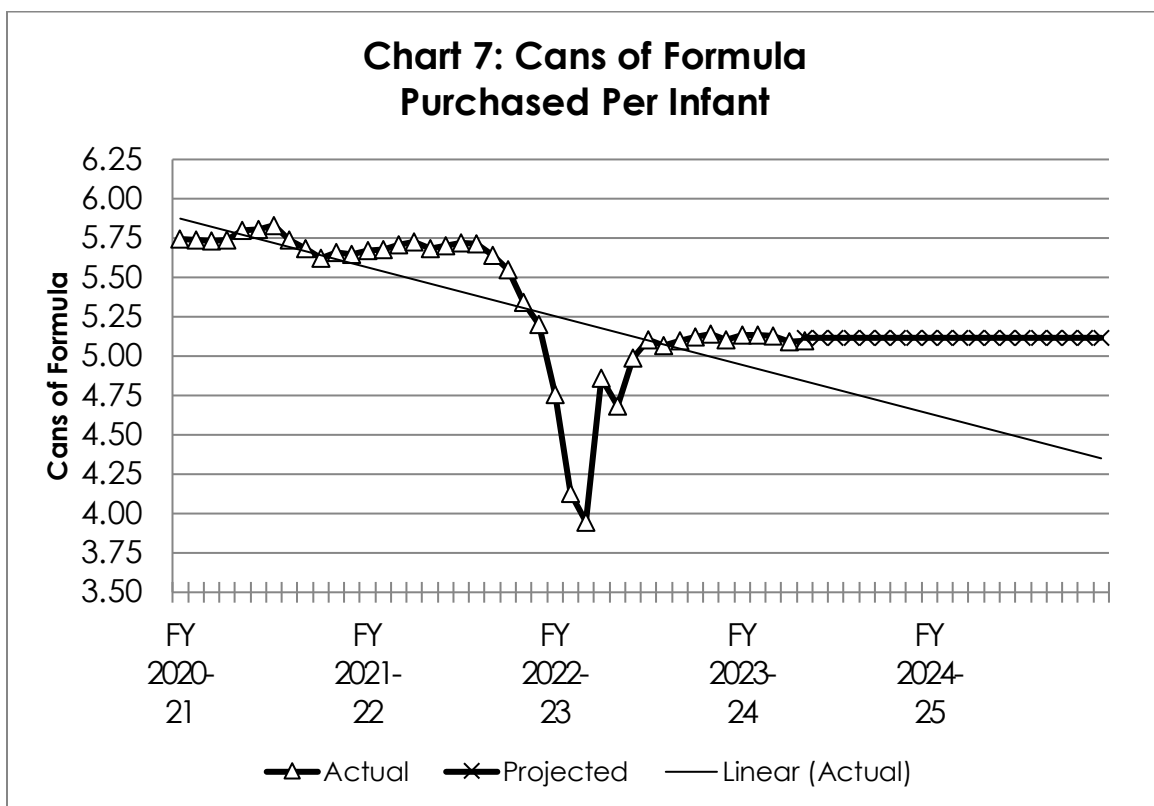
Resource	FFY 2024	FFY 2025	Prorate to SFY 2024-25
Base Appropriation, NSA	\$302,449,255	\$330,268,088	\$323,313,380
Farmers' Market and Nutrition	\$3,257,739	\$3,257,739	\$3,257,739
Breastfeeding Peer Counseling	\$12,127,928	\$12,127,928	\$12,127,928
Reallocations	\$51,587,872	\$16,762,591	\$25,468,911
Spend Forward	\$32,702,066	\$37,040,354	\$35,955,782
SNAP Transfer	\$0	\$0	\$0
WIC Modernization	\$953,688	\$1,907,375	\$1,668,953
<b>Total</b>	<b>\$403,078,548</b>	<b>\$401,364,075</b>	<b>\$401,792,693</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 \$186.6 million, a decrease of \$3.0 million or 1.58 percent when compared to the 2024-25 Governor's Budget amount of \$189.6 million. The decrease in rebate revenue is attributed to a decrease in projected infant participation from the 2024-25 Governor's Budget.

In 2024-25, WIC estimates infant formula WIC Manufacturer Rebate Fund revenues will total \$184.0 million, which is a decrease of \$6.4 million or 3.35 percent when compared to the 2024-25 Governor's Budget amount of \$190.4 million. The decrease is attributed to a decrease in projected infant participation from the 2024-25 Governor's Budget. 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.

Due to the nationwide shortage of infant formula, CDPH/WIC authorized non-contract infant formulas, which resulted in a decrease in rebate-eligible infant formula redemptions between March 2022 and February 2023. Following the end of formula flexibilities, beginning March 2023, rebate revenue has stabilized and has become reliable for projecting future rebate revenue. Rebate revenue reported beginning in March 2023 is used for the calculation of average cans of formula purchased per infant participant.