

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

**2020-21**

**May Revision Estimate**



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## TABLE OF CONTENTS

I. ESTIMATE .....	1
A. Program Overview .....	1
B. Food Expenditure Projections (See Appendix A) .....	3
C. Expenditure Methodology/Key Drivers of Cost .....	4
D. Food Expenditures .....	5
1. Current Year .....	5
2. Budget Year .....	5
E. Other Local Assistance and State Operations Projections .....	6
1. Current Year .....	6
2. Budget Year .....	6
F. Fiscal Comparison Summary .....	7
II. FUND CONDITION STATEMENT .....	8
III. ASSUMPTIONS .....	9
1. Future Fiscal Issues .....	9
2. New Assumptions/Premises .....	13
3. Existing (Significantly Changed) Assumptions/Premises .....	13
4. Unchanged Assumptions/Premises .....	14
5. Discontinued Assumptions/Premises .....	17
IV. APPENDICES .....	18
APPENDIX A .....	18
APPENDIX B .....	21
APPENDIX C .....	24
APPENDIX D .....	25
1. Revenue Estimate Methodology Federal Funds: Fund 0890 .....	25
2. Federal Food Grant .....	26
3. NSA Grant .....	27
4. Rebate Funds: WIC Manufacturer Rebate Fund 3023 .....	28

## 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 serves approximately 900,000 low-income California residents per month. WIC receives federal funding to supervise and administer the WIC program through 83 local agencies and nearly 4,000 authorized grocers. 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 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 or otherwise known as Supplemental Nutrition Assistance Program (SNAP) in most states and the subsidized school meal programs.

The WIC program provides nutrition services and food assistance for pregnant, breastfeeding, and non-breastfeeding women, infants, and children up to age five who are at nutritional risk. In addition to the categorical eligibility requirement, participants must be at or below 185 percent of the federal poverty level, which is equivalent to an annual income of \$31,284 for a family size of two in 2019. The WIC program services include nutrition education, breastfeeding support, assistance with finding health care and other community services, and benefits for specific supplemental foods redeemable at authorized grocers. The WIC program is federally funded by the USDA under the federal Child Nutrition Act of 1966 and the Healthy, Hunger-Free Kids Act of 2010, as amended. Specific uses of the WIC program funds are required under federal laws and regulations, and WIC must report funds and expenditures monthly.

According to the most recent data (*National- and State- Level Estimates of WIC Eligibility and WIC Program Reach in 2017*, by USDA/Food and Nutrition Service (FNS) released in December 2019), the WIC program serves 61.1 percent of eligible Californians, which is the third highest coverage rate for state agencies behind Puerto Rico and Maryland, and much higher than the national average of 51.1 percent. California is also estimated to serve 81.6 percent of all eligible infants.

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

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

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

The Healthy, Hunger-Free Kids Act of 2010 requires all WIC state agencies to implement an Electronic Benefit Transfer (EBT) system by October 1, 2020. In order to make the required change, California had to replace WIC's MIS with a new system known as WIC Web Information System Exchange (WISE). This system change was necessary to integrate with the new California WIC Card. Since California is such a large state, both the WIC Card and WIC WISE were rolled out simultaneously throughout California in a pilot and ten waves with the last wave successfully implemented on March 30, 2020.

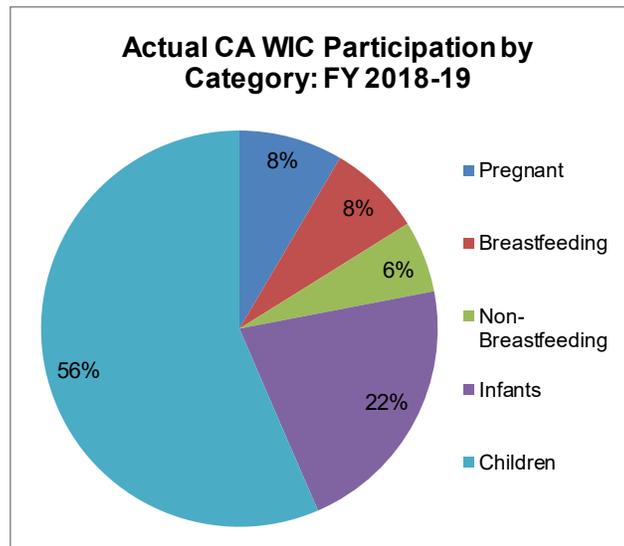
The WIC Card and WIC WISE allow local agencies to issue food benefits to WIC families electronically and allow participants to shop in a process that works like a debit card. The WIC Card provides a convenient way for families to shop for WIC foods and flexibility to obtain only the items they need at each shopping trip. In addition, families will not lose their WIC food benefits if their WIC Card is lost, stolen, or damaged.

Along with the WIC Card, WIC also rolled out 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. As of April 20, 2020:

- 83 WIC local agencies have transitioned (100%)
- 3,752 WIC authorized stores have transitioned (99%)
- 528,000 WIC Cards have been issued
- 4.2 million WIC Card transactions have been completed

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

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



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

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

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

EXPENDITURE COMPARISON (all funds) <i>All figures in dollars, rounded to the nearest thousand</i>									
Expenditure Category	2019 Budget Act	SFY 2019-20				SFY 2020-21			
		2020-21 Governor's Budget	2020 May Revision	Change from 2020-21 Governor's Budget	2020-21 Governor's Budget	2020 May Revision	Change from 2020-21 Governor's Budget		
Participant Food Package Costs	690,220,000	688,383,000	667,854,000	(20,529,000)	-2.98%	646,046,000	640,922,000	(5,124,000)	-0.79%
Cash Value Voucher Increase	6,194,000	2,046,000	-	(2,046,000)	-100.00%	-	-	-	0.00%
Prudent Reserve	20,892,000	20,651,000	20,036,000	(615,000)	-2.98%	19,381,000	19,228,000	(153,000)	-0.79%
<b>Total Food Expenditures</b>	<b>717,306,000</b>	<b>711,080,000</b>	<b>687,890,000</b>	<b>(23,190,000)</b>	<b>-3.26%</b>	<b>665,427,000</b>	<b>660,150,000</b>	<b>(5,277,000)</b>	<b>-0.79%</b>
<i>Food Expenditures Paid from Rebate Funds</i>	213,678,000	208,188,000	210,098,000	1,910,000	0.92%	193,110,000	189,012,000	(4,098,000)	-2.12%
<i>Food Expenditures Paid from Federal Funds</i>	503,628,000	502,892,000	477,792,000	(25,100,000)	-4.99%	472,317,000	471,138,000	(1,179,000)	-0.25%
Other Local Assistance Expenditures (Federal NSA)	314,834,000	314,834,000	314,834,000	-	0.00%	304,243,000	304,243,000	-	0.00%
<b>Total Federal Local Assistance Expenditures (Food + NSA)</b>	<b>818,462,000</b>	<b>817,726,000</b>	<b>792,626,000</b>	<b>(25,100,000)</b>	<b>-3.07%</b>	<b>776,560,000</b>	<b>775,381,000</b>	<b>(1,179,000)</b>	<b>-0.15%</b>
State Operations (Federal NSA)	62,270,000	62,270,000	62,270,000	-	0.00%	59,210,000	59,210,000	-	0.00%

### Cash Value Voucher Increase

On August 27, 2018, the USDA issued a memorandum to states regarding an inflationary increase to the monthly value of cash value vouchers (CVV) for fruits and vegetables for child participants (see Assumption Cash Value Voucher Increase description below). The memorandum increases the cash value benefit issued to all child participants from \$8 to \$9. Child participants represent approximately 57 percent of total participant issued benefits. Given the required implementation date was October 1, 2018, WIC estimated the increase to be \$4.9 million in 2018-19, and \$6.2 million annually thereafter in the 2019-20 May Revision.

The 2019-20 CVV impact is now incorporated into the base food costs upon which 2019-20 is forecasted. This assumption is now discontinued.

### Prudent Reserve for Food Expenditures

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

As allowed, the prudent reserve request for food expenditures is revised for the current year to \$20 million, which is a decrease of \$615,000 or 2.98 percent when compared to the 2020-21 Governor’s Budget. The prudent reserve request for 2020-21 is revised to \$19.2 million, which is a decrease of \$153,000 or 0.79 percent when compared to the 2020-21 Governor’s Budget. The 2020-21 amount includes approximately \$2.5 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 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 after the birth of their infants 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 certified 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 certified from age one to five, and receive supplemental foods rich in protein, calcium, iron, vitamin A and vitamin C. These nutrients have been shown to be lacking in the diets of children who qualify for WIC benefits and are essential to meet nutritional needs during critical periods of development.

## D. Food Expenditures

### 1. Current Year

Food expenditures are comprised of the federal food expenditures and the WIC Manufacturer Rebate food costs. The 2020-21 Governor's Budget estimated \$711.1 million (\$502.9 million federal fund and \$208.2 million rebate fund) for 2019-20 expenditures. 2020-21 May Revision Estimate anticipates a decline in food expenditures in 2019-20 to \$687.9 million (\$477.8 million federal fund and \$210.1 million rebate fund), a decrease of \$23.2 million or 3.26 percent compared to the 2020-21 Governor's Budget. The decrease in food expenditure is based on a continued decline in participation, 869,627 participants projected in 2020-21 May Revision Estimate compared to 895,798 participants projected in the 2020-21 Governor's Budget, a drop in the projected birth rate for California and reduced food inflation of 1.40 percent compared with 1.62 percent provided in the 2020-21 Governor's Budget. Rebate revenue is projected at \$210.1 million, which is a slight increase of \$1.9 million or 0.92 percent compared with the 2020-21 Governor's Budget amount of \$208.2 million due to a formula correction in the estimate.

### 2. Budget Year

For 2020-21 WIC's food expenditure estimate is \$660.1 million (\$471.1 million federal fund and \$189.0 million rebate fund), which is a decrease of \$5.3 million or 0.79 percent as compared to the 2020-21 Governor's Budget amount of \$665.4 million. The decrease in food expenditures is driven by the decline in current and budget year participation projections, including a drop in the projected birth rate for California, and offset slightly by a food inflation rate of 1.94 percent when compared to 1.64 percent in the 2020-21 Governor's Budget. The decline in participation, 818,547 participants projected in 2020-21 May Revision Estimate compared to 840,344 projected in the 2020-21 Governor's Budget, is also the driving factor in the decrease in rebate revenue, resulting in a reduction in projected rebate expenditures. Rebate revenue is projected at \$189 million,

which is a decrease of \$4.1 million or 2.12 percent compared with the 2020-21 Governor's Budget amount of \$193.1 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 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 2019-20, the NSA budget, including the Technology Grant Funds and anticipated expenditures for local administration, are estimated at \$314.8 million, which is the same as the 2020-21 Governor's Budget. State Operations expenditures are estimated at \$62.3 million, which is the same as the 2020-21 Governor's Budget. This estimate includes the budget and the anticipated expenditure projections for transitioning to the WIC Card and implementing the new MIS.

### **2. Budget Year**

For 2020-21, the NSA budget and anticipated expenditures for local administration are estimated at \$304.2 million, which is the same as the 2020-21 Governor's Budget. State Operations expenditures are estimated at \$59.2 million, which is the same as the 2020-21 Governor's Budget. The decreases when compared to Current Year are due to the decline in the implementation and transition expenditures for the California WIC Card.

**F. Fiscal Comparison Summary**

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

<b>EXPENDITURE COMPARISON (federal funds)</b> <i>All figures in dollars, rounded to the nearest thousand</i>									
Fund 0890 Federal Trust Fund	2019 Budget Act	SFY 2019-20				SFY 2020-21			
		2020-21 Governor's Budget	2020 May Revision	Change from 2020-21 Governor's Budget		2020-21 Governor's Budget	2020 May Revision	Change from 2020-21 Governor's Budget	
Local Assistance Expenditures	818,462,000	817,726,000	792,626,000	(25,100,000)	-3.07%	776,560,000	775,381,000	(1,179,000)	-0.14%
Food Expenditures (Food Grant)	503,628,000	502,892,000	477,792,000	(25,100,000)	-4.99%	472,317,000	471,138,000	(1,179,000)	-0.25%
Other Local Assistance (NSA Grant)	314,834,000	314,834,000	314,834,000	-	0.00%	304,243,000	304,243,000	-	0.00%
State Operations (NSA Grant)	62,270,000	62,270,000	62,270,000	-	0.00%	59,210,000	59,210,000	-	0.00%

<b>REVENUE COMPARISON (federal funds)</b> <i>All figures in dollars, rounded to the nearest thousand</i>									
Fund 0890 Federal Trust Fund	2019 Budget Act	SFY 2019-20				SFY 2020-21			
		2020-21 Governor's Budget	2020 May Revision	Change from 2020-21 Governor's Budget		2020-21 Governor's Budget	2020 May Revision	Change from 2020-21 Governor's Budget	
Total Available Resources	980,568,000	980,568,000	958,112,000	(22,456,000)	-2.29%	965,286,000	944,060,000	(21,226,000)	-2.20%
Food Grant	592,499,000	592,499,000	569,341,000	(23,158,000)	-3.91%	601,833,000	570,956,000	(30,877,000)	-5.13%
NSA Grant	388,069,000	388,069,000	388,771,000	702,000	0.18%	363,453,000	373,104,000	9,651,000	2.66%

<b>EXPENDITURE COMPARISON (rebate funds)</b> <i>All figures in dollars, rounded to the nearest thousand</i>									
Fund 3023 Manufacturer Rebate	2019 Budget Act	SFY 2019-20				SFY 2020-21			
		2020-21 Governor's Budget	2020 May Revision	Change from 2020-21 Governor's Budget		2020-21 Governor's Budget	2020 May Revision	Change from 2020-21 Governor's Budget	
Local Assistance Expenditures	213,678,000	208,188,000	210,098,000	1,910,000	0.92%	193,110,000	189,012,000	(4,098,000)	-2.12%

<b>REVENUE COMPARISON (rebate funds)</b> <i>All figures in dollars, rounded to the nearest thousand</i>									
Fund 3023 Manufacturer Rebate	2019 Budget Act	SFY 2019-20				SFY 2020-21			
		2020-21 Governor's Budget	2020 May Revision	Change from 2020-21 Governor's Budget		2020-21 Governor's Budget	2020 May Revision	Change from 2020-21 Governor's Budget	
Total Available Resources	213,678,000	208,188,000	210,098,000	1,910,000	0.92%	193,110,000	189,012,000	(4,098,000)	-2.12%

**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 2018-19, and projected revenues for 2019-20 and 2020-21:

<b>FUND CONDITION STATEMENT</b> (dollars in thousands)			
<b>3023 WIC Manufacturer Rebate Fund</b>	<b>SFY 2018-19 Actual</b>	<b>SFY 2019-20 Estimate</b>	<b>SFY 2020-21 Estimate</b>
BEGINNING BALANCE	206	14,003	14,072
Prior Year Adjustments	-	-	-
Adjusted Beginning Balance	206	14,003	14,072
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4163000 Investment Income - Surplus Money Investments	264	69	69
4172500 Miscellaneous Revenue	219,881	210,098	189,012
4172100 Fines-Court	14		
Total Revenues, Transfers, and Other Adjustments	220,159	210,167	189,081
Total Resources	220,365	224,170	203,153
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4265 Department of Public Health (Local Assistance)*	206,362	210,098	189,012
Total Expenditures and Expenditure Adjustments	206,362	210,098	189,012
<b>FUND BALANCE</b>	<b>14,003</b>	<b>14,072</b>	<b>14,141</b>

\*Expenditures for SFY 2018-19 do not reflect accruals

### III. ASSUMPTIONS

#### 1. Future Fiscal Issues

##### a. Transition to the California WIC Card

**Background:** The federal Healthy, Hunger-Free Kids Act of 2010 requires all states to migrate WIC from a paper-based food benefit delivery system to an EBT system by October 1, 2020. With USDA approval, California began pilot operations in Solano and Napa Counties in June 2019. The implementation of the WIC Card statewide rollout began in September 2019 and included ten waves of regional roll outs with the last wave of local agencies successfully implemented on March 30, 2020. As a result, paper-based food instrument issuance and redemption will be eliminated as the WIC Card is rolled out to all families throughout the state and electronic redemption continues to increase. Implementation of the WIC Card will significantly impact how food costs are accounted for in FY's 2019-20 and 2020-21.

**Description of Change:** There is no data to project whether the fiscal impact of the WIC Card rollout will result in a net increase or decrease in food costs per participant. The WIC Card will likely support easier participant access and use, but there may be some late adopters to the system. Participant enrollment patterns and inflationary impacts will continue to be applied according to established methodology until EBT usage data is available to update projections.

**Discretionary:** No

**Reason for Adjustment/Change:**

- The federal mandate for completing the local agency roll out and the transition of stores to the WIC Card is October 1, 2020.
- Data regarding potential food cost impact as a result of implementation of the WIC Card is not available.

**Fiscal Impact (Range) and Fund Source(s):** Fiscal impact is unknown. The impacted Fund Source is the Federal Trust Fund (Fund 0890).

##### b. Extending Child Eligibility to Age Six

**Background:** On July 31, 2019, Senator Robert P. Casey (D–Pa.) and Senator Susan M. Collins (R–Maine) reintroduced a bill from 2015 (114th U.S. Congress) called the “Wise Investment in our Children (WIC) Act.” Senate Bill 2358 (S.2358) includes provisions that aim to improve maternal and child health outcomes in the United States by expanding WIC eligibility for at-risk infants, children, and new mothers. These provisions include giving states the option to extend the maximum age of eligibility for children participating in the WIC Program from five to six years of age, if not enrolled in kindergarten. The bill would give states the option to extend the certification time for

infants to age two; and extend the certification timeframe for breastfeeding and non-breastfeeding women, to two years postpartum. As of February 1, 2020, the Senate Committee on Agriculture, Nutrition and Forestry has not acted on the bill. The intent of this legislation, if there are sufficient funds, is to cover the nutritional gap for children who have reached the age of maturity in the WIC Program at five years old, but who are not yet eligible to enter public school where they would become eligible for school breakfast and lunch programs. Passage of this legislation will give states the option to further ensure continuous support for children's nutritional needs until they are eligible for school meals.

The WIC Act was previously introduced in 2015 in the 114th U.S. Congress, with substantially similar provisions. Senator Casey introduced S. 1796 with five co-sponsors including Senator Barbara Boxer (D-Calif.). House Democrats Representative Rosa DeLauro (D-Conn.) and Representative Linda Sánchez (D-CA 38th/Lakewood) introduced its companion bill, H.R. 2660. Both bills stalled in policy committees.

**Description of Change:** This change could impact approximately one-quarter of the WIC Program's child participants who could have up to an additional year of program eligibility. According to the bill author, the WIC Act would reach about 600,000 children nationwide. Additionally, the change may 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):** On-going annual cost of between approximately \$86 million to \$88 million to Federal Trust Fund (0890).

**c. Possible Changes to the Official Poverty Measure Calculation**

**Background:** The Office of Management and Budget (OMB) has published a solicitation for public comment to consider changing the various consumer price indexes used to influence the estimation of the Official Poverty Measure (OPM) and other income measures produced by the Census Bureau. Currently, the OMB uses the Consumer Price Index for All Urban Consumers (CPI-U) for the calculations. Based on public comments and consultation with experts, OMB may consider changing the specific inflation measures used to update the OPM.

The OPM, also known as the poverty threshold, is used by federal, state, local, and non-profit programs and services to determine income eligibility. They are updated each year by the Census Bureau. The thresholds are used mainly for statistical purposes, for instance, preparing estimates of the number of Americans in poverty each year. In other words, all official poverty population figures are calculated using the poverty thresholds, not the guidelines.

Additionally, the OPM is used as the basis for developing the federal poverty guidelines, which WIC uses to determine income eligibility for program applicants. The guidelines are a simplified version of the thresholds and used for administrative purposes, for instance, determining financial eligibility for certain federal programs, including WIC. The income eligibility limit for WIC is 185 percent of the federal poverty guidelines, as adjusted and revised annually. Automatic income eligibility is provided to certain applicants based on their participation in other public programs such as CalFresh, CalWORKs, or Medi-Cal. As of February 1, 2020, there is no change in the status of this regulatory proposal.

**Description of Change:** Potential changes to how the OPM is calculated, including how they are updated for inflation over time, may affect eligibility for programs that use the poverty guidelines.

**Discretionary:** No

**Reason for Adjustment/ Change:**

- WIC income eligibility is based on the annual Federal Poverty Level. Changes to the OPM calculation may increase or decrease program participation.

**Fiscal Impact (Range) and Fund Source(s):** Fiscal impact is unknown. The impacted Fund Source is the Federal Trust Fund (Fund 0890).

#### **d. Revision of Categorical Eligibility in the SNAP**

**Background:** The USDA FNS proposed a rule on July 24, 2019 that would update the categorical eligibility requirements for SNAP based on the receipt of TANF. Currently, households that receive a broad range of TANF cash and non-cash benefits may be categorically eligible for SNAP. Categorical eligibility simplifies and streamlines the SNAP application process for both county agencies and households by reducing the amount of information that must be verified during the application process. Flexibility allowed in the definition of categorical eligibility has allowed states to use income thresholds and resource limits that are higher than the federal standards for SNAP. The proposed regulations would redefine categorical eligibility to allow eligibility for SNAP only when the TANF benefits are ongoing, substantial, and focus on increasing self-sufficiency. Applicants who are certified as eligible to receive benefits under SNAP or TANF at the time of their application to WIC are adjunctively income eligible for WIC. Because SNAP and TANF programs generally document income, their use for WIC

adjunct income eligibility determination purposes helps strengthen the integrity of the WIC eligibility determination process without undue burden. The proposed regulations were reopened from October 18, 2019 to November 1, 2019 to the public for additional comments based on new informational analysis. As of February 1, 2020, the regulation continues to be considered by the USDA.

**Description of Change:** Potential changes to categorical eligibility requirements may affect eligibility for SNAP. This change may increase participation in other nutrition assistance programs, including WIC, if SNAP participation decreases. However, SNAP participation is also used for adjunctive income eligibility for the WIC Program. WIC participation may decrease if SNAP participation is adversely affected.

**Discretionary:** No

**Reason for Adjustment/ Change:**

- Changes to the SNAP categorical eligibility definition may increase WIC program participation due to increased food insecurity.
- There may be an offsetting decrease in WIC program participation due to fewer SNAP adjunctively eligible applicants.
- Increased administrative burden on WIC Local Agencies to verify income during the eligibility process.

**Fiscal Impact (Range) and Fund Source(s):** Fiscal impact is unknown. The impacted Fund Source is the Federal Trust Fund (Fund 0890).

**e. Coronavirus Disease 2019 (COVID-19)**

**Background:** The COVID-19 public health emergency warranted a stay-at-home order in California which resulted in the loss of income for some Californians and the need to adjust WIC program operations to continue to provide this essential service. As part of the First Families Coronavirus Response Act (FFCRA), which was enacted on March 18, 2020. \$500 million was allocated for WIC programs across the country to support the increased need for food benefits and the increased cost for providing services. USDA has not allocated emergency supplemental federal funding for WIC and has indicated they may not do so until July. The FFCRA funding is to remain available through September 20, 2021.

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

WIC local agencies and participants to minimize exposure and appropriately respond to the COVID-19 public health emergency.

**Description of Change:** Loss of income due to unemployment, business closures, and reduced hours of employment may increase WIC program participation. Changes in shopping habits of the general population have caused scarcity for traditionally WIC Authorized food items and increased costs for WIC staple foods.

**Discretionary:** No

**Reason for Adjustment/ Change:**

- Possible increased revenue due to FFCRA
- More Californians eligible for program benefits due to a major economic slowdown, resulting in increased food costs to serve more participants and increased benefit utilization for existing WIC participants
- Increased food costs due to the need for temporary expansion of food options from scarcity of WIC authorized foods in grocery stores and increase in food prices
- Increased costs at WIC Local Agencies due to increased participation, changes in program operations due to social distancing

**Fiscal Impact (Range) and Fund Source(s):** Fiscal impact is unknown. The impacted Fund Source is the Federal Trust Fund (Fund 0890).

## 2. New Assumptions/Premises

There are no New Assumptions/Premises

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

### a. Rescission of Unspent Funds – Federal Fiscal Year 2020

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

**Description of Change:** The rescission and the reduction of the WIC budget will decrease funding for the Food grant and the NSA grant. The federal fiscal year 2020 appropriation resulted in final Food and NSA grants that are less than was projected in the 2019-20 Governor's Budget; however, California projects these amounts are more than sufficient to meet projected need.

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

**Reason for Adjustment/Change:**

- The Federal budget for WIC that the Legislature votes and passes and the President signs has a major impact on California's Food and NSA funding levels.
- The funding level reflects lower participation levels for states nationwide, which will result in lower funds remaining for future reallocations.
- Cost containment strategies have helped reduce program costs and rebate revenues are at the highest levels to date.
- WIC participation continues to decline.

**Fiscal Impact (Range) and Fund Source(s):** Reduction in projected Food grant revenue for 2019-20 in the amount of \$33 million and reduction in projected NSA revenue for 2019-20 in the amount of \$7 million when compared with the 2019 Budget Act (Federal Trust Fund 0890).

#### 4. Unchanged Assumptions/Premises

##### a. One-Time USDA Federal Funding Opportunity to Replace WIC MIS

**Background:** The federal Healthy, Hunger-Free Kids Act of 2010 requires all states to migrate WIC benefits from a paper-based food benefit delivery system to an EBT system by October 1, 2020. In addition, federal funding has been appropriated to assist with project costs associated with implementation. Not meeting the deadline could put California at risk for losing millions of dollars in federal funding for WIC. Since the commencement of WIC Card pilot operations in June 2019, many WIC participants have been issued the WIC Card for purchasing food benefits using store point-of-sale terminals.

The successful implementation of the WIC Card required a new MIS. The existing MIS had several limitations, but most significantly, lacked the core requirements to integrate the WIC Card issuance into the existing MIS by October 1, 2020. The new MIS system, called WIC WISE, has replaced the existing MIS in order to meet the federal mandate. The USDA anticipates that there will be sufficient funding available nationwide in the Technology Grant Funds to assist with the cost of replacing states' systems for EBT capability.

**Description of Change:** On June 18, 2019, WIC submitted the annual Advanced Planning Document Update to the USDA with a request to increase the Technology Grant Funds for 2019-20 to \$25.8 million, an increase of \$11.8 million when compared to the 2019 Budget Act of \$14.0 million. On January 22, 2020, WIC provided the USDA with additional justification for these funds and are awaiting a formal response and approval. WIC will use these funds to support the one-time costs for MIS replacement

and the WIC Card implementation in 2020. This additional funding will not replace WIC's current Food or NSA funds.

**Discretionary:** Yes

**Reason for Adjustment/Change:**

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

**Fiscal Impact (Range) and Fund Source(s):** Potential increase in revenue and expenditure for federal fiscal year 2020 of an additional \$11.8 million for a total of \$25.8 million when compared to the 2019 Budget Act of \$14.0 million. The fund that will be impacted is the Federal Trust Fund (Fund 0890).

**b. Remove Cost Per Participant Category**

**Background:** The WIC Card pilot operations began in June 2019 with statewide rollout beginning September 2019 and was successfully completed on March 30, 2020. The paper food instrument (FI) benefit issuance method provided separate FIs for each covered individual (e.g., post-partum mother, her infant under one year of age, and her three year old are issued three separate FIs). Upon issuance of the WIC Card, individual participant benefits are aggregated with all other benefits issued within a household, meaning what previously would have been on three separate FIs will all appear on one WIC Card for the family unit. As issued benefits are redeemed, units are deducted from the household as a whole, rather than being tied back to a specific participant within the household. Without the 1:1 linkage of issued to redeemed benefits at the participant level, any attempt to calculate per participant cost calculations would not be accurate, as the purchase of a particular food item can no longer be associated with a specific individual when individuals within the family are issued the same food item, for example, gallons of nonfat or lowfat milk.

**Description of Change:** Since WIC will no longer be able to report food costs at the participant category level, WIC will aggregate participant counts and commensurate food costs at the statewide, per participant food cost level, regardless of participant category. The aggregated reporting of food costs for FY 2019-20 will result in a change in how the historical expenditures and cost graphs are illustrated in the 2020-21 November Estimate. This is a change to the food cost estimate only and there will be no change to the categorical participation projections for those who are issued benefits.

**Discretionary:** No

**Reason for Adjustment/Change:**

- The WIC Card is a federally mandated change in benefit issuance with an implementation deadline of October 1, 2020.
- The benefit redemption reconciliation process for the WIC Card loses a precise 1:1 accounting of benefit redemption at the participant category level.

**Fiscal Impact (Range) and Fund Source(s):** No fiscal impact.

**c. Change in Inflation Rate Projection for Food at Home**

**Background:** Starting with 2018 data, Department of Finance's (Finance) Economic Research Unit (ERU) expanded the number of California cities from two to four, adding Riverside and San Diego to San Francisco and Los Angeles, in its calculation of projected CPI that WIC uses to estimate food inflation. In January 2019, the ERU provided the formula for including these new areas in the weighting formula for statewide CPI for the Food at Home component of the CPI.

**Description of Change:** The former weighting formula used in the 2019 Budget Act was:

$$[(\text{Food at Home Los Angeles} \times .68) + (\text{Food at Home San Francisco} \times .32)] \times 1.0023$$

The new weighting formula, used in the 2019-20 May Revision Estimate and all further budget estimates until further notice, is:

$$[(\text{Food at Home Los Angeles} \times .52) + (\text{Food at Home San Francisco} \times .18) + (\text{Food at Home San Diego} \times .13) + ((\text{Food at Home Riverside} \times .17) \times 2.5922)] \times 0.9982$$

The change to the weighted Food at Home inflation calculation resulted in a decrease of 0.45 percent in 2018-19 from 0.52 percent to 0.07 percent and a decrease of 0.26 percent for 2019-20 from 1.99 percent to 1.73 percent.

**Discretionary:** No. The change was made by the ERU based on increased data availability.

**Reason for Adjustment/Change:**

- More information is available to more accurately calculate CPI across California.
- The update to the weighting formula was made by the ERU and WIC is incorporating the change into this budget estimate for consistency across state departments.

**Fiscal Impact (Range) and Fund Source(s):** No Impact to 2020-21.

## 5. Discontinued Assumptions/Premises

### a. Cash Value Voucher Increase

**Background:** On August 27, 2018, the USDA issued a memorandum to states regarding an inflationary increase to the monthly value of cash value vouchers for fruits and vegetables for child participants. WIC staff assessed the changes included in the letter and determined that the changes will have an impact on food costs for WIC. The memorandum required an increase to the cash value benefit issued to child participants from \$8 to \$9 to be implemented on October 1, 2018.

**Description of Change:** The estimated impact to current year is \$2 million, which is calculated as a proration of the number of children to be served in the months of June through September 2019 until the adjustment is included in the base per participant food costs for the prior year. The ongoing annual impact will be approximately \$6.2 million and is reflected in the total gross food costs for October 2018 through May 2019.

**Discretionary:** No. This change is required by federal regulations.

**Reason for Adjustment/Change:**

- Cash value vouchers are issued to all child participants.
- Children represent approximately 56 percent of participants issued benefits per month.
- The increase to the cash benefit is required by federal regulations.

**Fiscal Impact (Range) and Fund Source(s):** The increase is now incorporated into the base cost per participant.

## IV. APPENDICES

### APPENDIX A

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

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

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

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

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

- The participation numbers during the prior year;
- The five-year trend in participation in each category (average of percentage changes over the past five years); and
- The forecasted number of births obtained from Finance's Demographics Research Unit (DRU) (applied to all categories except children).

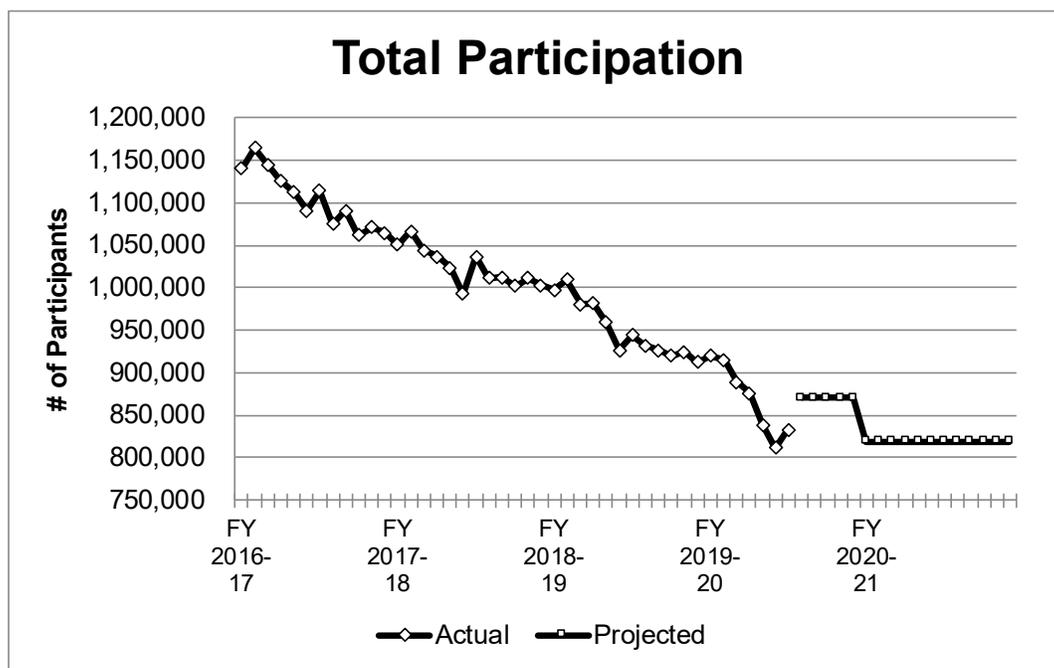
For each category, the five-year trend in actual participation is applied to the prior year category participation, and 60 percent of the forecasted change in births is added to that number, except for children to arrive at a final forecast. The births adjustment is based on research showing that 60 percent of all infants born in California were enrolled in the WIC program by their first birthday (California WIC Association, 2012). Recently updated data from the DRU projects births to decrease by 0.3 percent in 2019-20, which is a difference of 0.1 percent when compared with the 2020 November Estimate, where 2019-20 birth rates were projected to decrease by 0.2 percent. Live birth projections are an indication of participation rates because the WIC program serves pregnant and postpartum women and their infants, as well as other children they could bring into the WIC program.

Total estimated 2019-20 participation is calculated as a sum of forecasted participation in each participant category. For 2018-19, monthly average participation was 951,140. WIC estimates 2019-20 participation will continue to decrease, at a rate of 8.49 percent when compared to 7.14 percent in 2018-19. An additional 9,576 monthly child participants for 2019-20 were added as a forecasted result of the 2016-17 *Increasing*

the Enrollment of Children in WIC proposal. The overall estimated average for 2019-20 is projected to be 870,343 participants a month for February 2020 through June 2020.

The basis for 2020-21 forecasts are the 2019-20 forecasted totals along with seven months of actuals and a projected 0.66 percent decrease in births for that fiscal year. An additional 9,576 monthly child participants for 2020-21 were added as a forecasted result of the 2016-17 *Increasing the Enrollment of Children in WIC* proposal. WIC estimates that 2020-21 total participation will continue to decrease, at a rate of 5.95 percent when compared to the forecasted 8.49 percent in 2019-20. The overall estimated monthly average is 818,547 for 2020-21.

The participation graph below and the individual participant category charts located in Appendix B show the participation levels for 2020-21, which includes updated actual participation numbers through January 2020:



### Total Food Expenditures

Food expenditures are divided by the number of participants to determine the average food cost per participant, which is then adjusted using the CPI projections for Food at Home from the ERU. Actual CPI data is available from ERU through January 2020, with projections from the 2020-21 Governor’s Budget through the end of 2020-21. The updated projected CPI rate in 2019-20 is 1.40 percent, and for 2020-21 is an inflation of 1.94 percent. The projected inflation rate used in the 2020-21 Governor’s Budget was 1.62 percent for 2019-20 and 1.64 percent for 2020-21. Historical expenditures and

updated average per participant food costs for 2018-19 from June through October 2019 were used to update projections for 2019-20 and 2020-21 food costs.

Below is a chart summarizing total actual food cost expenditures for 2018-19 and food cost projections for the current and budget year.

Factor	SFY 2018-19	SFY 2019-20				SFY 2020-21		
	Actuals	2020-21 Governor's Budget	2020 May Revise	Change from SFY 2018-19 Actuals		2020 May Revise	Change from SFY 2019-20 in 2020 May Revise	
Total*** Average monthly participation	951,140	895,798	869,627	-81,513	-8.57%	818,547	-51,080	-5.87%
Average cost per participant	\$ 63.19	\$ 64.04	\$ 64.00	\$ 0.81	1.28%	\$ 65.25	\$ 1.25	1.96%
Annual Expenditures**	\$721,250,605	\$688,383,026	\$667,853,699	\$(53,396,906)	-7.40%	\$ 640,922,301	\$ (26,931,398)	-4.03%

\* SFY 2019-20 Average Participation includes actual participation for July 2019 through January 2020 and projected participation for February 2020 through June 2020.

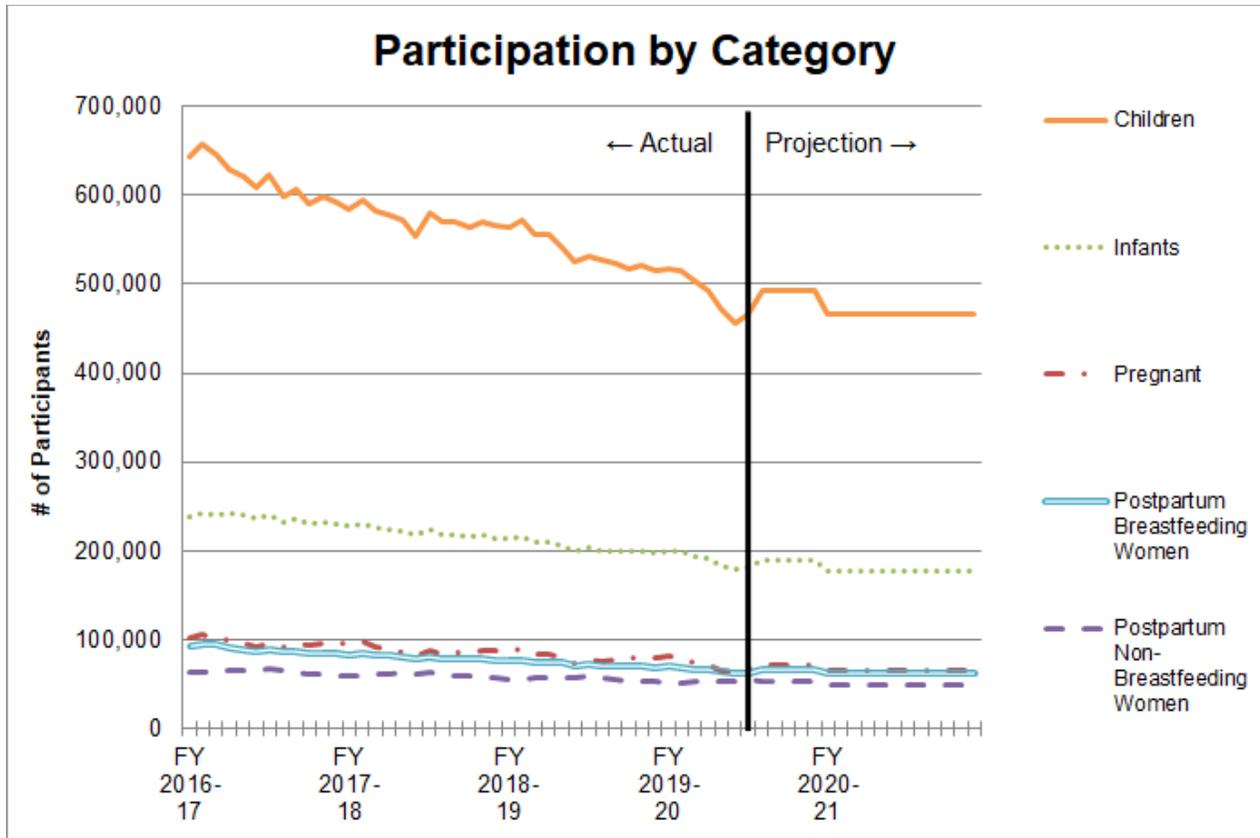
\*\* Numbers rounded to the nearest dollar.

\*\*\*Does not include 3% Prudent Reserve in food expenditures or CVW adjustment

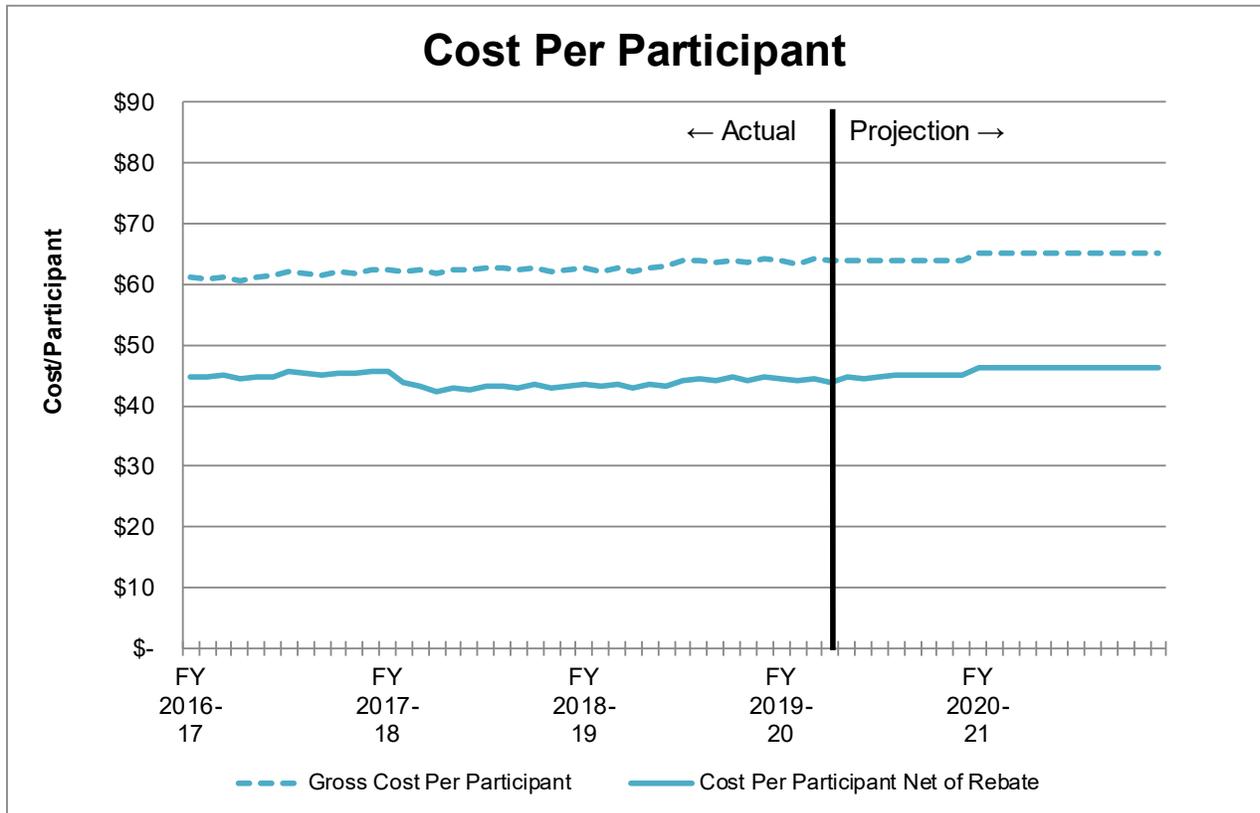
**APPENDIX B**

**Participant and Food Cost Projections by Category**

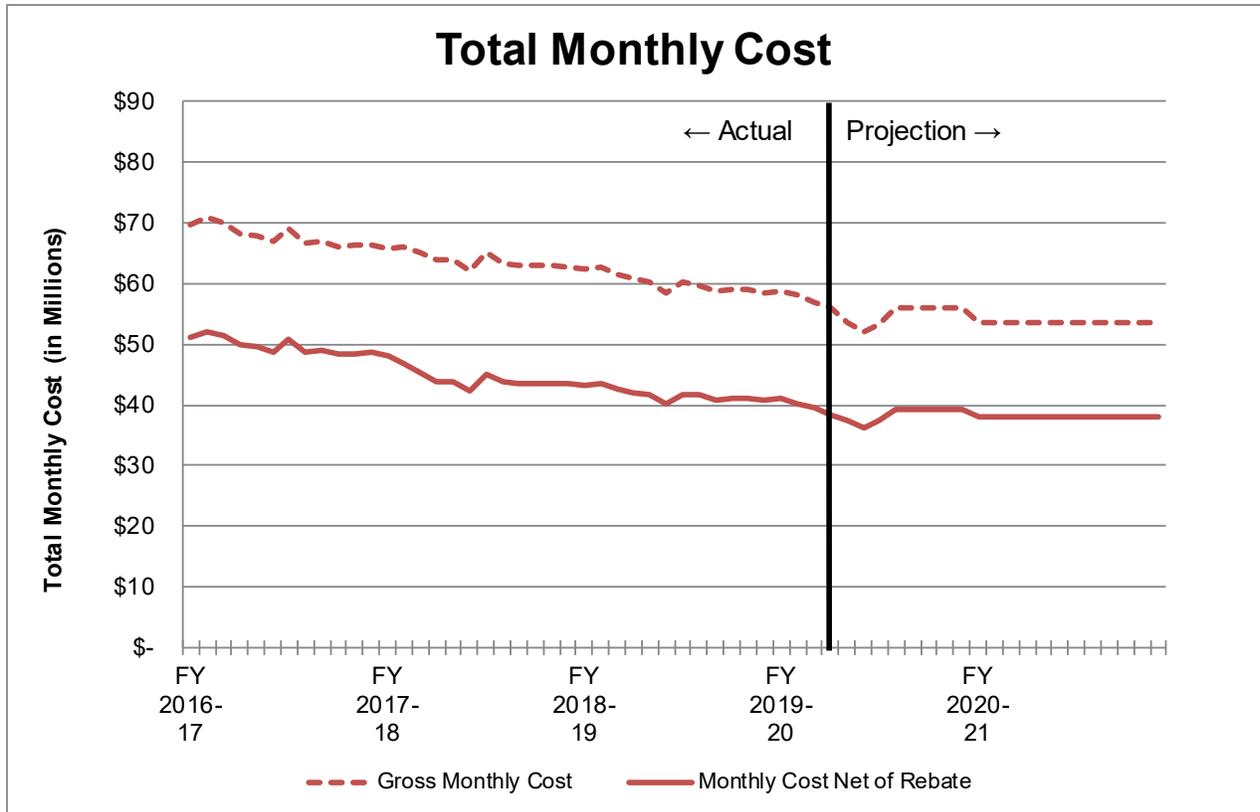
The figure below illustrates actual and projected participation trends since 2016-17. As mentioned previously, the Children participant category is the largest due to their longer period of eligibility. Forecasted monthly participation by category is included in the table in Appendix A:



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



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

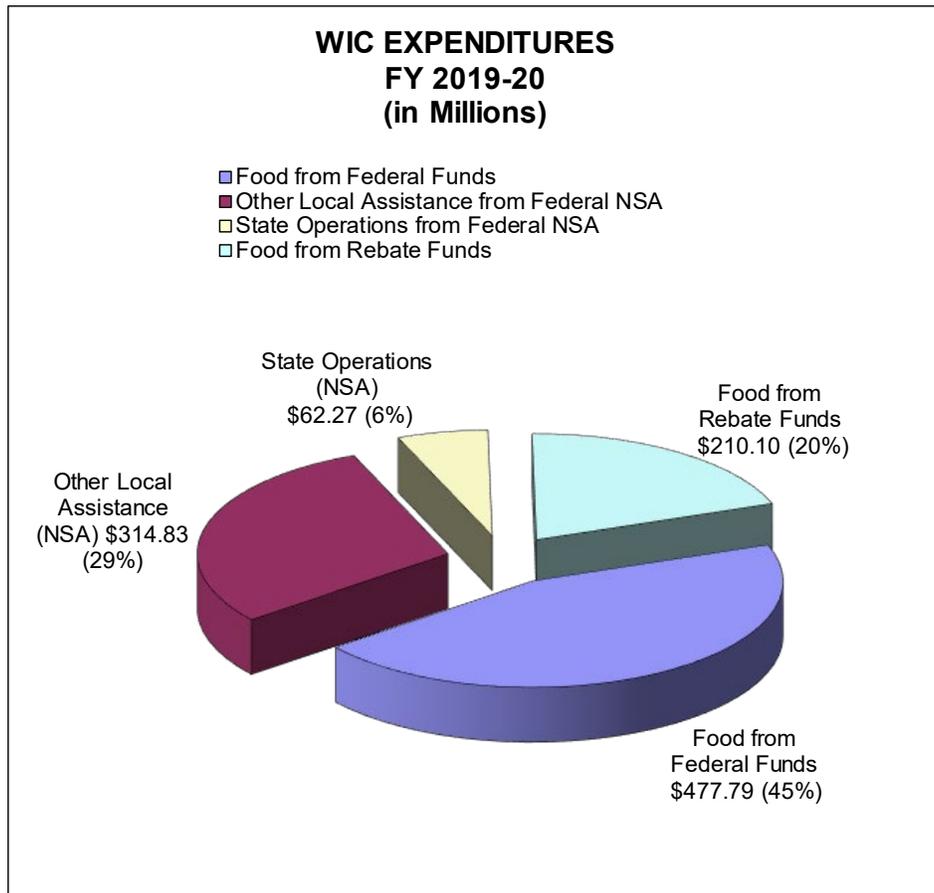


**APPENDIX C**

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

CALIFORNIA WIC PROGRAM EXPENDITURES			
	PY SFY 2018-19 (Actual)	CY SFY 2019-20 (Estimated)	BY SFY 2020-21 (Proposed)
<b>LOCAL ASSISTANCE</b>			
0890 Federal Grant for Food	\$ 516,521,330	\$ 477,792,000	\$ 471,138,000
0890 Federal Grant for Administration	\$ 311,254,035	\$ 314,834,000	\$ 304,243,000
<b>TOTAL FEDERAL TRUST FUND</b>	<b>\$ 827,775,365</b>	<b>\$ 792,626,000</b>	<b>\$ 775,381,000</b>
3023 WIC Manufacturer Rebate Fund*	\$ 206,362,000	\$ 210,098,000	\$ 189,012,000
<b>TOTAL LOCAL ASSISTANCE</b>	<b>\$ 1,034,137,365</b>	<b>\$ 1,002,724,000</b>	<b>\$ 964,393,000</b>
<b>STATE OPERATIONS</b>			
0890 Federal Grant for State Operations	\$ 57,203,523	\$ 62,270,000	\$ 59,210,000
<b>GRAND TOTAL WIC PROGRAM</b>	<b>\$ 1,091,340,888</b>	<b>\$ 1,064,994,000</b>	<b>\$ 1,023,603,000</b>

\*Expenditures for SFY 2018-19 do not reflect accruals



**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 2019-20 and total \$958.1 million, which is a decrease of \$22.5 million or 2.29 percent when compared to the \$980.6 million amount provided in the 2020-21 Governor's Budget. The decrease is based on the final signed federal budget for federal fiscal year 2020.

For 2020-21, the projected federal revenue will total \$944.1 million, which is a decrease of \$21.2 million or 2.2 percent when compared to the 2020-21 Governor's Budget amount of \$965.3 million as follows:

<b>REVENUE COMPARISON (all funds)</b>									
<i>All figures in dollars, rounded to the nearest thousand</i>									
Revenue Source	2018-19 Actual	2020-21 Governor's Budget	SFY 2019-20			2020-21 Governor's Budget	SFY 2020-21		
			May Revision	Change from 2020-21 Governor's Budget			May Revision	Change from 2020-21 Governor's Budget	
Federal Food Grant	577,662,000	592,499,000	569,341,000	(23,158,000)	-3.91%	601,833,000	570,956,000	(30,877,000)	-5.13%
Rebate Food Funds	219,881,000	208,188,000	210,098,000	1,910,000	0.92%	193,110,000	189,012,000	(4,098,000)	-2.12%
<b>Total Funds for Food</b>	<b>797,543,000</b>	<b>800,687,000</b>	<b>779,439,000</b>	<b>(21,248,000)</b>	<b>-2.65%</b>	<b>794,943,000</b>	<b>759,968,000</b>	<b>(34,975,000)</b>	<b>-4.40%</b>
Federal NSA Grant	390,003,000	388,069,000	388,771,000	702,000	0.18%	363,453,000	373,104,000	9,651,000	2.66%
<b>Total Federal Funds</b>	<b>967,665,000</b>	<b>980,568,000</b>	<b>958,112,000</b>	<b>(22,456,000)</b>	<b>-2.29%</b>	<b>965,286,000</b>	<b>944,060,000</b>	<b>(21,226,000)</b>	<b>-2.20%</b>

### 1. Revenue Estimate Methodology Federal Funds: Fund 0890

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

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

2. Federal Food Grant

Nationally, approximately 68 percent of the federal fiscal year 2019 appropriation is allocated for food and California receives approximately 16 percent of that appropriation. The food allocation for federal fiscal year 2020 will decrease to 67 percent, and California will receive approximately 16 percent of the national appropriation:

<b>FEDERAL REVENUE PROJECTIONS (Food)</b>					
	A	B	C	D	E=(A-B)*C*D
	National Budget Appropriation	Discretionary Funds	Food Allocation	California Share	Total Allocated Food
FFY 2019	\$ 5,575,000,000	\$ 95,000,000	67.54%	15.98%	\$ 591,591,937
FFY 2020	\$ 5,000,000,000	\$ 120,000,000	66.89%	15.54%	\$ 507,201,983

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 2019-20, Food Grant revenue is expected to total \$569.3 million, which is a decrease of \$23.2 million or 3.92 percent less when compared to \$592.5 million in the 2020-21 Governor's Budget.

For 2020-21, Food Grant revenue is expected to total \$571 million, which is a decrease of \$30.8 million or 5.12 percent less when compared to \$601.8 million in the 2020-21 Governor's Budget.

<b>WIC RESOURCES FOR FOOD</b>			
	FFY 2019	FFY 2020	Prorate to SFY 2019-20
Base Appropriation	\$ 591,591,937	\$ 507,201,983	\$ 528,299,472
Reallocations	\$ 34,206,261	\$ 63,753,526	\$ 56,366,710
Recovery	\$ (61,302,023)	\$ -	\$ (15,325,506)
Total	\$ 564,496,175	\$ 570,955,509	\$ 569,340,675
	FFY 2020	FFY 2021	Prorate to SFY 2020-21
Base Appropriation	\$ 507,201,983	\$ 507,201,983	\$ 507,201,983
Reallocations	\$ 63,753,526	\$ 63,753,526	\$ 63,753,526
Total	\$ 570,955,509	\$ 570,955,509	\$ 570,955,509

3. NSA Grant

Approximately 32 percent of the national WIC appropriation for federal fiscal year 2019 was allocated for NSA, and California received approximately 15 percent of that allocation. The NSA allocation for federal fiscal year 2020 will increase to 33 percent; California's share will remain at 15 percent of the national appropriation:

<b>FEDERAL REVENUE PROJECTIONS (NSA)</b>					
	A	B	C	D	E=(A-B)*C*D
	National Budget Appropriation	Discretionary Funds	NSA Allocation	California Share	Total Allocated NSA
FFY 2019	\$ 5,575,000,000	\$ 95,000,000	32.46%	15.42%	\$ 274,299,013
FFY 2020	\$ 5,000,000,000	\$ 120,000,000	33.11%	15.00%	\$ 242,339,566

In 2019-20, NSA Grant revenue is expected to total \$388.8 million, which is an increase of \$7 million or 0.18 percent when compared to \$388.1 million in the 2020-21 Governor's Budget.

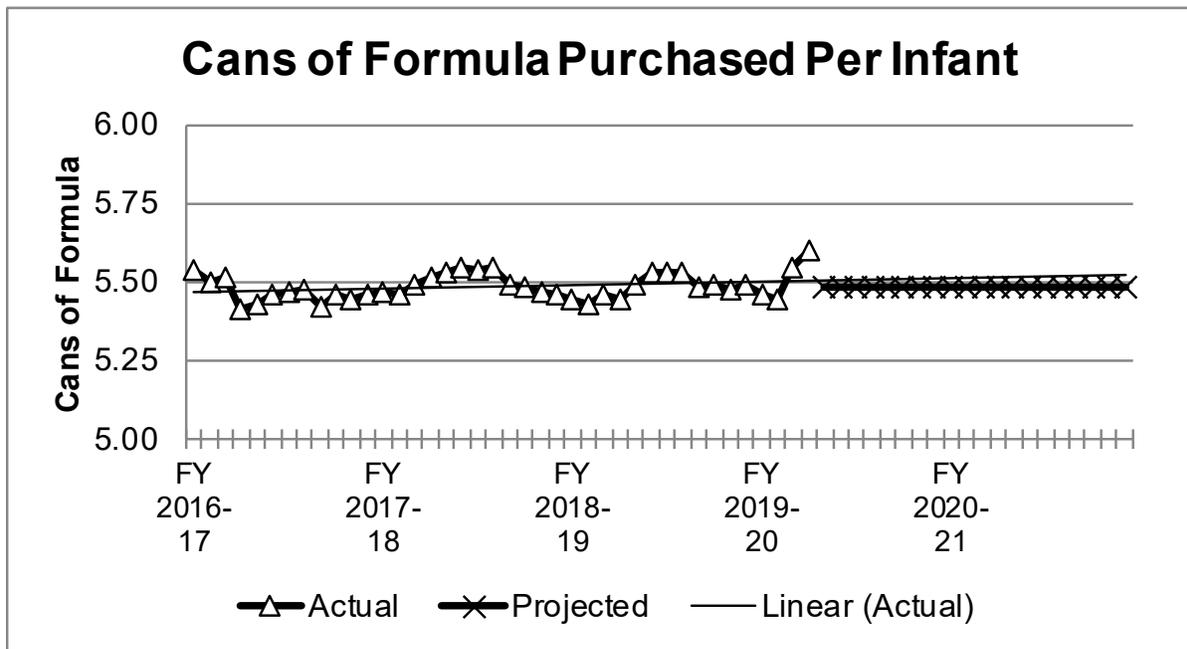
In 2020-21, NSA Grant revenue is expected to total \$373.1 million, which is an increase of \$9.6 million or 2.64 percent when compared to \$363.5 million in the 2020-21 Governor's Budget.

<b>WIC RESOURCES FOR NSA</b>			
	FFY 2019	FFY 2020	Prorate to SFY 2019-20
Base Appropriation, NSA	\$274,299,013	\$242,339,566	\$ 250,329,428
Farmers' Market and Nutrition	\$ 2,063,983	\$ 2,063,983	\$ 2,063,983
Breastfeeding Peer Counseling	\$ 8,364,780	\$ 8,364,780	\$ 8,364,780
Reallocations	\$ 57,149,085	\$ 89,108,532	\$ 81,118,670
Spendforward	\$ 34,251,566	\$ 32,485,951	\$ 32,927,355
Technology Grant	\$ 18,284,298	\$ 9,219,498	\$ 13,966,868
<b>Total</b>	<b>\$394,412,725</b>	<b>\$383,582,310</b>	<b>\$ 388,771,084</b>
	FFY 2020	FFY 2021	Prorate to SFY 2020-21
Base Appropriation, NSA	\$242,339,566	\$242,339,566	\$ 242,339,566
Farmers' Market and Nutrition	\$ 2,063,983	\$ 2,063,983	\$ 2,063,983
Breastfeeding Peer Counseling	\$ 8,364,780	\$ 12,068,098	\$ 11,142,269
Reallocations	\$ 89,108,532	\$ 89,108,532	\$ 89,108,532
Spendforward	\$ 32,485,951	\$ 27,104,312	\$ 28,449,722
Technology Grant	\$ 9,219,498	\$ -	\$ -
<b>Total</b>	<b>\$383,582,310</b>	<b>\$372,684,491</b>	<b>\$ 373,104,072</b>

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

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 \$210.1 million, an increase of \$1.9 million or 0.92 percent when compared to the 2020-21 Governor’s Budget amount of \$208.2 million. In 2020-21, WIC estimates infant formula WIC Manufacturer Rebate Fund revenues to total \$189 million, which is a decrease of \$4.1 million or 9.642.12 percent when compared to the 2020-21 Governor’s Budget amount of \$193.1 million. The decline of rebate revenue is attributed to decreased participation.



WIC prescribes approximately 5.5 cans of infant formula on average per month for each infant issued formula, which is then multiplied by the number of infants projected to be served monthly to arrive to total cans purchased. This number is then divided proportionally between the different forms of infant formula purchased to account for price variations by type of formula. The total number of cans is multiplied by the rebate per can to arrive at a total rebate projection by obligation month.