

Women, Infants, and Children (WIC)

2022-23 November Estimate



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I. ESTIMATE

A. Program Overview

The California Department of Public Health (CDPH), Women, Infants and Children Division (WIC) operates a \$1.1 billion program that served approximately 950,000 low-income California residents per month in 2020-21.

WIC receives federal funding to administer the WIC program through 84 local agencies (WIC Local Agencies) and approximately 3,800 authorized grocers and 62 authorized farmers. The funding through the United States Department of Agriculture (USDA) is based on a discretionary grant appropriated by Congress, plus subsequent reallocations of prior year unspent funds. The WIC program does not require any state general funds and is not an entitlement program; the number of participants served is limited by the discretionary federal grant. It is California's third largest federally funded food and nutrition assistance program after CalFresh, otherwise known as Supplemental Nutrition Assistance Program (SNAP) in most states, and the subsidized school meal programs.

The WIC program provides nutrition services and food assistance for pregnant, breastfeeding, and non-breastfeeding women, infants, and children up to age five who are at nutritional risk. In addition to the categorical eligibility requirement, participants must be at or below 185 percent of the federal poverty level, which is equivalent to an annual income of \$40,626 for a family size of three in 2021. Program services include nutrition education, breastfeeding support, assistance with finding health care and other community services, and benefits for specific supplemental foods redeemable at authorized grocers. The WIC program is federally funded by the USDA under the Federal Child Nutrition Act of 1966 and the Healthy, Hunger-Free Kids Act of 2010, as amended. Specific uses of the WIC program funds are required under federal laws and regulations, and WIC must report funds and expenditures monthly.

According to the most recent data (National- and State- Level Estimates of WIC Eligibility and WIC Program Reach in 2018, by USDA/Food and Nutrition Service (FNS) released in May 2021), the WIC program serves 67.1 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 56.9 percent. California is estimated to serve 95.6 percent of all WIC eligible infants. A separate analysis showed that nearly half of all California resident infants born in 2018 were enrolled in WIC during their first year of life.

WIC revenues are comprised of the federal grants and retained manufacturer rebates. The maximum number of participants served by WIC depends largely on food package costs, of which infant formula is a large percentage. Purchase of infant formula represents approximately 26 percent of gross food expenditures. WIC program federal regulations require all states to obtain infant formula manufacturer rebates through a competitive bidding process to offset this cost and maximize the number of participants

that can be served. The California state budget authorizes WIC to retain infant formula rebate revenue and use it to offset the cost of food for WIC participants. Rebate revenue accounts for approximately 23 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 26)

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

In early 2020, the California WIC Card fully replaced paper checks providing an easier way to issue benefits and improve the shopping experience for WIC families and grocers. Along with the WIC Card, WIC also replaced its management information system and launched the California WIC App that allows participants to view their food benefit balances, scan the bar code of foods to determine if the item is included in their food benefit balance, view upcoming WIC appointments, and find WIC offices and grocery stores.

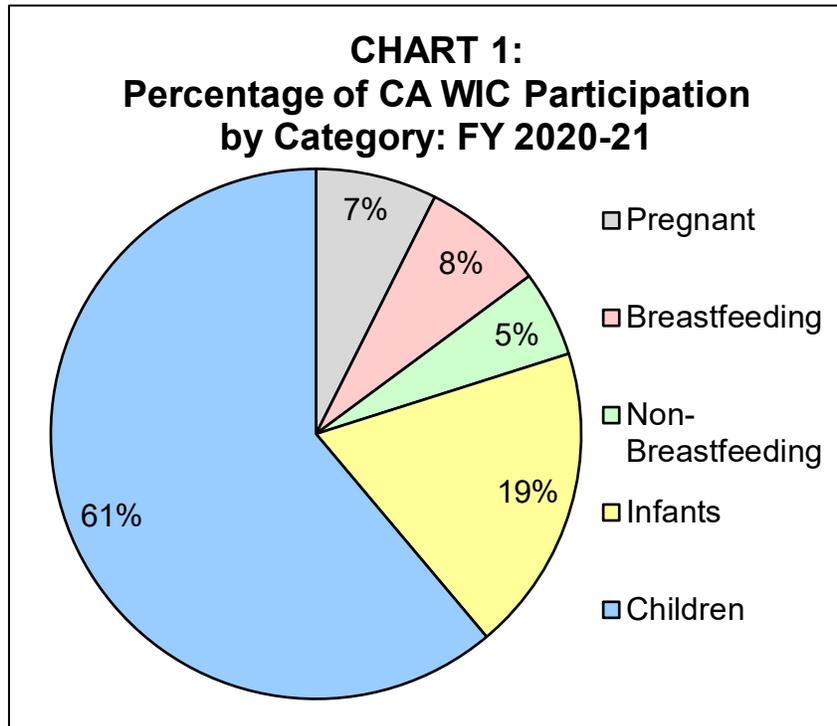
- Since June 2019¹, more than 1.12 million cards have been issued.
- Over 33.3 million WIC Card transactions have been completed.
- Over \$1.363 billion of WIC EBT benefits have been provided to families.

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

¹ Start of the WIC Card pilot. Data through January 2, 2022

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 2020-21.



**TABLE 1: ACTUAL CA WIC PARTICIPATION BY
 CATEGORY: FY 2020-21**

Participant Category	Actual Annual Participation FY 2020-21
Pregnant	840,976
Breastfeeding	848,095
Non-Breastfeeding	597,448
Infants	2,134,842
Children	6,950,836

COVID-19 and Other Emergency Response

The WIC program has provided uninterrupted services to applicants and participants since the COVID-19 pandemic was declared both a state and national emergency in March 2020.

Through a regulatory waiver process, the USDA granted states the flexibility to streamline WIC operations during the pandemic. These waivers allowed WIC to conduct services remotely by phone/video which limited the risk of COVID-19 exposure to participants. In addition, certain WIC food package substitutions allowed participants more access to their benefits when store availability was limited and foods were in short supply.

While services were provided remotely, CDPH/WIC staff worked to procure custom video conferencing services and a messaging application that helped improve local agency (LA) communications with participants. The secure messaging application can be used for two-way texts and mass messaging along with other functions. Both systems were customized to ensure ease-of-use and to protect participant confidentiality. Throughout the pandemic, LAs and CDPH/WIC have exponentially increased digital outreach and communication efforts through new tools, on LA websites, and through social media.

These program improvements and strategies have helped WIC provide critical food benefits and services during COVID-19, recent wildfires, and other emergencies.

In addition to funding intended to support WIC operations, the American Rescue Plan Act (ARPA) of 2021 provided funding to more than triple the fruits and vegetables benefit for WIC participants, up to \$35 per month. The fruits and vegetables benefit has a specific dollar amount for children ages one to four years, pregnant, postpartum, and breastfeeding women and allows WIC families access to fruits and vegetables. The enhanced benefit for fruits and vegetables covered a four-month period ending September 30, 2021.

In September 2021, President Biden signed a Continuing Resolution (CR) to fund an increase to the fruit and vegetable benefit for the first quarter of FFY 2022 (October through December 2021). A subsequent CR in December 2021 continued the fruit and vegetable increase through the second quarter of FFY 2022 (January through March 2022). Both CRs increased benefit levels to an amount recommended by the National Academies of Science, Engineering and Medicine and adjusted for inflation. The revised amounts are: \$24 per month for children, \$43 per month for pregnant and postpartum participants, and \$47 per month for breastfeeding participants.

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	2021 Budget Act	2021-22 Governor's Budget	2021-22 November Estimate	2021-22 Change from 2021 Budget Act	2021-22 % Change from 2021 Budget Act	2022-23 November Estimate	2022-23 Change from 2021 Budget Act	2022-23 % Change from 2021 Budget Act
Participant Food Package Costs	793,641,000	785,555,000	667,018,000	(126,623,000)	-15.95%	671,957,000	(121,684,000)	-15.33%
Half Gallon Milk	0	12,000,000	0	0	0.00%	0	0	0.00%
Fruits & Vegetables Increase (ARPA Funded)	62,115,000	0	61,462,000	(653,000)	-1.05%	0	(62,115,000)	-100.00%
Fruits & Vegetables Increase FFY 2022	0	0	50,000,000	50,000,000	100.00%	0	0	0.00%
Prudent Reserve	23,809,000	23,567,000	20,011,000	(3,798,000)	-15.95%	20,159,000	(3,650,000)	-15.33%
Total Food Expenditures	879,565,000	821,122,000	798,491,000	(81,074,000)	-9.22%	692,116,000	(187,449,000)	-21.31%

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	2021 Budget Act	2021-22 Governor's Budget	2021-22 November Estimate	2021-22 Change from 2021 Budget Act	2021-22 % Change from 2021 Budget Act	2022-23 November Estimate	2022-23 Change from 2021 Budget Act	2022-23 % Change from 2021 Budget Act
Total Food Expenditures	879,565,000	821,122,000	798,491,000	(81,074,000)	-9.22%	692,116,000	(187,449,000)	-21.31%
<i>Food Expenditures Paid from Rebate Funds</i>	<i>189,911,000</i>	<i>174,414,000</i>	<i>195,028,000</i>	<i>5,117,000</i>	<i>2.69%</i>	<i>182,915,000</i>	<i>(6,996,000)</i>	<i>-3.68%</i>
<i>Food Expenditures Paid from Federal Funds</i>	<i>689,654,000</i>	<i>646,708,000</i>	<i>603,463,000</i>	<i>(86,191,000)</i>	<i>-12.50%</i>	<i>509,201,000</i>	<i>(180,453,000)</i>	<i>-26.17%</i>
Other Local Assistance Expenditures (Federal NSA)	314,243,000	304,243,000	314,243,000	0	0.00%	314,243,000	0	0.00%
Total Federal Local Assistance Expenditures (Food + NSA)	1,003,897,000	950,951,000	917,706,000	(86,191,000)	-8.59%	823,444,000	(180,453,000)	-17.98%
State Operations (Federal NSA)	59,210,000	59,210,000	59,210,000	0	0.00%	59,210,000	0	0.00%

Prudent Reserve for Food Expenditures

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

As allowed, the prudent reserve request for food expenditures is revised for the current year to \$20.0 million, which is a decrease of \$3.8 million or 15.95 percent when compared to the 2021 Budget Act. The prudent reserve request for 2022-23 is \$20.2 million, which is a decrease of \$3.6 million or 15.33 percent when compared to the 2021 Budget Act. The 2022-23 amount includes approximately \$5 million in allowable breast pump purchases that are projected to be made in each fiscal year using Food Grant funds.

C. Expenditure Methodology/Key Drivers of Cost

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

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

D. Food Expenditures

1. Current Year

Food expenditures are comprised of the federal food expenditures and the WIC Manufacturer Rebate food costs. The 2021 Budget Act appropriation provided \$879.6 million (\$689.7 million federal fund and \$189.9 million rebate fund). The November Estimate anticipates a decrease in food expenditures in 2021-22 to \$798.5 million (\$603.5 million federal fund and \$195.0 million rebate fund), a decrease of \$81.1 million or 9.22 percent compared to the 2021 Budget Act appropriation. The decrease in food expenditures is based on a decline in participation (936,245 participants projected in the November Estimate compared to 978,209 projected in the 2021 Budget Act), a decrease in food inflation (1.53 percent in the November Estimate compared to 4.22 percent in the 2021 Budget Act), and lower than projected prior year expenditures, which serve as the basis for current year estimates. The decrease was slightly offset by the temporary fruit and vegetable increase from ARPA funding from June through September 2021, and the September and December continuing resolutions (CR) to extend the increase from October 2021 through March 2022. Rebate revenue is projected at \$195.0 million, which is an increase of \$5.1 million or 2.69 percent compared with the 2021 Budget Act amount of \$189.9 million. The increase in projected rebate revenue is the result of a slight increase in the number of cans of infant formula being purchased per infant participant on average and a slightly higher number of infants projected to be served in current year than was projected in the 2021 Budget Act.

2. Budget Year

For 2022-23, WIC's food expenditure estimate is \$692.1 million (\$509.2 million federal fund and \$182.9 million rebate fund), which is a decrease of \$187.5 million or 21.32 percent as compared to the 2021 Budget Act amount of \$879.6 million. The decrease in food expenditures is driven by the decline in current and budget year participation projections and elimination of the temporary increase for fruits and vegetables. This decrease is slightly offset by a food inflation rate of 1.37 percent. Rebate revenue is projected at \$182.9 million, which is a decrease of \$7.0 million or 3.68 percent compared with the 2021 Budget Act amount of \$189.9 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 2021-22, the NSA budget, including the anticipated expenditures for local administration, are estimated at \$314.2 million, which is the same as the 2021 Budget Act. State Operations expenditures are estimated at \$59.2 million, which is the same as the 2021 Budget Act.

2. Budget Year

For 2022-23, the NSA budget and anticipated expenditures for local administration are estimated at \$314.2 million, which is the same as the 2021 Budget Act. State Operations expenditures are estimated at \$59.2 million, which is the same as the 2021 Budget Act.

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	2021 Budget Act	2021-22 Governor's Budget	2021-22 November Estimate	2021-22 Change from 2021 Budget Act	2021-22 % Change from 2021 Budget Act	2022-23 November Estimate	2022-23 Change from 2021 Budget Act	2022-23 % Change from 2021 Budget Act
Local Assistance Expenditures	1,003,897,000	950,951,000	917,706,000	(86,191,000)	-8.59%	823,444,000	(180,453,000)	-17.98%
<i>Food Expenditures (Food Grant)</i>	<i>689,654,000</i>	<i>646,708,000</i>	<i>603,463,000</i>	<i>(86,191,000)</i>	<i>-12.50%</i>	<i>509,201,000</i>	<i>(180,453,000)</i>	<i>-26.17%</i>
<i>Other Local Assistance (NSA Grant)</i>	<i>314,243,000</i>	<i>304,243,000</i>	<i>314,243,000</i>	<i>0</i>	<i>0.00%</i>	<i>314,243,000</i>	<i>0</i>	<i>0.00%</i>
State Operations (NSA Grant)	59,210,000	59,210,000	59,210,000	0	0.00%	59,210,000	0	0.00%

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

Fund 0890 Federal Trust Fund	2021 Budget Act	2021-22 Governor's Budget	2021-22 November Estimate	2021-22 Change from 2021 Budget Act	2021-22 % Change from 2021 Budget Act	2022-23 November Estimate	2022-23 Change from 2021 Budget Act	2022-23 % Change from 2021 Budget Act
Total Available Resources	1,088,030,000	1,125,545,000	1,027,905,000	(60,125,000)	-5.53%	966,443,000	(121,587,000)	-11.17%
<i>Food Grant</i>	<i>702,463,000</i>	<i>725,696,000</i>	<i>643,060,000</i>	<i>(59,403,000)</i>	<i>-8.46%</i>	<i>581,598,000</i>	<i>(120,865,000)</i>	<i>-17.21%</i>
<i>NSA Grant</i>	<i>385,567,000</i>	<i>399,849,000</i>	<i>384,845,000</i>	<i>(722,000)</i>	<i>-0.19%</i>	<i>384,845,000</i>	<i>(722,000)</i>	<i>-0.19%</i>

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

Fund 3023 Manufacturer Rebate	2021 Budget Act	2021-22 Governor's Budget	2021-22 November Estimate	2021-22 Change from 2021 Budget Act	2021-22 % Change from 2021 Budget Act	2022-23 November Estimate	2022-23 Change from 2021 Budget Act	2022-23 % Change from 2021 Budget Act
Local Assistance Expenditures	189,911,000	174,414,000	195,028,000	5,117,000	2.69%	182,915,000	(6,996,000)	-3.68%

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

Fund 3023 Manufacturer Rebate	2021 Budget Act	2021-22 Governor's Budget	2021-22 November Estimate	2021-22 Change from 2021 Budget Act	2021-22 % Change from 2021 Budget Act	2022-23 November Estimate	2022-23 Change from 2021 Budget Act	2022-23 % Change from 2021 Budget Act
Total Available Resources	189,911,000	174,414,000	195,028,000	5,117,000	2.69%	182,915,000	(6,996,000)	-3.68%

II. FUND CONDITION STATEMENT

The Fund Condition Statement below illustrates the status of the WIC Manufacturer Rebate Fund 3023 for actual revenues and expenditures for 2020-21, and projected revenues for 2021-22 and 2022-23:

TABLE 8: FUND CONDITION STATEMENT*Dollars in thousands*

3023 WIC Manufacturer Rebate Fund	SFY 2020-21 Actual	SFY 2021-22 Estimate	SFY 2022-23 Estimate
BEGINNING BALANCE	20,014	137	206
Prior Year Adjustments	(19,637)	-	-
Adjusted Beginning Balance	377	137	206
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4163000 Investment Income - Surplus Money Investments	18	69	69
4172500 Miscellaneous Revenue	203,678	195,028	182,915
4172100 Fines-Court	0	0	0
Total Revenues, Transfers, and Other Adjustments	203,696	195,097	182,984
Total Resources	204,073	195,234	183,190
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4265 Department of Public Health (Local Assistance)	203,936	195,028	182,915
Total Expenditures and Expenditure Adjustments	203,936	195,028	182,915
FUND BALANCE	137	206	275

II. ASSUMPTIONS

1. Future Fiscal Issues

a. WIC Act of 2021

Background: On March 18, 2021, Robert Casey Jr. (D-PA) introduced a bill in the 117th U.S. Congress called the “Wise Investment in Children Act of 2021” or “WIC Act of 2021.” Senate 853 (S.853) includes provisions that aim to improve maternal and child health outcomes in the United States by expanding WIC eligibility for infants, children, and new mothers. These provisions include giving states the option to extend the maximum age of eligibility for children participating in the WIC Program from five to six years of age, if not enrolled in kindergarten. The bill would give states the option to extend the certification time for infants to age two and extend the certification timeframe for breastfeeding and non-breastfeeding women to two years postpartum. The intent of this legislation, if there are sufficient funds, is to cover the nutritional gap for children who have reached the age of maturity in the WIC Program at five years old, but who are not yet eligible to enter public school, where they would become eligible for school breakfast and lunch programs. Passage of this legislation will give states the option to further ensure continuous support for children’s nutritional needs until they are eligible for school meals. The bill seeks to improve outcomes for postpartum women, including the interpregnancy period, which will provide a critical opportunity to improve the health of mothers and outcomes for subsequent births, reducing the likelihood of costly conditions resulting from negative birth outcomes like preterm birth or low birthweight.

As of December 9, 2021, the WIC Act of 2021 is with the Senate Agriculture, Nutrition, and Forestry Committee. An identical bill introduced in the House of Representatives (H.R. 2011) by Representative Rosa L. DeLauro (D-CT-3) was referred to House Education and Labor.

Description of Change: This bill could impact approximately one-quarter of the WIC Program’s child participants who could have up to an additional year of program eligibility. According to the bill author, the WIC Act of 2021 would reach about 600,000 children nationwide. Additionally, the change would allow postpartum WIC participants to receive benefits for two years. This would improve new mothers’ access to nutrition support by increasing the certification timeframe from six months to two years for non-breastfeeding women and from one year to two years for fully breastfeeding women.

Discretionary: Yes

Reason for Adjustment/Change:

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

Fiscal Impact (Range) and Fund Source(s): The potential impact of the WIC Act of 2021 is an estimated on-going annual cost of between approximately \$86 million to \$88 million to Federal Trust Fund (Fund 0890).

b. WIC for Kids Act of 2021

Background: On July 16, 2021, Jahana Hayes (D-CT) and Jenniffer González-Colon (R-PR) introduced the WIC for Kids Act. The bipartisan bill would streamline WIC certifications to ensure that children could easily continue WIC services. The bill would allow WIC state agencies to extend child certifications from one to two years, allow flexibility to align certification periods among family members, expand adjunctive eligibility within households, and include additional programs like Head Start, Early Head Start, and the state Children’s Health Insurance Program.

As of December 9, 2021, the bill titled “To amend the Child Nutrition Act of 1966 to extend certain certification periods for the special supplemental nutrition program for women, infants, and children, and for other purposes” (H.R. 4455) is with the House Committee on Education and Labor.

Description of Change: According to the bill authors, the WIC for Kids Act of 2021 would streamline the process to enroll in WIC, provide automatic eligibility for WIC when families have documented eligibility in other programs, extend child certification periods from one to two years, and allow families to align certification periods.

Discretionary: Yes

Reason for Adjustment/Change:

- Streamlined basic program eligibility requirements could increase program participation.
- The extended certification periods could increase program retention.
- Positive health impact on young California.

Fiscal Impact (Range) and Fund Source(s): Unknown fiscal impact. Total food costs from higher participation may increase. Decreased administrative costs associated with the certification/recertification process would be offset by increased participation.

c. Federal American Rescue Plan Act: Outreach, Innovation, and Modernization

Background: On March 11, 2021, the President signed the American Rescue Plan Act of 2021 into law. The Act provides funding for critical WIC investments totaling \$880 million. The Act allocates \$390 million for WIC to focus on outreach, innovation, and program modernization efforts. The USDA will provide direction on how these elements will be implemented.

Description of Change: The \$390 million will be available to the USDA Secretary of Agriculture and possibly states 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 modernizations routine in other public service programs or adopt technologies implemented during the pandemic.
- Modernize enrollment and recertification processes.
- Explore innovative approaches to enroll and encourage continued participation in WIC.
- Support outreach campaigns and encourage the redemption of benefits.

Fiscal Impact (Range) and Fund Source(s): The projected fiscal impact to California and breakdown by year for WIC investments is unknown at this time and will require direction from the United States Department of Agriculture (USDA) – Food and Nutrition Services (FNS). The impacted Fund Source is Fund 0890.

d. Proposed Federal Fiscal Year (FFY) 2022 Budget Appropriations

Background: In June 2021, the House of Representatives Agricultural Appropriations Subcommittee proposed \$6 billion for the WIC Program, to remain available through September 30, 2022. The proposal designates \$834 million to extend the fruit and vegetable increase beyond September 2021 into FFY 2022, \$75 million in Management Information Systems funding, and a \$225 million rescission of unspent funds. The President's Budget also released later in June 2021, recommended funding for WIC at \$6 billion with no rescission. The proposal allows for a \$1.2 billion increase that includes extending the fruit and vegetable increase through FFY 2022, \$100 million for Management Information Systems, and \$200 million to support the contingency fund.

In September and December 2021, Congress passed and President Biden signed Continuing Resolutions (CR) resulting in government funding through February 18, 2022. The CRs fund the WIC Program at FFY 2021 levels (flat funding) for both NSA and Food grants; however, the CRs also extended the fruit and vegetable increase through March 2022. Details of the impact to food expenditures of the CRs is detailed under New Assumptions.

As of December 6, 2021, the Senate has not yet released a proposed budget for FFY 2022.

Description of Change: The Nutrition Services and Administration (NSA) grant could be reduced and the food grant increased based on the \$834 million allocated at the national level for the fruit and vegetable expansion under the House Proposal from FFY 2021 funding. The President's Budget would fund WIC at about \$964 million more than FFY 2021. Both proposals would extend the fruit and vegetable increase through FFY 2022.

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

Reason for Adjustment/Change:

- The Federal budget for WIC that the Congress votes and passes and the President signs directly affects California's Food and NSA funding levels.
- The President's Budget proposal provides funding levels that reflect higher participation levels for states nationwide, which will result in increased funds remaining for future reallocations.

Fiscal Impact (Range) and Fund Source(s): Based on CR funding through February 18, 2022, there is no impact to Food or NSA grant revenue for FFY 2022 from FFY 2021 funding levels. There is sufficient funding to support the authorized increase to the fruit and vegetable benefit through March 2022. The impacted Fund Source is the Federal Trust Fund (Fund 0890).

e. Infant Formula Rebate Contract

Background: On July 31, 2022, the current infant formula contract with Mead Johnson and Company will expire. To ensure the continuance of infant formula cost containment after the ending of the current contract, CDPH/WIC issued an invitation for bid (IFB) in September 2021 to infant formula manufacturers for the purpose of procuring revenue generating contracts for the provision of milk-based and soy-based iron-fortified infant formula for the WIC Program in three (3) forms: liquid concentrate, powder, and ready-to-feed.

Historically, CDPH/WIC receives bids from three manufacturers: Mead Johnson and Company, Abbott Laboratories, and Nestle Gerber. The IFB includes separate solicitations for milk-based and soy-based iron-fortified infant formula, which may result in either one contract for both infant formula types or two separate manufacturer contracts. The winning bidder(s) will be the manufacturer(s) that provides the lowest total net cost per month of infant formula to CDPH/WIC while meeting all bid requirements and bidder qualification requirements (as specified in the IFB). If the bidder(s) that provides the lowest total net cost per month does not meet the bid and/or qualification requirements, they will not be awarded the contract. The term of the infant formula contract(s) will be for three years, with the option of extending up to two additional years for a total of five years. The new contract(s) will start August 1, 2022.

Description of Change: With a new infant formula contract, it is likely that the rebate dollar amount reimbursed per can of infant formula will change. It is also likely that the rebate amount received will change and the net cost for infant formula may increase or decrease. Should there be a change in net cost for the infant formula purchased by CDPH/WIC, it may require greater reliance on the USDA food grant for funding of infant formula.

Discretionary: No. Federal WIC regulations require that CDPH/WIC has a continuous revenue-generating rebate contract in place for both milk-based and soy-based infant formula.

Reason for Adjustment/Change:

- Increase or decrease in infant formula rebate, which may result in an increase or decrease to the overall cost of infant formula.

Fiscal Impact (Range) and Fund Source(s): The potential fiscal impact is currently unknown; however, a change in net cost for infant formula will impact both the Federal Trust Fund (0890) and the WIC Manufacturer Rebate Fund (3023) beginning 2022-23. A fiscal impact will be provided in the 2022-23 May Revision.

2. New Assumptions/Premises

a. Federal Fiscal Year (FFY) 2022 Fruit and Vegetable Increase

Background: In September 2021, President Biden signed a Continuing Resolution (CR) to fund an increase to the fruit and vegetable benefit for the first quarter of FFY 2022 (October through December 2021). Since no budget appropriation was passed by congress by the December 3, 2021 deadline, the President signed a subsequent CR to avoid a government shutdown and continue funding at FFY 2021 levels through February 18, 2022. The second CR continued the fruit and vegetable increase through the second quarter of FFY 2022 (January through March 2022).

Description of Change: Both CRs increased benefit levels to an amount recommended by the National Academies of Science, Engineering and Medicine and adjusted for inflation. The revised amounts are: \$24 per month for children, \$43 per month for pregnant and postpartum participants, and \$47 per month for breastfeeding participants.

Discretionary: No. The benefit increase authorized by the CRs is a mandatory increase to the food package for the time specified.

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 CR funding at FFY 2021 levels is sufficient to cover the increased fruit and vegetable expenditures.

Fiscal Impact (Range) and Fund Source(s): Projected impact to California food costs for the fruit and vegetable increase authorized from October 2021 through March 2022 is estimated at \$50 million in 2021-22. There is sufficient Food grant revenue authorized under the CR to support this increase. The impacted Fund Source is the Federal Trust Fund (Fund 0890).

3. Existing (Significantly Changed) Assumptions/Premises

a. Adjustment to Participation Projection Methodology

Background: Recent major changes to the delivery of WIC services, challenges associated with COVID-19, and the need to properly account for a recent increase in WIC participation trends has prompted review of the participation projection methodology used in prior Budget Estimates. CDPH/WIC's methodology prior to the 2020 November Estimate was driven largely by a five-year average percent change in participation. This calculation captured a long-term and relatively steady decline in participation fueled in part by decreasing birth rates and improving economic conditions for many. However, such long-term trends are not as agile in projecting sudden shifts in participation in today's very different public health and economic climate. To adjust for this, CDPH/WIC replaced the prior projection methodology with one that relies more heavily on recent months of participation actuals to estimate the size and behavior of the WIC-eligible population.

Description of Change: Starting with the 2020 November Estimate, 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 actual monthly participation across a recent time period.

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

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

CDPH/WIC originally used a 12-month period of actuals to determine model parameters for the 2020 November Estimate, and this period was changed to 18 months for the 2021 May Revision Estimate to account for a rare and transient shock of the pandemic to CDPH/WIC's overall participation trends. However, participation trends have

moderated considerably since the period of rapid growth around April 2020, causing an 18-month window of actuals to no longer represent expected conditions in the coming fiscal years. In this way, CDPH/WIC will once again use a 12-month window of actuals and this will produce more realistic participation projections going forward. Given recent improvements to CDPH/WIC's procedures for remote service delivery, CDPH/WIC also expects such delivery to be more robust to other potential transient shocks related to the COVID-19 pandemic going forward. CDPH/WIC therefore expects a methodology utilizing 12 months of actuals to remain useful for subsequent budget cycles.

Discretionary: Yes

Reason for Adjustment/Change:

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

Fiscal Impact (Range) and Fund Source(s): As WIC participation has re-balanced in recent months, the new projections methodology utilizing 12 months of actuals will predict a lower number of average monthly participants relative to projections derived from models based on 18 months of actuals. For 2021-22, CDPH/WIC projects 46,393 fewer WIC participants per month on average, which equates to a decrease in projected Food grant expenditures of up to \$33.1 million. For 2022-23, CDPH/WIC projects 146,702 fewer WIC participants per month on average, which equates to a decrease in projected Food grant expenditures of up to \$105.9 million. The impacted Fund Source is the Federal Trust Fund (Fund 0890).

4. Unchanged Assumptions/Premises

a. Federal Fiscal Year (FFY) 2021 Budget Appropriations

Background: *The Consolidated Appropriations Act of 2021*, enacted on December 27, 2020, included \$6 billion for the WIC Program, to remain available through September 30, 2021. The final appropriation included \$90 million of the funds be used for breastfeeding peer counselors, \$14 million to be used for infrastructure, and a \$1.25 billion rescission of unspent funds from prior year.

Description of Change: The FFY 2021 appropriation resulted in final Food and NSA grants that were less than what was projected in the 2021 Budget Act, however, California was successful in applying for and receiving reallocated funding for both Food and NSA grants to bring funding levels close to the expected 2021 Budget Act levels. Even with the successful reallocations, California saw slight declines in its SFY 2020-21 Food grant revenue of \$46.1 million and NSA grant revenue of \$13 million.

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

Reason for Adjustment/Change: The federal budget for WIC that Congress passes, and the President signs has a major impact on California's Food and NSA funding levels.

Fiscal Impact (Range) and Fund Source(s): There was a decrease in projected Food grant revenue for SFY 2020-21 in the amount of \$46.1 million and a decrease in projected NSA grant revenue for 2020-21 in the amount of \$13 million when compared with the 2021 Budget Act.

b. Federal American Rescue Plan Act: Increased Fruit and Vegetable Benefits

Background: On March 11, 2021, the President signed the American Rescue Plan Act (ARPA) of 2021 into law. The Act provided funding for critical WIC investments totaling \$880 million. The Act included \$490 million to enhance benefits for fruits and vegetables over a four-month period, which ended September 30, 2021.

During the four-month period of increased benefits, the Act expanded WIC's nutrition support efforts by more than tripling the fruits and vegetables benefit.

Description of Change: The Act provided funding to increase the value of the fruit and vegetable benefit to \$35 for a four-month period. This increase affected four food packages for children ages one to four years, pregnant, postpartum, and breastfeeding participants. This increase to benefits was implemented for a maximum of four months and ended September 30, 2021. These funds will remain available until September 30, 2022.

Discretionary: Yes

Reason for Adjustment/Change:

- Expand access to nutritious foods and provide for increased enrollment due to the ongoing economic slowdown.
- Address increased food insecurity in WIC families.
- Increased the consumption of fruits and vegetables.
- Attract more eligible families to WIC.

Fiscal Impact (Range) and Fund Source(s): Temporary increase in revenues and expenditures across multiple state fiscal years. The four-month \$35 fruit and vegetable benefit equated to an increase of \$74.4 million. The actual expenditure for June 2021 was \$13 million in 2020-21 which left an estimated \$61.4 million increase in food revenues and expenditures in 2021-22. The impacted Fund Source is the Federal Trust Fund (Fund 0890).

c. Auto-issuance of EBT Food Benefits

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

Description of Change: CDPH/WIC monitors benefit utilization data to determine if the auto-issuance of benefits impacts the utilization rate. Historically, when participants shopped with checks, about five percent of checks were not redeemed; the available EBT data for the first nine months (June 2019 through February 2020) of EBT transition showed a similar five percent non-utilization rate (although these months only included the families that had transitioned to the WIC Card, based on the pilot counties and then statewide geographic roll out).

The benefit non-utilization rates for March through June 2020 increased progressively from 8 percent to 15 percent, with July 2020 through May 2021 stabilizing around 15 to 16 percent.

Discretionary: Yes

Reason for Adjustment/Change: To ensure that eligible participants are issued monthly food benefits during the COVID-19 pandemic, and to protect the health of participants and staff by reducing in-person interaction.

Fiscal Impact (Range) and Fund Source(s): The decline in the average per participant food cost will be offset by the increase in participation.

5. Discontinued Assumptions/Premises

a. Transition to the California WIC Card

Reason for Adjustment/Change: The federal mandate for completing the WIC Local Agency roll out and the transition of stores to the WIC Card was October 1, 2020. California met this deadline on July 22, 2020.

b. COVID-19 Approved Food Package Waivers

Reason for Adjustment/Change: The Department ended all COVID-19 approved food package waivers, effective June 1, 2021.

IV. APPENDICES

APPENDIX A

Rationale and Methodology for Participation and Expenditure Projections

According to the most recent data (Eligibles and Program Reach, 2018, by USDA FNS released in May 2021), the WIC program serves 67.1 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 56.9 percent.

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

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

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

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

- The participation numbers during the 12 most recent months of data.
- The upper limit of possible WIC participants, jointly estimated using recently published USDA FNS coverage rates and counts of all WIC-eligible individuals using administrative data for WIC and Medi-Cal.

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

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

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

participants determined from a match between WIC and Medi-Cal administrative records. This sum was adjusted upwards (to account for WIC-eligible individuals not participating in either WIC or Medi-Cal) using separate estimates of coverage rates available in the most recent version of the USDA FNS WIC Eligibility and Program Reach Report.

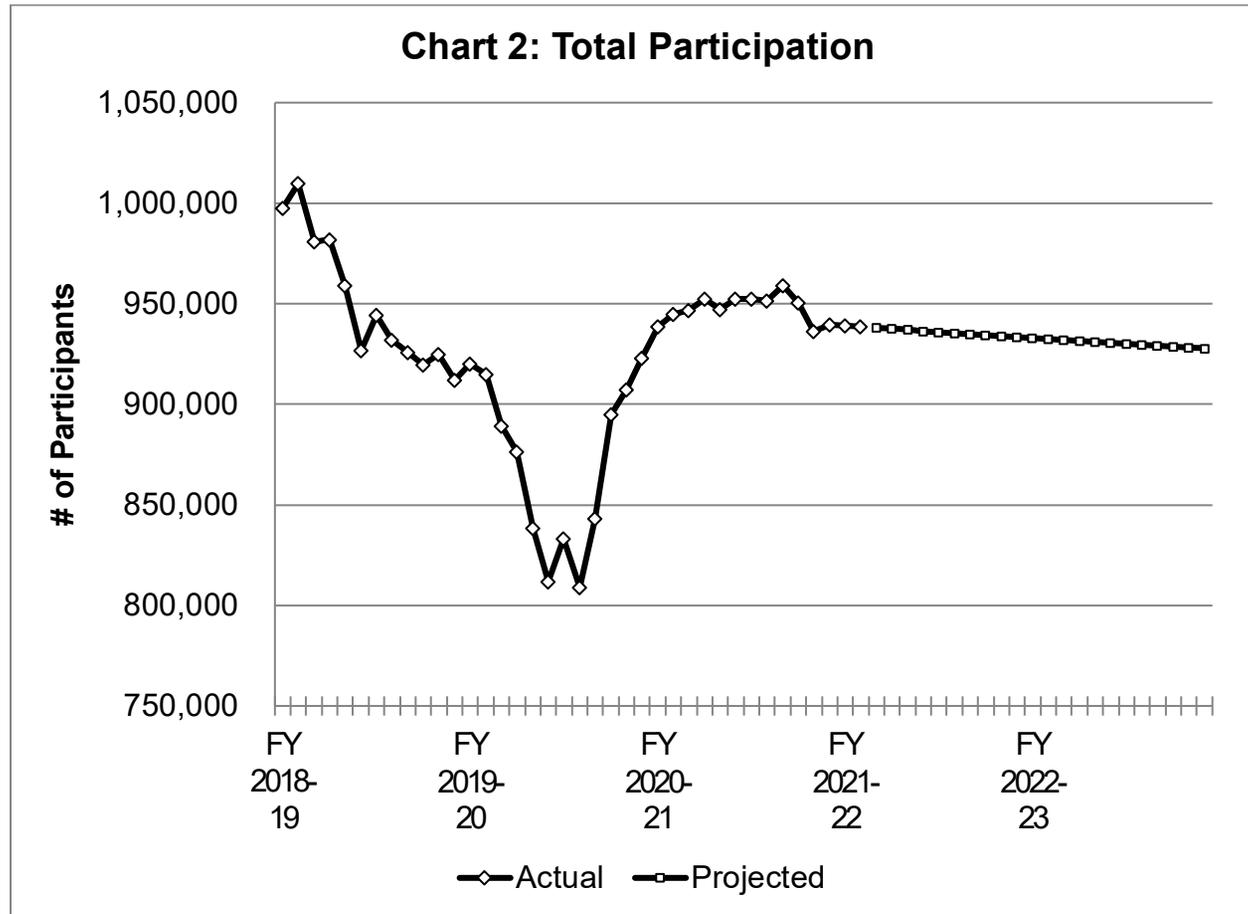
Using these two parameters and starting the model off with the most recent month of participation actuals, CDPH/WIC calculated subsequent months of participation for each of the five WIC participation categories (infants, children, pregnant women, breastfeeding mothers, and non-breastfeeding mothers).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

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

Total average monthly participation for 2021-22 is based upon 1 month of actuals and 11 months of projected data summed across all categories. For 2020-21, monthly average participation was 947,683. WIC estimates average monthly participation for 2021-22 will decrease to 936,245, a decrease of 1.21 percent, compared to an increase of 8.71 percent in 2020-21.

Total average monthly participation for 2022-23 is based upon the remaining projected months from the growth model initialized with July 2021 as the most recent month of actuals. WIC estimates average monthly participation will decrease to 930,482, a decrease of 0.62 percent, compared to the 1.21 percent decrease projected for 2021-22.

The participation graph below and the individual participant category charts located in Appendix B show the participation levels for 2022-23, which includes updated actual participation numbers through July 2021:



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 2021 with projections through the end of 2022-23. The updated projected CPI rate in 2021-22 is 1.53 percent, and for 2022-23 is an inflation of 1.37 percent. Historical expenditures and updated average per participant food costs for 2020-21 through June 2021 were used to update projections for 2021-22 and build the new projection for 2022-23 food costs.

Below is a chart summarizing total actual food cost expenditures for 2020-21 and food cost projections for the current and budget year.

TABLE 9: FOOD EXPENDITURES

Factor	SFY 2020-21 Actuals	Budget Act 2021	2021-22 November Estimate	2021-22 Change from 2021 Budget Act	2021-22 % Change from 2021 Budget Act	2022-23 November Estimate	2022-23 Change from 2021 Budget Act	2022-23 % Change from 2021 Budget Act
Average Monthly Participation*	947,683	978,209	936,245	-41,964	-4.29%	930,482	-47,727	-4.88%
Average Cost per Participant	\$58.47	\$67.61	\$59.37	\$(8.24)	-12.19%	\$60.18	\$(7.43)	-10.99%
Annual Expenditures**	\$664,921,011	\$793,640,661	\$667,018,388	\$(126,622,273)	-15.95%	\$671,956,881	\$(121,683,780)	-15.33%

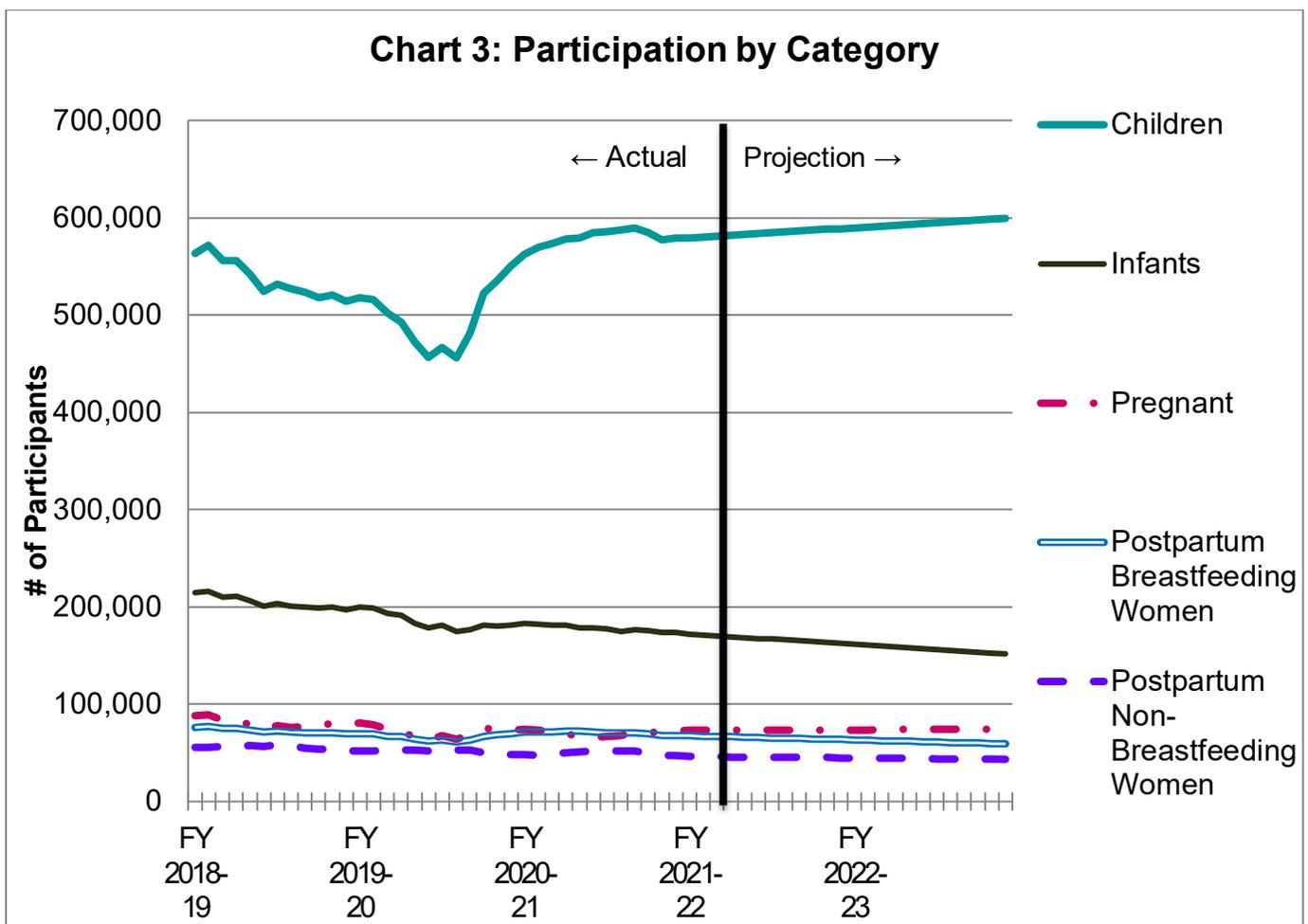
* SFY 2021-22 Average Participation includes actual participation for July 2021 and projected participation for August 2021 through June 2022.

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

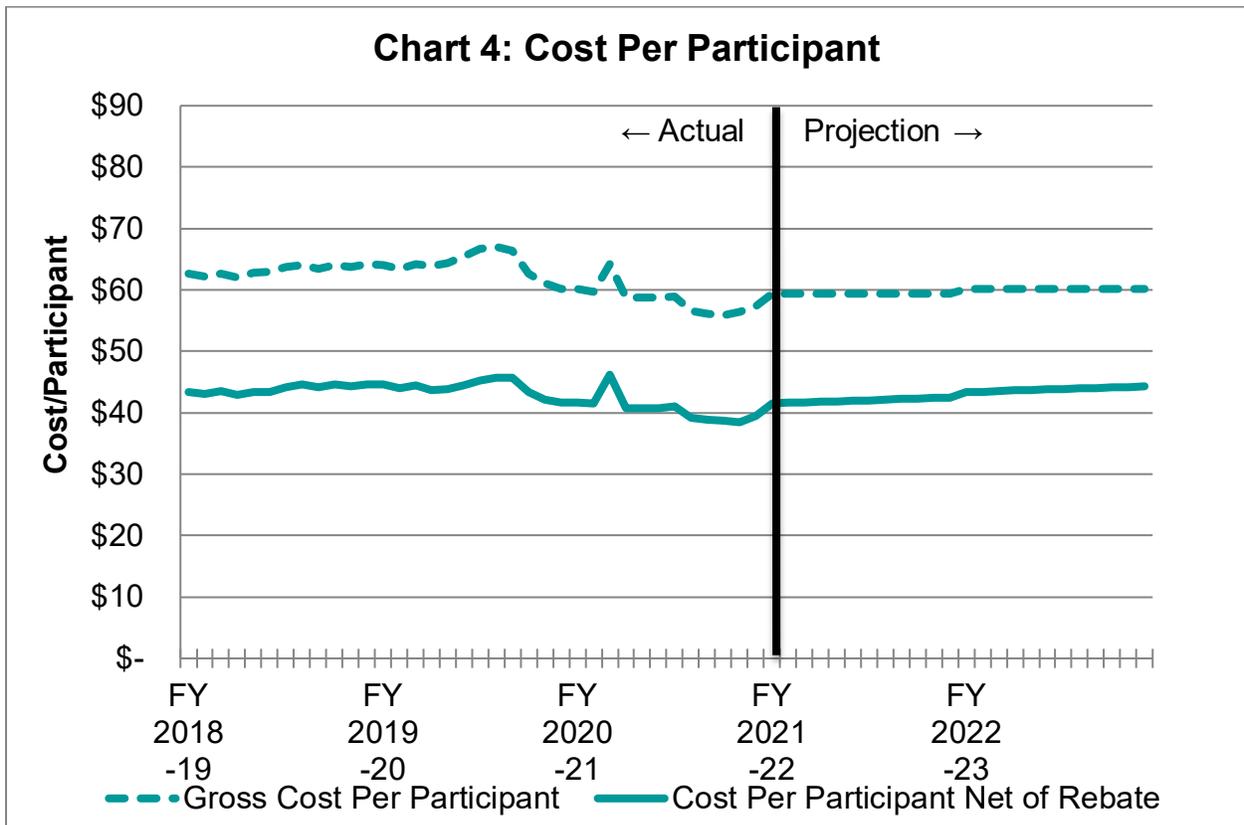
APPENDIX B

Participant and Food Cost Projections by Category

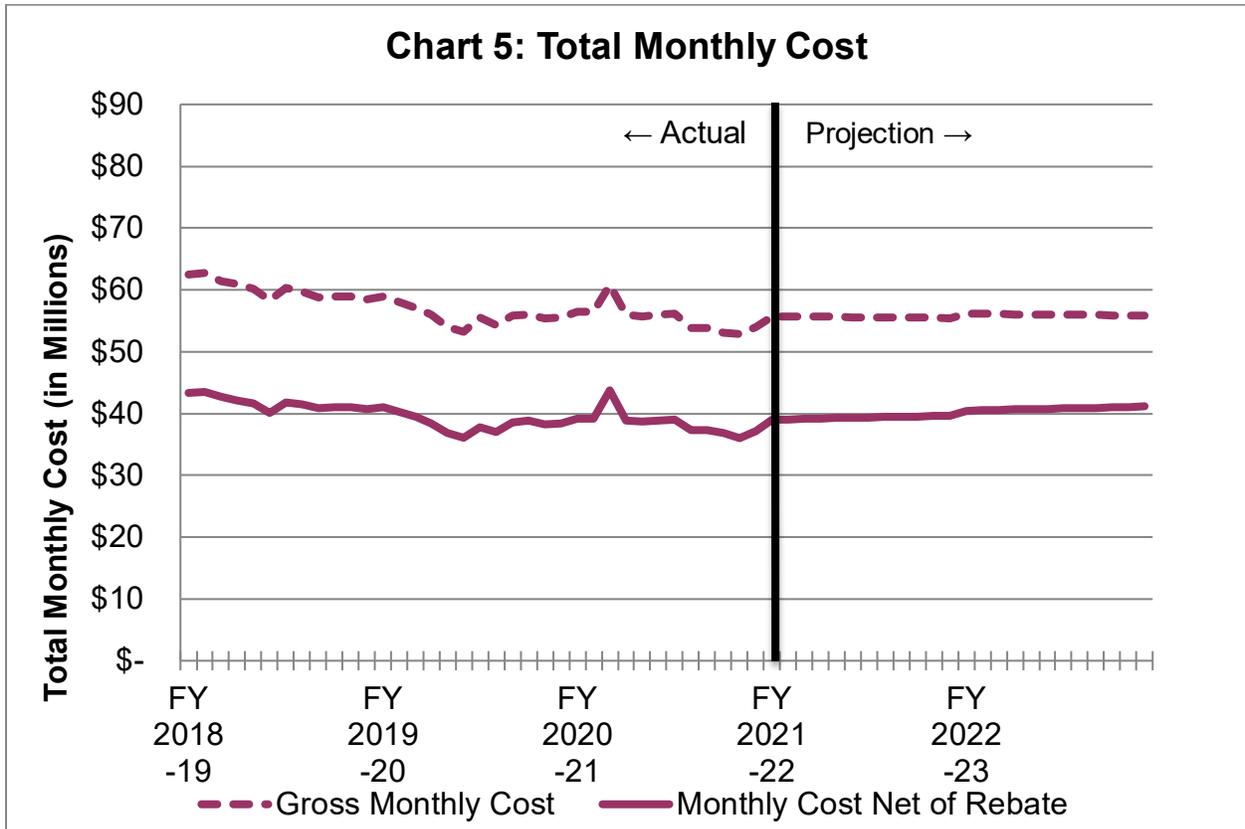
The figure below illustrates actual and projected participation trends since 2018-19. As mentioned previously, the Children participant category is the largest due to their longer period of eligibility. This population also experienced considerable growth around the time of the statewide shutdown as a result of increased recertification rates and large-scale auto-issuance of food benefits. This growth has slowed in recent months, but we expect it to continue modestly in the coming months. Forecasted total monthly participation is included in the chart in Appendix A:



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



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



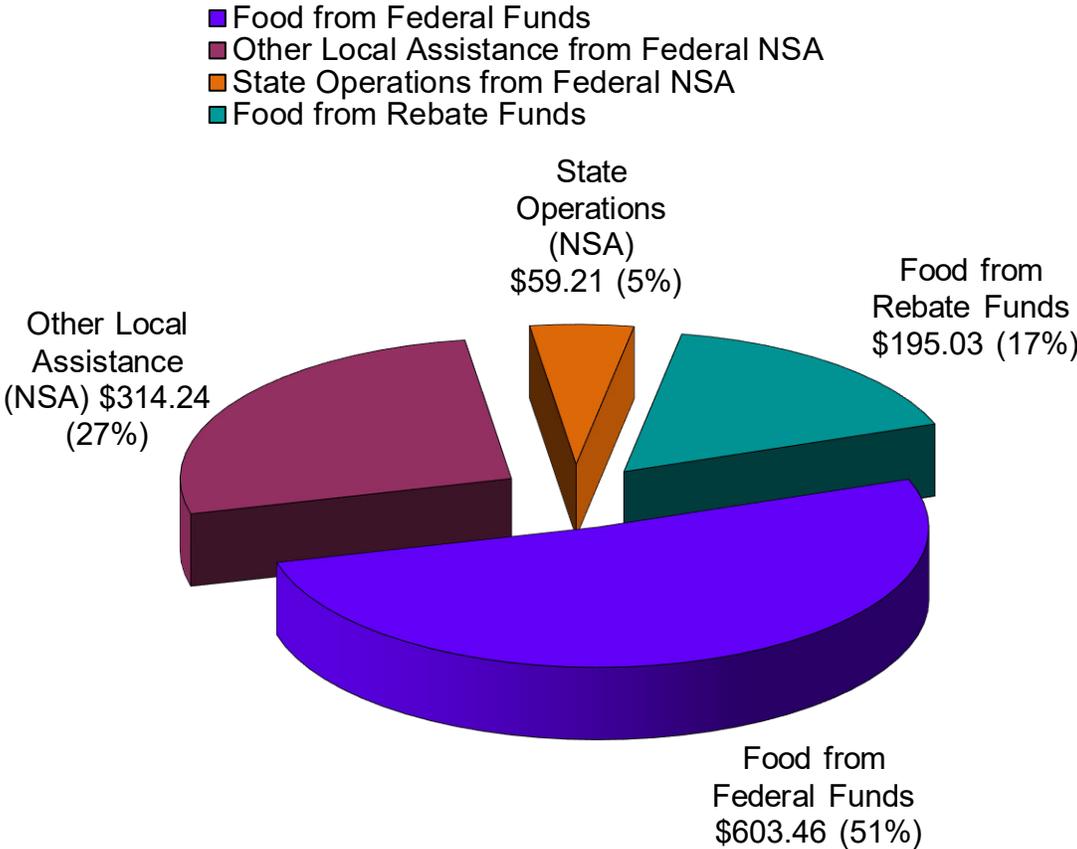
APPENDIX C

WIC Special Display Chart (Government Code 13343)

TABLE 10: CALIFORNIA WIC PROGRAM EXPENDITURES

Funding Source	PY 2020-21 (Actual)	CY 2021-22 (Estimated)	BY 2022-23 (Proposed)
LOCAL ASSISTANCE			
<i>0890 Federal Grant for WIC</i>	\$802,249,395	\$917,706,000	\$823,444,000
TOTAL FEDERAL TRUST FUND	\$802,249,395	\$917,706,000	\$823,444,000
<i>3023 WIC Manufacturer Rebate Fund</i>	\$203,936,000	\$195,028,000	\$182,915,000
TOTAL LOCAL ASSISTANCE	\$1,006,185,395	\$1,112,734,000	\$1,006,359,000
STATE OPERATIONS			
<i>0890 Federal Grant for State Operations</i>	\$52,394,854	\$59,210,000	\$59,210,000
GRAND TOTAL WIC PROGRAM	\$1,058,580,249	\$1,171,944,000	\$1,065,569,000

**Chart 6: WIC EXPENDITURES
FY 2021-22
(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 are revised for 2021-22 and total \$1.03 billion, which is a decrease of \$60.1 million or 5.53 percent when compared to the 2021 Budget Act. The decrease is based on the appropriated federal budget for federal fiscal year 2021, which had a significant reduction in funding as compared to the House's proposed budget in 2020 coupled with a \$1.25 billion rescission.

For 2022-23, the projected federal revenue will total \$966.4 million, which is a decrease of \$122 million or 11.17 percent when compared to the 2021 Budget Act amount of \$1.09 billion. This projection is based on California's current allocation for Food and NSA. Both the House and the President are proposing to extend the fruit and vegetable benefit increase in FFY 2022 with different funding levels, so it is likely that the federal appropriation could increase when the budget is approved and enacted.

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

Revenue Source	2020-21 Actual	2021 Budget Act	2021-22 November Estimate	2021-22 Change from 2021 Budget Act	2021-22 % Change from 2021 Budget Act	2022-23 November Estimate	2022-23 Change from 2021 Budget Act	2022-23 % Change from 2021 Budget Act
Federal Food Grant	591,942,000	702,463,000	643,060,000	(59,403,000)	-8.46%	581,598,000	(120,865,000)	-17.21%
Rebate Food Funds	203,696,000	189,911,000	195,028,000	5,117,000	2.69%	182,915,000	(6,996,000)	-3.68%
Total Funds for Food	795,638,000	892,374,000	838,088,000	(54,286,000)	-6.08%	764,513,000	(127,861,000)	-14.33%
Federal NSA Grant	381,022,000	385,567,000	384,845,000	(722,000)	-0.19%	384,845,000	(722,000)	-0.19%
Total Federal Funds	972,964,000	1,088,030,000	1,027,905,000	(60,125,000)	-5.53%	966,443,000	(121,587,000)	-11.17%

1. Revenue Estimate Methodology Federal Funds: Fund 0890

The annual federal revenue for WIC depends upon the amount of the discretionary grant appropriated annually by Congress, plus subsequent reallocations of prior year unspent funds. California’s share of the federal grant is approximately 15.4 percent of the national appropriation. Federal funds are granted to each state using a formula methodology as specified in federal regulation to distribute the following:

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

2. Federal Food Grant

Nationally, approximately 66 percent of the federal fiscal year 2021 appropriation is allocated for food and California receives approximately 16 percent of that appropriation. The food allocation for federal fiscal year 2022 will hold at 66 percent. These projected amounts could change based on the House and the President’s proposal to continue the fruit and vegetable increase into FFY 2022.

TABLE 11: FEDERAL REVENUE PROJECTIONS (Food)

Federal Fiscal Year	National Budget Appropriation	Discretionary Funds	% of Food Allocation	% of California Share	Total Allocated Food*
FFY 2021	\$4,750,000,000	\$ 120,000,000	65.98%	15.59%	\$476,407,237
FFY 2022	\$4,750,000,000	\$ 120,000,000	65.98%	15.59%	\$476,407,237

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

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

In 2021-22, Food Grant revenue is expected to total \$643.1 million, which is a decrease of \$59.4 million or 8.46 percent less when compared to \$702.5 million in the 2021 Budget Act.

For 2022-23, Food Grant revenue is expected to total \$581.6 million, which is a decrease of \$120.9 million or 17.21 percent less when compared to \$702.5 million in the

2021 Budget Act. The projected decrease is attributed to the discontinuation of additional funding from the 2020 American Rescue Plan Act.

TABLE 12: WIC RESOURCES FOR FOOD FOR SFY 2021-22

Resource	FFY 2021	FFY 2022	Prorate to SFY 2021-22
Base Appropriation	\$476,407,237	\$ 476,407,237	\$476,407,237
Reallocations	\$105,190,619	\$ 105,190,619	\$105,190,619
Fruits & Vegetables	\$74,405,076	\$0	\$61,461,701
Total	\$656,002,932	\$581,597,856	\$643,059,557

TABLE 13: WIC RESOURCES FOR FOOD FOR SFY 2022-23

Resource	FFY 2022	FFY 2023	Prorate to SFY 2022-23
Base Appropriation	\$476,407,237	\$476,407,237	\$476,407,237
Reallocations	\$105,190,619	\$105,190,619	\$105,190,619
Fruits & Vegetables	\$0	\$0	\$0
Total	\$581,597,856	\$581,597,856	\$581,597,856

3. NSA Grant

Approximately 34 percent of the national WIC appropriation for federal fiscal year 2021 was allocated for NSA, and California received approximately 15 percent of that allocation. The NSA allocation for federal fiscal year 2022 will hold at 34 percent; California's share will remain at 15 percent of the national appropriation.

TABLE 14: FEDERAL REVENUE PROJECTIONS (NSA)

Federal Fiscal Year	National Budget Appropriation	Discretionary Funds	% of NSA Allocation	% of California Share	Total Allocated NSA*
FFY 2021	\$4,750,000,000	\$120,000,000	34.02%	15.01%	\$236,446,346
FFY 2022	\$4,750,000,000	\$120,000,000	34.02%	15.01%	\$236,446,346

* 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 2020-21, NSA Grant revenue is expected to total \$384.8 million, which is a decrease of \$722 thousand or 0.19 percent less when compared to \$385.6 million in the 2021 Budget Act.

In 2021-22, NSA Grant revenue is expected to hold at \$384.8 million, which is also a decrease of \$722 thousand or 0.19 percent less when compared to \$385.6 million in the 2021 Budget Act.

TABLE 15: WIC RESOURCES FOR NSA FOR SFY 2021-22

Resource	FFY 2021	FFY 2022	Prorate to SFY 2021-22
Base Appropriation, NSA	\$236,446,346	\$236,446,346	\$236,446,346
Farmers' Market and Nutrition	\$2,029,244	\$2,029,244	\$2,029,244
Breastfeeding Peer Counseling	\$12,355,529	\$12,355,529	\$12,355,529
Reallocations	\$101,386,754	\$101,386,754	\$101,386,754
Spendforward	\$32,626,731	\$32,626,731	\$32,626,731
Total	\$384,844,604	\$384,844,604	\$384,844,604

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

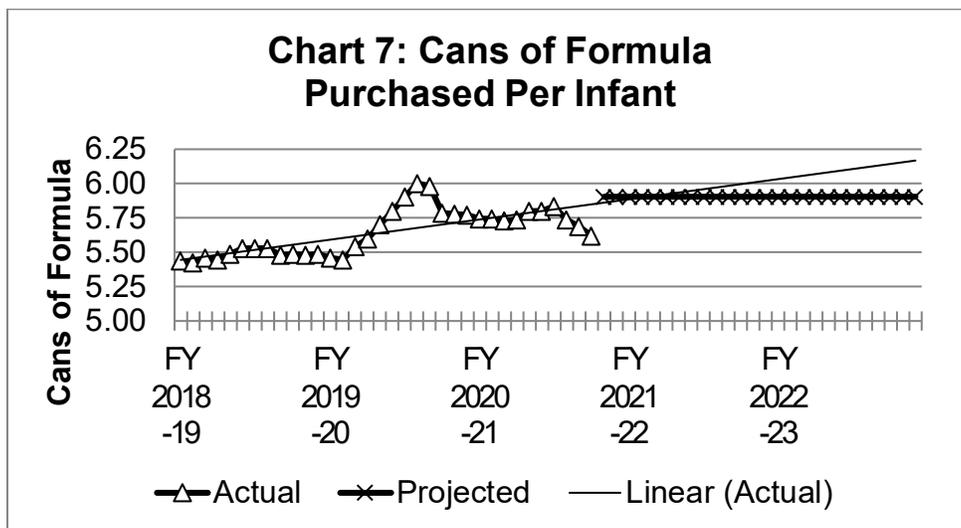
TABLE 16: WIC RESOURCES FOR NSA FOR SFY 2022-23

Resource	FFY 2022	FFY 2023	Prorate to SFY 2022-23
Base Appropriation, NSA	\$236,446,346	\$236,446,346	\$236,446,346
Farmers' Market and Nutrition	\$2,029,244	\$2,029,244	\$2,029,244
Breastfeeding Peer Counseling	\$12,355,529	\$12,355,529	\$12,355,529
Reallocations	\$101,386,754	\$101,386,754	\$101,386,754
Spendforward	\$2,626,731	\$32,626,731	\$ 32,626,731
Total	\$384,844,604	\$384,844,604	\$384,844,604

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

4. Rebate Funds: WIC Manufacturer Rebate Fund 3023

In addition to the federal Food and NSA Grants, WIC receives rebate funds from the contracted infant formula manufacturer. WIC estimates current year infant formula WIC Manufacturer Rebate Fund revenues to total \$195.0 million, an increase of \$5.1 million or 2.69 percent when compared to the 2021 Budget Act amount of \$189.9 million. The increase in projected rebate revenue is the result of a slight increase in the number of cans of infant formula being purchased per infant participant on average and a slightly higher number of infants projected to be served in current year than was projected in the 2021 Budget Act. In 2022-23, WIC estimates infant formula WIC Manufacturer Rebate Fund revenues will total \$182.9 million, which is a decrease of \$7.0 million or 3.68 percent when compared to the 2021 Budget Act amount of \$189.9 million. Participation in the infant category is declining and is the driving factor in the decline in rebate revenue from 2021-22 to 2022-23.



Infant participants redeem approximately 5.9 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.