

**SPECIAL SUPPLEMENTAL  
NUTRITION PROGRAM  
for  
WOMEN, INFANTS, AND CHILDREN  
(WIC)**

**November 2014  
Estimate Package  
For  
Fiscal Years  
2014-15 and 2015-16**



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## I. ESTIMATE

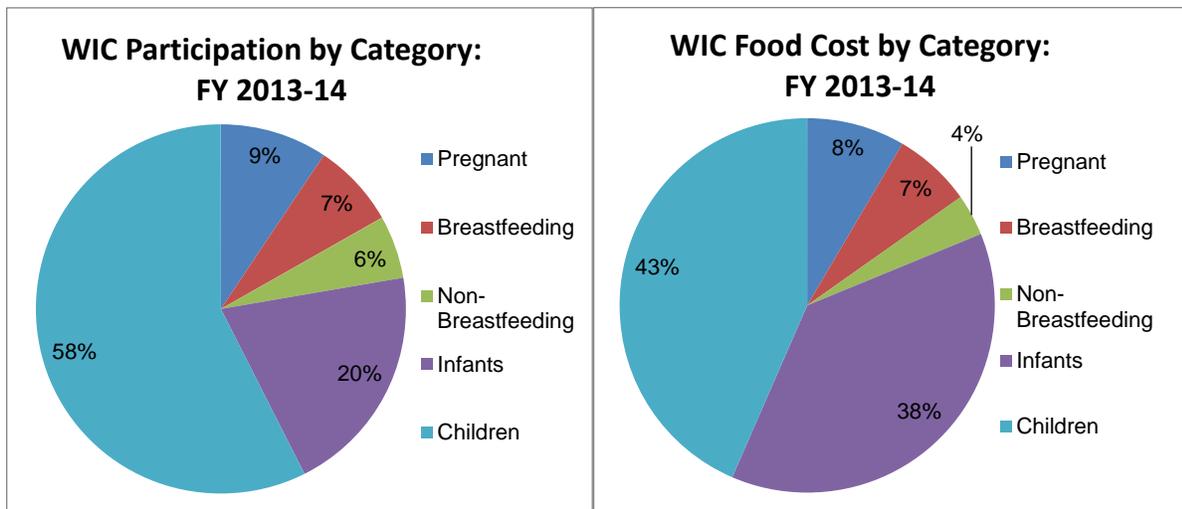
### **a. WIC Estimate and Program Overview**

The California Department of Public Health (CDPH), Women, Infants and Children (WIC) program is a \$1.4 billion program serving approximately 1.4 million of California's economically and nutritionally vulnerable residents. CDPH receives federal funding to administer the WIC program to Californians based on a discretionary grant appropriated by Congress plus subsequent reallocations of prior year unspent funds. WIC is not an entitlement program; rather, the number of participants served is limited by the amount of discretionary grant appropriated annually by Congress.

WIC provides nutrition services and food assistance to low-to-moderate income families for pregnant women, breastfeeding and non-breastfeeding mothers, infants, and children up to their fifth birthday. In addition to the categorical eligibility requirement, participants must be at or below 185 percent of the federal poverty level. WIC services include nutrition education, breastfeeding support, help finding health care and other community services, and checks for specific nutritious foods that are redeemable at retail food outlets throughout the state. WIC is federally funded by the United States Department of Agriculture (USDA) under the federal Child Nutrition Act of 1966, as amended. Specific uses of WIC funds are required under federal laws and regulations, and CDPH must account for funds and expenditures on a monthly basis.

This Estimate projects food expenditures that include the following factors: participation, historical actual expenditures by the various participation categories, and inflation. Prior year Estimates looked only at program participation as a whole when projecting food costs. For this Estimate, CDPH/WIC estimated cost per participant at the individual participant category level. These categories are pregnant women, breastfeeding women, non-breastfeeding women, infants, and children. This allowed the program to examine food costs in a more precise manner. The Estimate also includes other local assistance and state operations expenditures.

The two pie charts on the next page show the distribution of participants and the distribution of food cost by participant category. Actual data from FY 2013-14 is displayed in the charts. These proportions were used to generate the FY 2014-15 and FY 2015-16 Estimates; therefore, the distribution of participants and food cost per participant category in FYs 2014-15 and 2015-16 are equivalent to FY 2013-14.



These charts show that our largest participant category served is children. This is because children are eligible for program benefits for the longest period (age 1 to 5<sup>th</sup> birthday), whereas the other participant categories are limited to no more than one year. The child category represents 58 percent of total participation; however, it only accounts for 43 percent of food costs due to the disproportionately higher food costs of the infant category. Infants comprise 20 percent of the population; however, they represent a disproportionately higher percent of the food cost (38%), primarily due to the higher cost of infant formula. The population and expenditure share for each of the other categories (pregnant, breastfeeding, and non-breastfeeding women) are relatively consistent.

## **b. Food Expenditures**

### **1. Current Year**

The WIC 2014 Budget Act appropriation assumed food expenditures of \$1.075 billion. WIC anticipates revised FY 2014-15 expenditures of \$1.045 billion, which is a decrease of \$30 million or 2.8% compared to Budget Act due to lower than projected participation levels and cost containment efforts. Of the total food expenditures, \$805 million is charged to federal funds and \$239 million is charged to rebate funds.

WIC's revised FY 2014-15 food costs of \$1.045 billion consist of federal food costs and the Manufacturer Rebate Fund 3023. Federal food costs are \$805 million, a decrease of \$30 million compared to Budget Act, and Rebate Fund food costs are \$239 million, a decrease of \$166,084 compared to Budget Act due to lower than projected participation levels.

### **2. Budget Year**

For FY 2015-16, WIC estimates food expenditures will total \$1.076 billion, which is an increase of \$1 million or 0.1% compared to 2014 Budget Act, or \$31 million from revised FY 2014-15 food expenditures, due to an anticipated increase in participation based on birth rate projections from the Department of Finance (DOF). Federal food costs are

projected to be \$833 million and Rebate Fund food costs are projected to be \$242 million.

**c. Other Local Assistance and State Operations Projections**

In addition to food costs, the WIC local assistance authority includes other federal funds from the Nutrition Services and Administration (NSA) grant, which are provided to contracted local agencies for the direct services provided to WIC families (including intake, eligibility determination, benefit prescription, nutrition education, breastfeeding support and referrals to health and social services). The NSA grant also funds WIC state operations for administering the program.

**1. Current Year**

In FY 2014-15, the NSA budget and the anticipated expenditures for local administration was \$300,867,000, which is no change from the 2014 Budget Act. State Operations expenditures are estimated at \$53,860,000, which is no change from the 2014 Budget Act.

**2. Budget Year**

There is no change to the requested NSA or State Operations amount in FY 2015-16.

**d. 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 and rebate funds are available to support projected expenditures.

EXPENDITURE COMPARISON (federal funds)							
Fund 0890 Federal Trust Fund	Budget Act 2014-15	SFY 2014-15			SFY 2015-16		
		November Estimate	Change from Budget Act 2014-15		November Estimate	Change from Budget Act 2014-15	
Local Assistance Expenditures	1,136,320,825	1,106,113,677	(30,207,148)	-2.66%	1,134,668,224	(1,652,601)	-0.15%
<i>Food Expenditures (Food Grant)</i>	<i>835,453,825</i>	<i>805,246,677</i>	<i>(30,207,148)</i>	<i>-3.62%</i>	<i>833,801,224</i>	<i>(1,652,601)</i>	<i>-0.20%</i>
<i>Other Local Assistance (NSA Grant)</i>	<i>300,867,000</i>	<i>300,867,000</i>	-	0.00%	<i>300,867,000</i>	-	0.00%
State Operations (NSA Grant)	53,860,000	53,860,000	-	0.00%	53,860,000	-	0.00%

REVENUE COMPARISON (federal funds)							
Fund 0890 Federal Trust Fund	Budget Act 2014-15	SFY 2014-15			SFY 2015-16		
		November Estimate	Change from Budget Act 2014-15		November Estimate	Change from Budget Act 2014-15	
Total Available Resources	1,246,327,000	1,247,688,505	1,361,505	0.11%	1,265,201,417	18,874,417	1.51%
<i>Food Grant</i>	<i>879,335,000</i>	<i>858,507,870</i>	<i>(20,827,130)</i>	<i>-2.37%</i>	<i>871,681,904</i>	<i>(7,653,096)</i>	<i>-0.87%</i>
<i>NSA Grant</i>	<i>366,992,000</i>	<i>389,180,635</i>	<i>22,188,635</i>	<i>6.05%</i>	<i>393,519,513</i>	<i>26,527,513</i>	<i>7.23%</i>

EXPENDITURE COMPARISON (rebate funds)							
Fund 3023 Manufacturer Rebate	Budget Act 2014-15	SFY 2014-15			SFY 2015-16		
		November Estimate	Change from Budget Act 2014-15		November Estimate	Change from Budget Act 2014-15	
Local Assistance Expenditures	239,248,000	239,414,084	166,084	0.07%	242,208,355	2,960,355	1.24%

REVENUE COMPARISON (rebate funds)							
Fund 3023 Manufacturer Rebate	Budget Act 2014-15	SFY 2014-15			SFY 2015-16		
		November Estimate	Change from Budget Act 2014-15		November Estimate	Change from Budget Act 2014-15	
Total Available Resources	239,248,000	239,414,084	166,084	0.07%	242,208,355	2,960,355	1.24%

### **e. Expenditure Methodology/Key Drivers of Cost**

The WIC participant expenditures are divided into five categories: Pregnant Women, Breastfeeding Women, Non-Breastfeeding Women, Infants, and Children. Each of these participant categories has specialized nutrition needs that influence food costs.

Pregnant women are certified on the program at any point in their pregnancy. Pregnant women receive supplemental WIC foods high in protein, calcium, iron, vitamin A, and vitamin C to support optimal fetal growth and development.

Breastfeeding women are eligible up to their infant's first birthday. Breastfeeding women receive an enhanced supplemental food package with foods high in protein, calcium, iron, vitamin A and vitamin C to support increased caloric needs during breastfeeding.

Non-breastfeeding women are certified up to six months after the birth of their infants. Non-breastfeeding women receive a supplemental food package to help in rebuilding nutrient stores, especially iron and calcium, and achieving a healthy weight after delivery.

Infants are certified until one year of age. A major goal of the WIC Program is to improve the nutritional status of infants. WIC promotes breastfeeding as the optimal infant feeding choice. Breastfeeding provides many health, nutritional, and economical and emotional benefits to mother and baby. Research has also shown that breastfeeding reduces the risk of obesity. Infants may also receive supplemental foods that are rich in one or more of the nutrients protein, calcium, iron, vitamin A, and vitamin C to assist in meeting their nutritional needs during critical periods of growth and development.

Children are certified up to age five. Children receive supplemental WIC foods that are rich in one or more of the nutrients protein, calcium, iron, vitamin A and vitamin C. These nutrients have been shown to be lacking in the diets of WIC children and are needed to help meet their nutritional needs during critical periods of growth and development. The food package also provides food lower in saturated fat to reduce the risk of obesity.

a. Participation by Category

Participation is determined using the number of participants by category for the prior year multiplied by the changes in birth rates projected by DOF Demographic Research Unit (DRU) from FY 2013-2014 to FY 2014-15. DOF DRU projected a birth rate growth of 1.52% between FY 2013-14 and FY 2014-15 and 1.00% between FY 2014-15 and FY 2015-16. These same growth rates were applied to WIC participation to project FY 2014-2015 and FY 2015-2016 participation (see Appendix A). This is the first time that CDPH/WIC has used the DOF DRU birth rate projections to estimate overall program expenditures, including expenditures for participation by participant category.

*Pregnant Women = Actual monthly average of pregnant women served from prior year \* DOF/DRU birth rate growth projection.*

*Breastfeeding Women (up to one year postpartum) = Actual monthly average of breastfeeding women from prior year \* DOF/DRU birth rate growth projection.*

*Non-Breastfeeding Women (up to six months postpartum) = Actual monthly average of non-breastfeeding women from prior year \* DOF/DRU birth rate growth projection .*

*Infants (0-1 year) = Actual monthly average of infants served from prior year \* DOF/DRU birth rate growth projection.*

*Children (up to 5 years) = Actual monthly average of children from prior year \* DOF/DRU birth rate growth projection.*

b. Food Costs per Participant Category

Food expenditures for each participant category are divided by the number of participants in that category to determine the average food cost per participant. The average food cost per participant is then adjusted for inflation to determine the forecasted average cost per participant.

Historical expenditures and average per-participant food costs for FY 2013-14 were used to project FY 2014-15 and FY 2015-16 food costs in the November 2014 Estimate.

Average cost per participant will be adjusted for each participant category using the Consumer Price Index (CPI) projections from the DOF Economic Research Unit (ERU) to account for fluctuations in food prices. The DOF projected CPI inflation rate for FY 2014-15 is 1.10% and for FY 2015-16 is 1.97%.

*Average food cost per participant category = Total food costs by category ÷ Total participation by category.*

*Forecasted average cost per participant category = Average food cost per participant \* Inflation.*

c. Total Food Costs

*Total food cost by participant category = projected participation by participant category \* forecasted average cost per participant.*

*Total food costs = sum of five participant category costs (pregnant women, breastfeeding women, non-breastfeeding women, infants, children).*

**f. Food Expenditure Projections (See Appendices B1-B5)**

The following chart details WIC food expenditures by participant category and the resources (Federal Funds or rebate funds) used to support those expenditures. Expenditures paid from the NSA grant are also displayed in the chart to show total Federal Funds used in the WIC Program.

EXPENDITURE COMPARISON (all funds)							
Expenditure Category	Budget Act 2014-15	SFY 2014-15			SFY 2015-16		
		November Estimate	Change from Budget Act 2014-15		November Estimate	Change from Budget Act 2014-15	
Pregnant	88,830,764	86,347,684	(2,483,080)	-2.80%	88,928,046	97,282	0.11%
Breastfeeding	70,822,323	68,842,632	(1,979,691)	-2.80%	70,899,883	77,560	0.11%
Non-Breastfeeding	37,504,224	36,455,871	(1,048,353)	-2.80%	37,545,296	41,072	0.11%
Infants	396,738,986	385,648,969	(11,090,017)	-2.80%	397,173,470	434,484	0.11%
Children	456,677,286	443,911,818	(12,765,468)	-2.80%	457,177,411	500,125	0.11%
Reserve	24,128,242	23,453,787	(674,455)	-2.80%	24,285,473	157,231	0.65%
<b>Total Food Expenditures</b>	<b>1,074,701,825</b>	<b>1,044,660,761</b>	<b>(30,041,064)</b>	<b>-2.80%</b>	<b>1,076,009,579</b>	<b>1,307,754</b>	<b>0.12%</b>
<i>Food Expenditures Paid from Rebate Funds</i>	239,248,000	239,414,084	166,084	0.07%	242,208,355	2,960,355	1.24%
<i>Food Expenditures Paid from Federal Funds</i>	835,453,825	805,246,677	(30,207,148)	-3.62%	833,801,224	(1,652,601)	-0.20%
Other Local Assistance Expenditures (Federal NSA)	300,867,000	300,867,000	-	0.00%	300,867,000	-	0.00%
<b>Total Federal Local Assistance Expenditures (Food + NSA)</b>	<b>1,136,320,825</b>	<b>1,106,113,677</b>	<b>(30,207,148)</b>	<b>-2.66%</b>	<b>1,134,668,224</b>	<b>(1,652,601)</b>	<b>-0.15%</b>
State Operations (Federal NSA)	53,860,000	53,860,000	-	0.00%	53,860,000	-	0.00%

**Pregnant Expenditure Projections**

WIC estimates current year food expenditures to total \$86,347,684, a decrease of \$2,483,080 or 2.80% compared to the 2014 Budget Act amount of \$88,830,764. Food expenditures are estimated to total \$88,928,046 for the budget year, an increase of \$97,282 or 0.11% compared to the 2014 Budget Act.

**Breastfeeding Expenditure Projections**

WIC estimates current year food expenditures to total \$68,842,632, a decrease of \$1,979,691 or 2.80% compared to 2014 Budget Act food costs of \$70,822,323. Food expenditures are estimated to total \$70,899,883 for budget year, an increase of \$77,560 or 0.11% compared to the 2014 Budget Act.

### Non-Breastfeeding Expenditure Projections

WIC estimates current year food expenditures to total \$36,455,871, a decrease of \$1,048,353 or 2.80% compared to the 2014 Budget Act amount of \$37,504,224. Food expenditures are estimated to total \$37,545,296 for budget year, an increase of \$41,072 or 0.11% compared to the amount in the 2014 Budget Act.

### Infant Expenditure Projections

WIC estimates current year food expenditures to total \$385,648,969, a decrease of \$11,090,017 or 2.80% compared to 2014 Budget Act of \$396,738,986. Food expenditures are estimated to total \$397,173,470 for budget year, an increase of \$434,484 or 0.11% compared to the 2014 Budget Act.

### Children Expenditure Projections

WIC estimates current year food expenditures to total \$443,911,818, a decrease of \$12,765,468 or 2.80% compared to the 2014 Budget Act amount of \$456,677,286. Food expenditures are estimated to total \$457,177,411 for budget year, an increase of \$500,125 or 0.11% compared to the amount contained in the 2014 Budget Act.

### Prudent Reserve for Food Expenditures

A prudent 3% reserve for food expenditures is requested at a total of \$23,453,787, a decrease of \$674,455 or 2.80% compared to the reserve in the 2014 Budget Act. The reserve request for FY 2015-16 is estimated at \$24,285,473, an increase of \$157,231 or 0.65% compared to the 2014 Budget Act.

USDA allows States a 3% prudent reserve for food inflation and for any unexpected occurrences and natural disasters, such as a drought or earthquake, which could affect food prices more than any projected "normal" inflation.

Although food inflation factors and participation growth are considered when establishing the budget projection for food expenditures, there is the possibility that an unexpected increase in food inflation or unemployment could increase costs beyond the projections in this Estimate. In addition, this amount includes \$4 million in allowable breast pump purchases that are projected to be made in each fiscal year.

## II. FUND CONDITION STATEMENT

Table 2

<b>FUND CONDITION STATEMENT*</b> (dollars in thousands)			
<b>3023 WIC Manufacturer Rebate Fund</b>	<b>SFY 13-14 Actuals</b>	<b>SFY 14-15 Estimate</b>	<b>SFY 15-16 Estimate</b>
BEGINNING BALANCE	225	171	187
Prior year adjustment	-3	0	0
Adjusted Beginning Balance	222	171	187
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
250300 Income from Surplus Money Investments	34	90	90
299600 Miscellaneous Revenue	236,627	239,414	242,208
299900 Sale of Documents	0	12	12
	236,661	239,516	242,310
Total Resources	236,883	239,687	242,497
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4265 Department of Public Health (Local Assistance)	236,712	239,500	242,300
Total Expenditures and Expenditure Adjustments	236,712	239,500	242,300
<b>FUND BALANCE</b>	<b>171</b>	<b>187</b>	<b>197</b>

\* The revenue figures above are based on the most current and accurate information, which differ from the figures reflected in 2015-16 Governor's Budget fund condition statement.

### **III. APPENDICES**

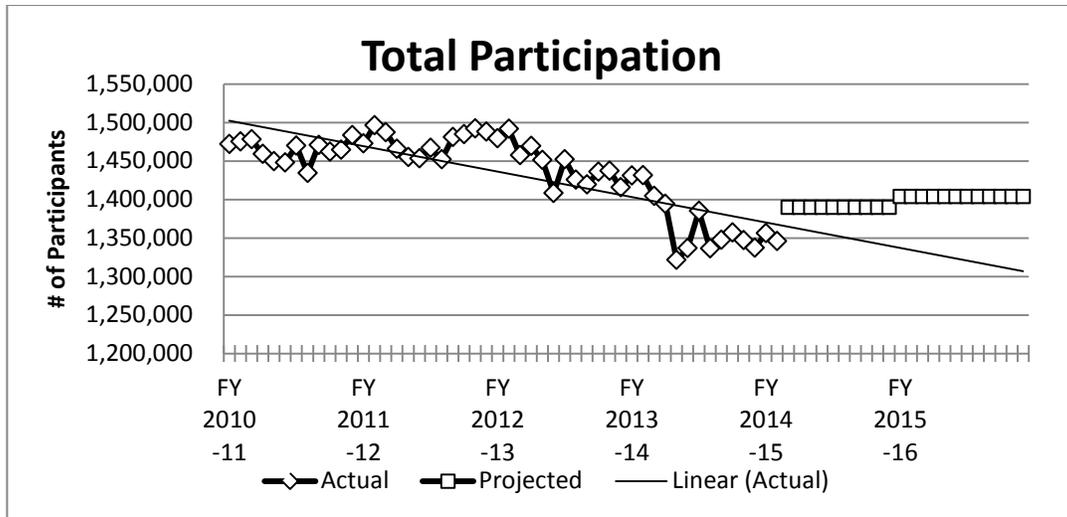
#### **APPENDIX A: WIC Rationale for Participation and Expenditure Projections**

Participation is one of the drivers of food cost. The total estimated FY 2014-15 and FY 2015-16 WIC participation is derived from WIC actual participation in FY 2013-14 and DOF DRU's birth projections. While WIC expects modest increases in participation during future years, federal policy changes and demographic trends may impact these estimates. CDPH/ WIC program reached its highest participation levels between 2009 and 2012. The year 2013 marked the first decline in program WIC participation since 1999. A variety of factors may have contributed to this decline, including economic developments, demographic shifts, and technological trends which are not factors under the influence of the WIC program. However, if participation as measured by percent of WIC eligible persons has also declined, there may be factors related to outreach and service that can be improved. This analysis is underway. Nevertheless, California has the third highest coverage of eligible persons of all WIC Programs behind Vermont and Puerto Rico, currently at 82% according to USDA/Food and Nutrition Services (FNS) estimates. By this estimate, we would measure the estimated eligible, unserved population in FY 2013-14 to be 300,539 per month.

#### **Total Participation**

For FY 2013-14, total WIC monthly average participation is 1,369,125. WIC estimates FY 2014-15 total participation will increase by 1.52% for a total of 1,389,906 participants monthly. WIC estimates FY 2015-16 total participation will increase an additional 1.00%, for a total of 1,403,786 participants monthly. This is due to DOF/DRU projected increase in the number of births. Although the historical trend shows that WIC participation has been declining, WIC does not expect this trend to continue. The last 10 months of actual data show a reverse of prior trends and a modest increase in participation. Live birth projections are an indication of participation rates because WIC serves pregnant and postpartum women and their infants, as well as other children they would bring to the program.

The following graph shows historical WIC participation trends, along with projected numbers for the current and budget year.



### Total Food Expenditures

WIC estimates current year food expenditures to total \$1,044,660,761, which is an increase of \$49,666,856 or 4.99% compared to FY 2013-14 actual expenditures of \$994,993,904. This percentage change is reflective of increased participation of 1.52%, food inflation of 1.10%. FY 2015-16 food expenditures are estimated at \$1,076,009,579, an increase of \$1,307,754 or 0.12% compared to the 2014 Budget Act.

Each participant category food package contains a combination of nutritious staple foods and is therefore subject to fluctuations in market food prices over time. Food expenditures have been determined based on participant categories. Food costs per participant prior to cost containment intervention were on an upward trend with a steep decrease in May 2012, when reimbursements to WIC authorized vendors were changed. Since that intervention, food costs per participant have remained consistent with food inflation over time.

### Inflation

The food cost projection per participant category considers the DOF ERU projected inflation rate for food at home. A 1.10% inflation in WIC food costs is expected in current year based on DOF ERU inflation projections for food at home. Based on DOF ERU inflation projections for food at home, WIC food cost estimates assume a 1.97% inflation rate in FY 2015-16. However, extenuating circumstances (e.g., drought) may raise food prices beyond this inflation prediction.

Below is a chart summarizing total actual food cost expenditures for FY 2013-14 and food cost projections for current and budget year by participant category.

Summary Chart of Budget Estimate Projections									
	2013-14 Actuals			2014-15 Projections			2015-16 Projections		
Participant Category	Average Annual Monthly Participation	Actual Cost/PPT	Annual Actual Expenditures	Average Annual Monthly Participation	Cost/PPT * 1.011	Annual Expenditures	Average Annual Monthly Participation	Cost/PPT * 1.0197	Annual Expenditures
Pregnant	128,340	\$ 54.6278	\$ 84,131,250	130,288	\$ 55.23	\$ 86,347,684	131,589	\$ 56.32	\$ 88,928,046
Breastfeeding	101,509	\$ 55.0652	\$ 67,075,530	103,050	\$ 55.67	\$ 68,842,632	104,079	\$ 56.77	\$ 70,899,883
Non-Breastfeeding	75,201	\$ 39.3611	\$ 35,520,096	76,343	\$ 39.79	\$ 36,455,871	77,105	\$ 40.58	\$ 37,545,296
Infants	277,488	\$ 112.8428	\$ 375,749,856	281,699	\$ 114.08	\$ 385,648,969	284,513	\$ 116.33	\$ 397,173,470
Children	786,587	\$ 45.8221	\$ 432,517,173	798,526	\$ 46.33	\$ 443,911,818	806,500	\$ 47.24	\$ 457,177,411
3% Reserve						\$ 23,453,787			\$ 24,285,473
<b>Total</b>	<b>1,369,125</b>		<b>\$ 994,993,904</b>	<b>1,389,906</b>		<b>\$ 1,044,660,761</b>	<b>1,403,786</b>		<b>\$ 1,076,009,579</b>
Food Expenditures charged to Rebate Funds			\$ (236,711,664)			\$ (239,414,084)			\$ (242,208,355)
<b>Food Expenditures charged to Federal Funds</b>			<b>\$ 758,282,240</b>			<b>\$ 805,246,676</b>			<b>\$ 833,801,224</b>

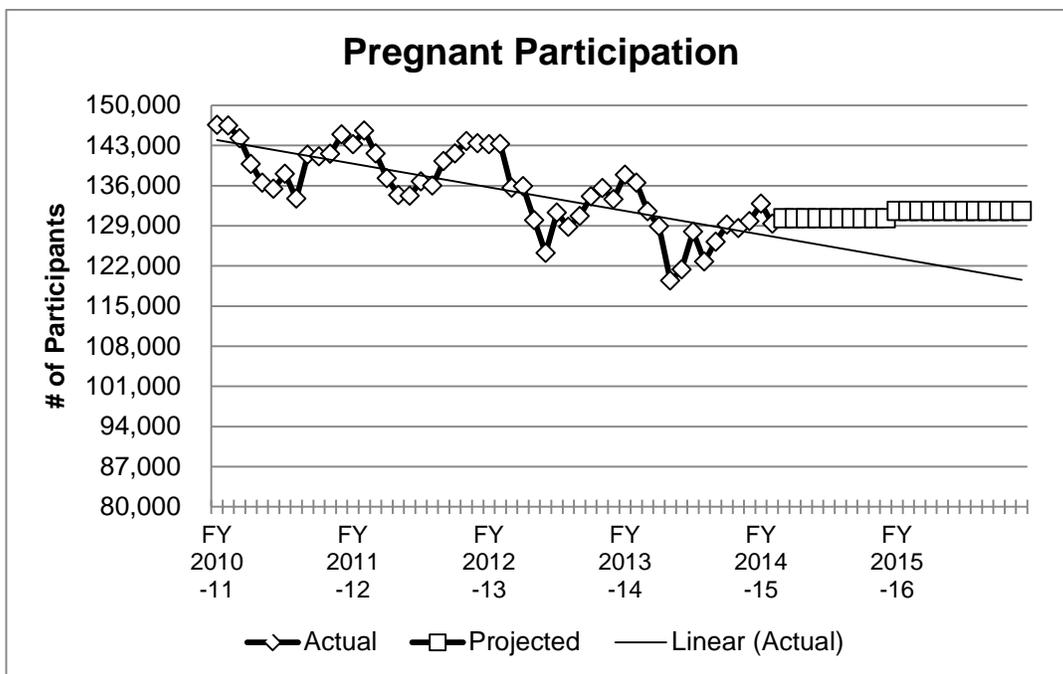
## **APPENDIX B: Participant and Food Cost Projections by Category**

### **B1: Pregnant Participation and Expenditures**

WIC outreaches to pregnant women through a variety of community collaborations with the goal of enrolling them into WIC as early in their pregnancy as possible. In addition to nutrition education and referrals to other important services, WIC provides a food benefit. Authorized categories of food for pregnant women are dairy, breakfast cereal, juice, fruits and vegetables, whole grains, eggs, and beans or peanut butter. These foods provide essential nutrients to promote a healthy pregnancy and positive birth outcomes.

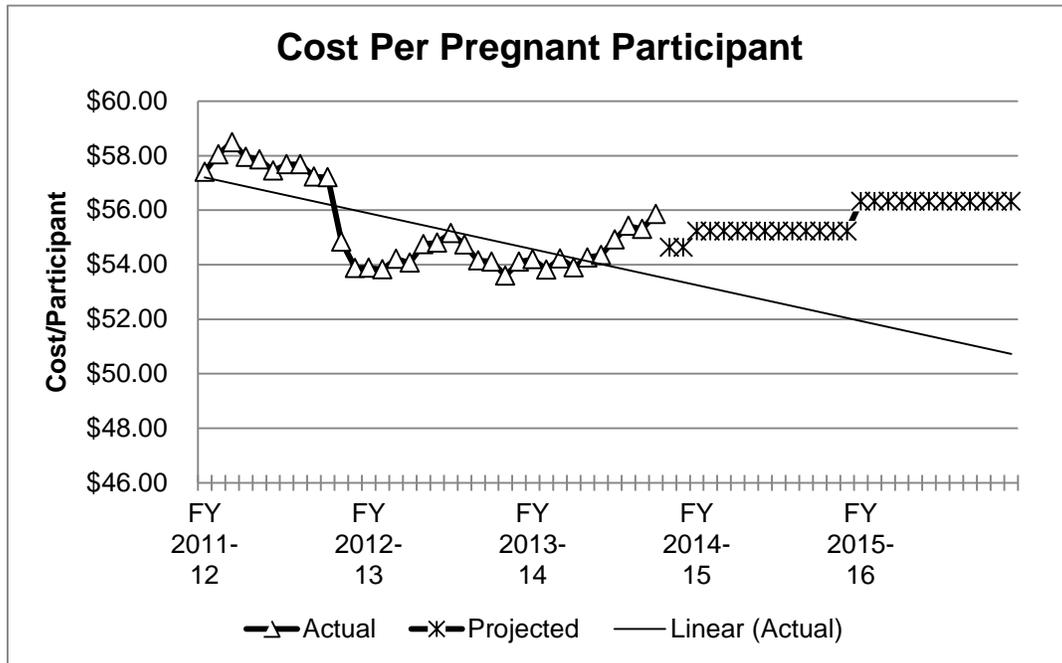
#### Pregnant Participation

WIC estimates current year (FY 2014-15) pregnant participation will total 130,288 participants monthly, an increase of 1,948 or 1.52% compared to the FY 2013-14 actual totals of 128,340 participants monthly. Pregnant participation in FY 2015-16 is estimated to be 131,589 participants monthly, an increase of 1,301 participants or 1.00% compared to the revised current year estimate.



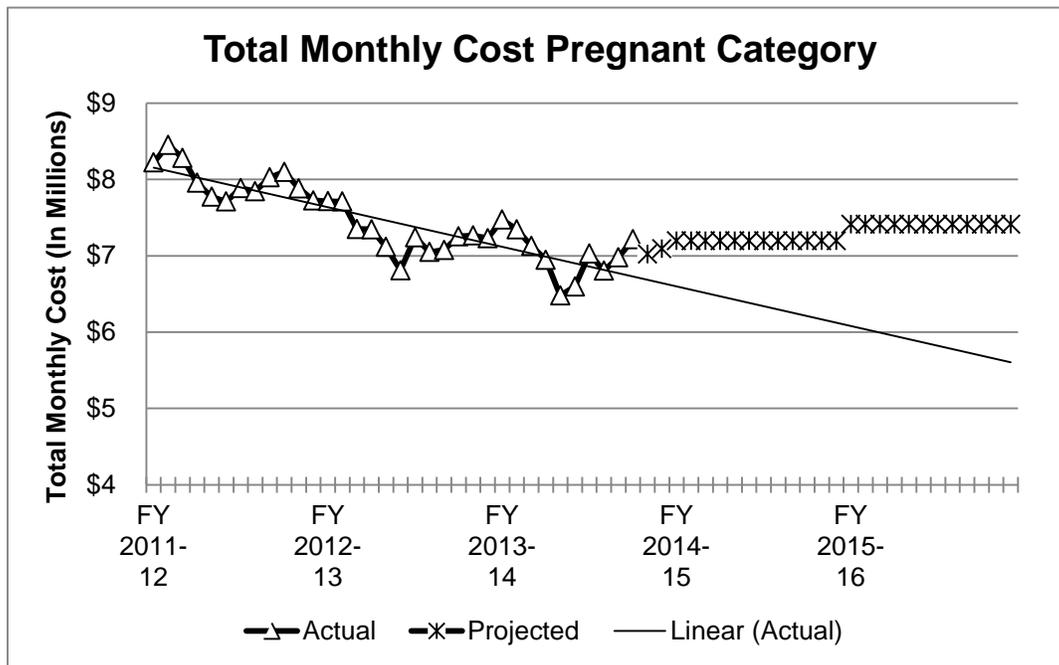
## Costs per Pregnant Participant

For FY 2014-15, WIC estimates average cost per pregnant participant will be \$55.23, which is an increase of \$0.60 or 1.1% compared to FY 2013-14 actual average cost per pregnant participant of \$54.63. For FY 2015-16, WIC estimates average cost per pregnant participant will be \$56.32, which is an increase \$1.09 or 1.97% compared to the revised current year estimate. These increases in cost are the result of projected food cost inflation.



## Expenditures for Pregnant Women

For FY 2014-15, WIC estimates expenditures for pregnant women will total a monthly average of \$7,195,640, or \$86,347,684 annually which is an annual decrease of \$2,483,080 or 2.80% when compared to the 2014 Budget Act amount of \$88,830,764. For FY 2015-16, WIC estimates expenditures for pregnant women will total a monthly average of \$7,410,670, or \$88,928,046 annually, which is an annual increase of \$2,580,362 or 2.99% compared to the revised current year estimate.



The table below shows the actual expenditures for FY 2013-14 and projected expenditures for FY 2014-15 and FY 2015-16.

Participant Category Comparison: Pregnant								
Factor	SFY 2013-14	Budget Act 2014-15	SFY 2014-15			SFY 2015-16		
	Actuals		November Estimate	Change from SFY 2013-14 Actuals		November Estimate	Change from SFY 2014-15 November Estimate	
Average monthly participation*	128,340		130,288	1,948	1.5178%	131,589	1,301	0.9987%
Average cost per participant*	\$ 54.63		\$ 55.23	\$ 0.60	1.10%	\$ 56.32	\$ 1.09	1.97%
Annual Expenditures**	\$ 84,131,250	\$ 88,830,764	\$ 86,347,684	\$ 2,216,434	2.63%	\$ 88,928,046	\$ 2,580,361	2.99%

\*These numbers were not used to calculate the Budget Act 2014-15

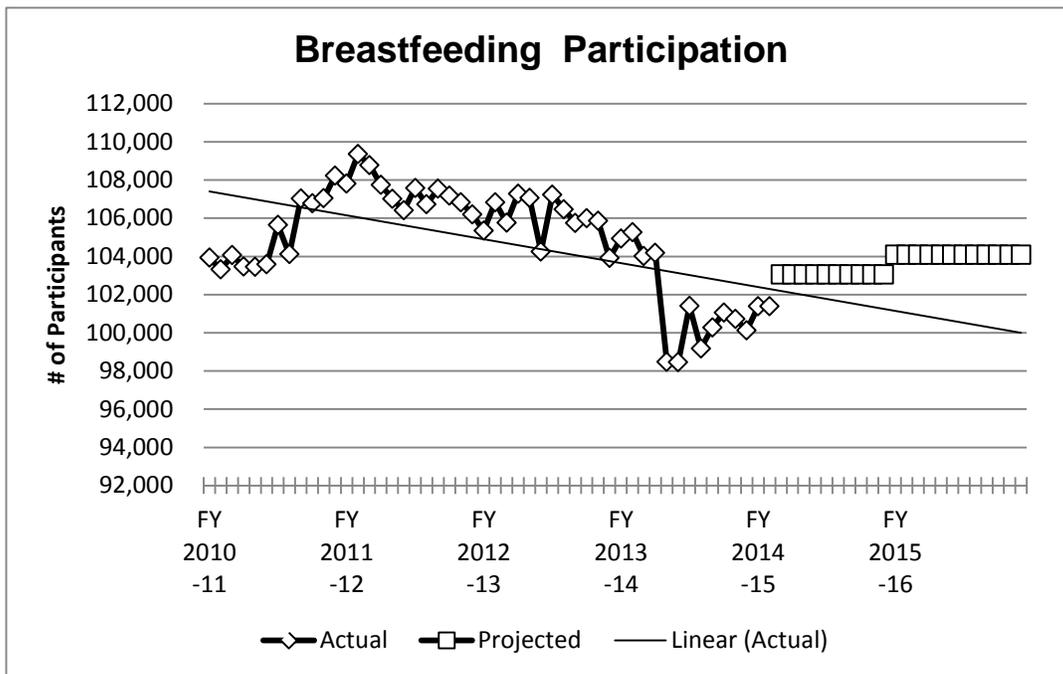
\*\* Numbers are not exact due to "Average cost per participant" dollar rounding.

## B2: Breastfeeding Participation and Expenditures

This category includes women who breastfeed their infants with or without formula or infant food supplements. WIC provides support to breastfeeding women up to one year after the birth of their infant by offering lactation support, peer counseling, and breastfeeding pumps when needed. Authorized categories of food for breastfeeding women are milk, cheese, breakfast cereal, juice, fruits and vegetables, whole grains, eggs, beans or peanut butter, and canned fish.

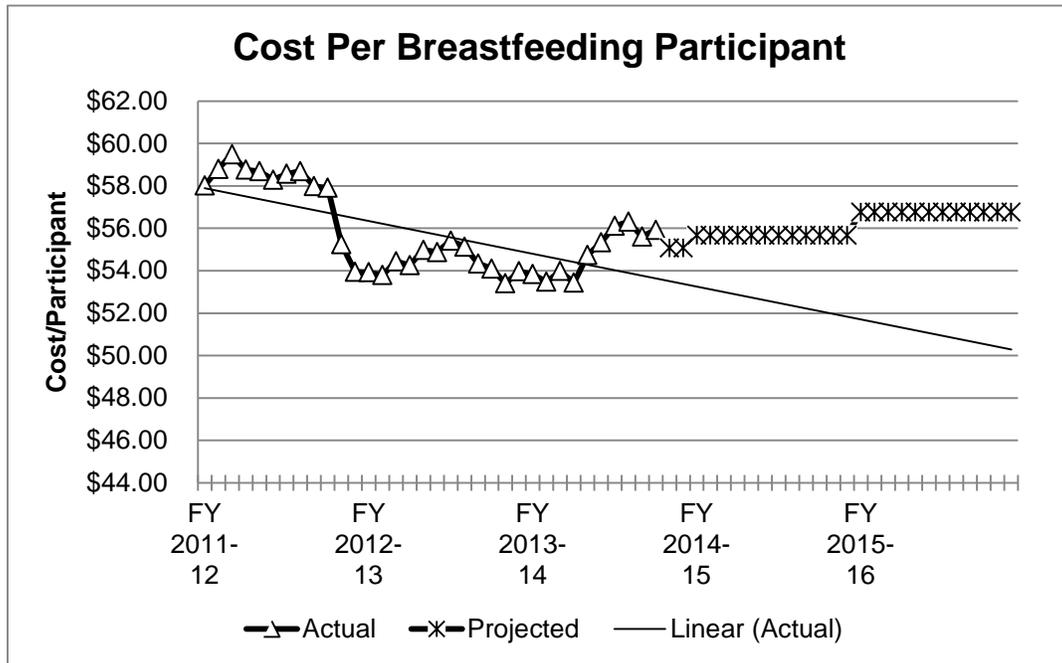
### Breastfeeding Participation

WIC estimates current year (FY 2014-15) breastfeeding participation will total 103,050 participants, an increase of 1,541 or 1.52% compared to FY 2013-14 actual totals of 101,509 participants monthly. Breastfeeding participation in FY 2015-16 is estimated to be 104,079 participants monthly, an increase of 1,029 participants or 1.00% compared to the revised current year estimate.



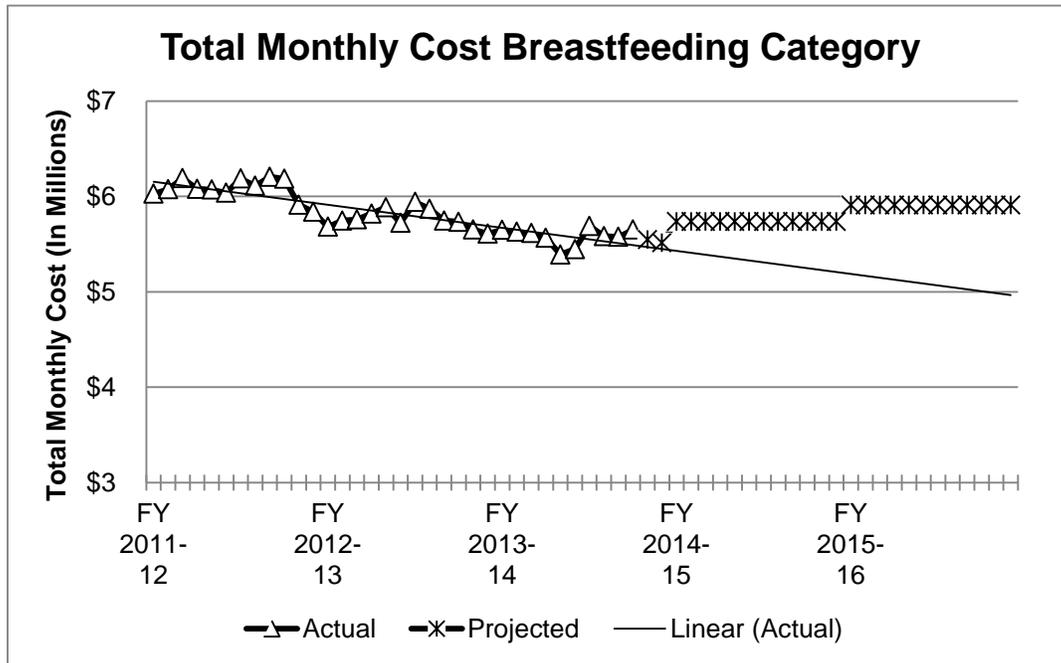
## Costs per Breastfeeding Participant

For FY 2014-15, WIC estimates average cost per breastfeeding participant will be \$55.67, which is an increase of \$0.61 or 1.10% compared to FY 2013-14 actual average cost per breastfeeding participant of \$55.07. For FY 2015-16, WIC estimates average cost per breastfeeding participant will be \$56.77, which is an increase of \$1.10 or 1.97% compared to the revised current year estimate. These increases in cost are the result of projected food cost inflation.



## Breastfeeding Expenditures

For FY 2014-15, WIC estimates that breastfeeding expenditures will total a monthly average of \$5,736,886, or \$68,842,632 annually, which is an annual decrease of \$1,979,691 or 2.80% compared to the 2014 Budget Act amount of \$70,822,323. For FY 2015-16, WIC estimates breastfeeding expenditures will total a monthly average of \$5,908,324, or \$70,899,884 annually, which is an annual increase of \$2,057,251 or 2.99% compared to the revised current year estimate.



The table below shows the actual expenditures for FY 2013-14 and projected expenditures for FY 2014-15 and FY 2015-16.

Participant Category Comparison: Breastfeeding								
Factor	SFY 2013-14	Budget Act 2014-15	SFY 2014-15			SFY 2015-16		
	Actuals		November Estimate	Change from SFY 2013-14 Actuals		November Estimate	Change from SFY 2014-15 November Estimate	
Average monthly participation*	101,509		103,050	1,541	1.5178%	104,079	1,029	0.9987%
Average cost per participant*	\$ 55.07		\$ 55.67	\$ 0.61	1.10%	\$ 56.77	\$ 1.10	1.97%
Annual Expenditures**	\$ 67,075,530	\$ 70,822,323	\$ 68,842,632	\$ 1,767,102	2.63%	\$ 70,899,883	\$ 2,057,251	2.99%

\*These numbers were not used to calculate the Budget Act 2014-15

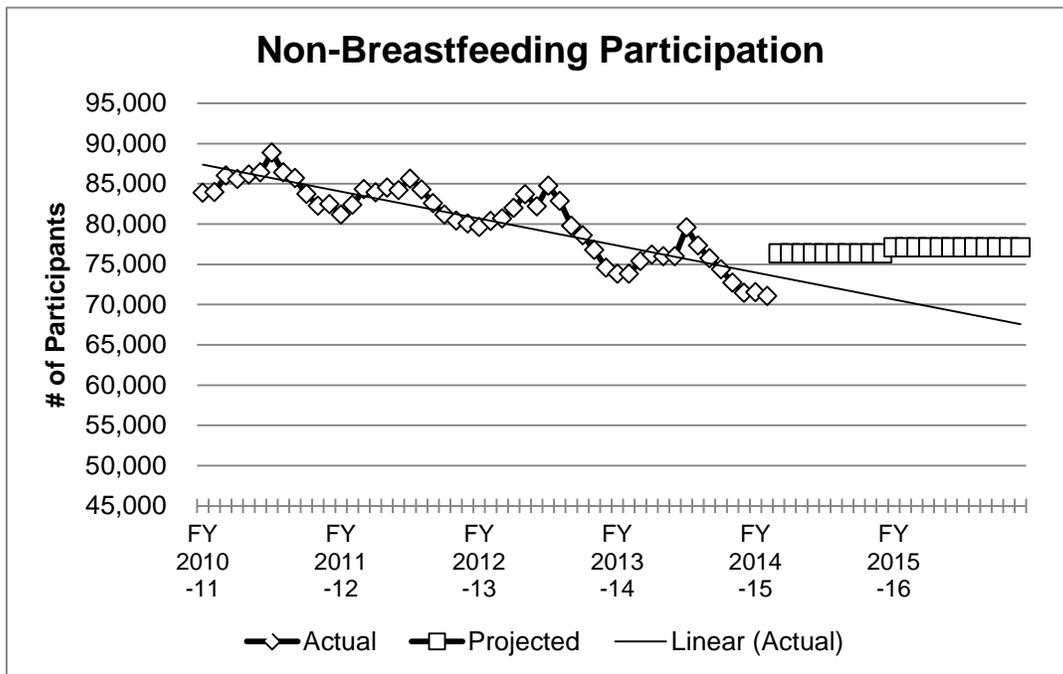
\*\* Numbers are not exact due to "Average cost per participant" dollar rounding.

### B3: Non-Breastfeeding Participation and Expenditures

Women who do not breastfeed are eligible for WIC services for up to six months postpartum. The authorized categories of food for non-breastfeeding postpartum women are milk, breakfast cereal, juice, fruits and vegetables, eggs, and beans or peanut butter.

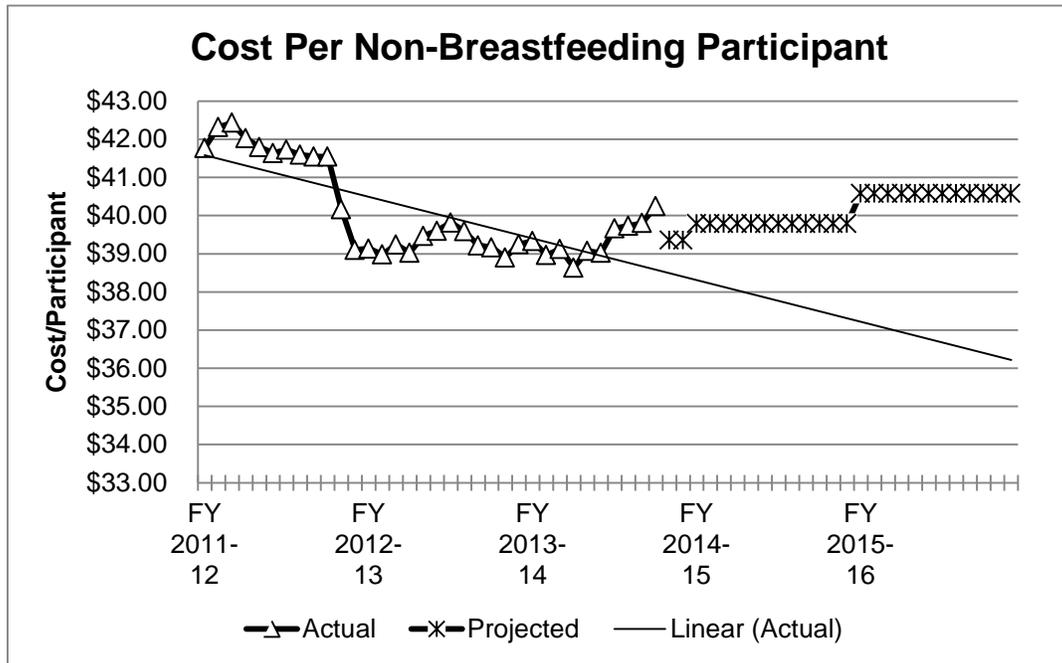
#### Non-Breastfeeding Participation

WIC estimates current year (FY 2014-15) non-breastfeeding participation will total 76,343 participants monthly, an increase of approximately 1,142 or 1.52% compared to the FY 2013-14 actual totals of 75,201 participants monthly. Non-breastfeeding participation in FY 2015-16 is estimated to be 77,105 participants monthly, an increase of 762 or 1.00% compared to the current year estimate.



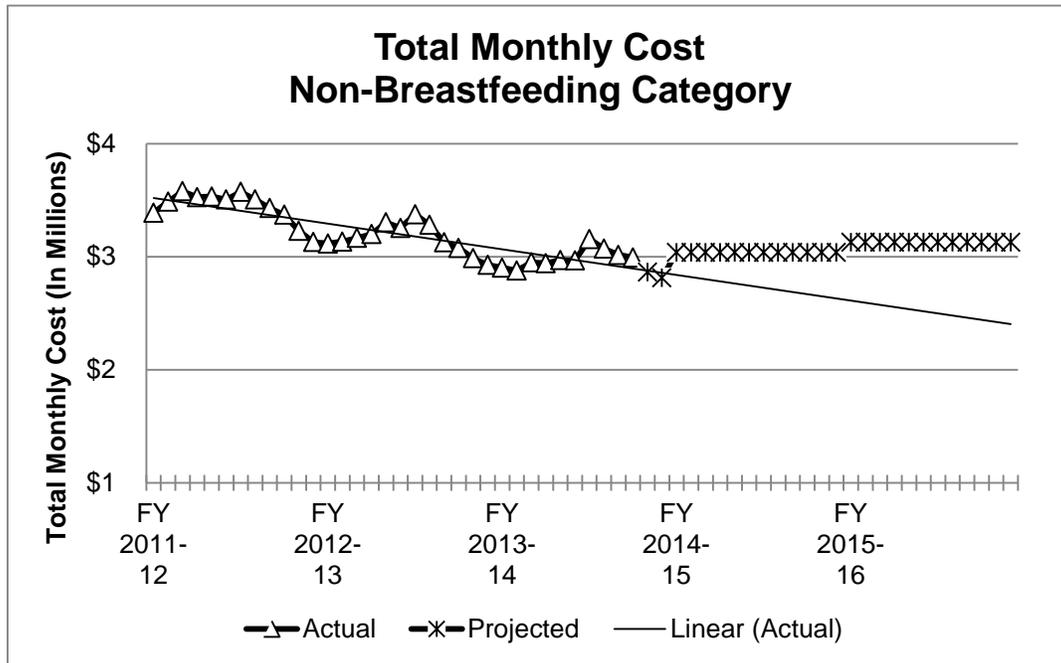
## Costs per Non-Breastfeeding Participant

For FY 2014-15, WIC estimates average cost per non-breastfeeding participant will be \$39.79, which is an increase of \$0.43 or 1.10% compared to FY 2013-14 actual average cost per breastfeeding participant of \$39.36. For FY 2015-16, WIC estimates average cost per non-breastfeeding participant will be \$40.58, which is an increase of \$0.78 or 1.97% compared to the revised current year estimate. These increases in cost are the result of projected food cost inflation.



## Non-Breastfeeding Expenditures

For FY 2014-15, WIC estimates non-breastfeeding expenditures will total a monthly average of \$3,037,989, or \$36,455,871 annually, which is an annual decrease of \$1,048,353 or 2.80% compared to the 2014 Budget Act amount of \$37,504,224. For FY 2015-16, WIC estimates non-breastfeeding expenditures will total a monthly average of \$3,128,775, or \$37,545,296 annually, which is an annual increase of \$1,089,479 or 2.99% compared to the revised current year estimate.



The table below shows the actual expenditures for FY 2013-14 and projected expenditures for FY 2014-15 and FY 2015-16.

Participant Category Comparison: Non-Breastfeeding								
Factor	SFY 2013-14	Budget Act 2014-15	SFY 2014-15			SFY 2015-16		
	Actuals		November Estimate	Change from SFY 2013-14 Actuals	November Estimate	Change from SFY 2014-15 November Estimate		
Average monthly participation*	75,201		76,343	1,141	1.5178%	77,105	762	0.9987%
Average cost per participant*	\$ 39.36		\$ 39.79	\$ 0.43	1.10%	\$ 40.58	\$ 0.78	1.97%
Annual Expenditures**	\$ 35,520,096	\$ 37,504,224	\$ 36,455,871	\$ 935,775	2.63%	\$ 37,545,296	\$ 1,089,425	2.99%

\*These numbers were not used to calculate the Budget Act 2014-15

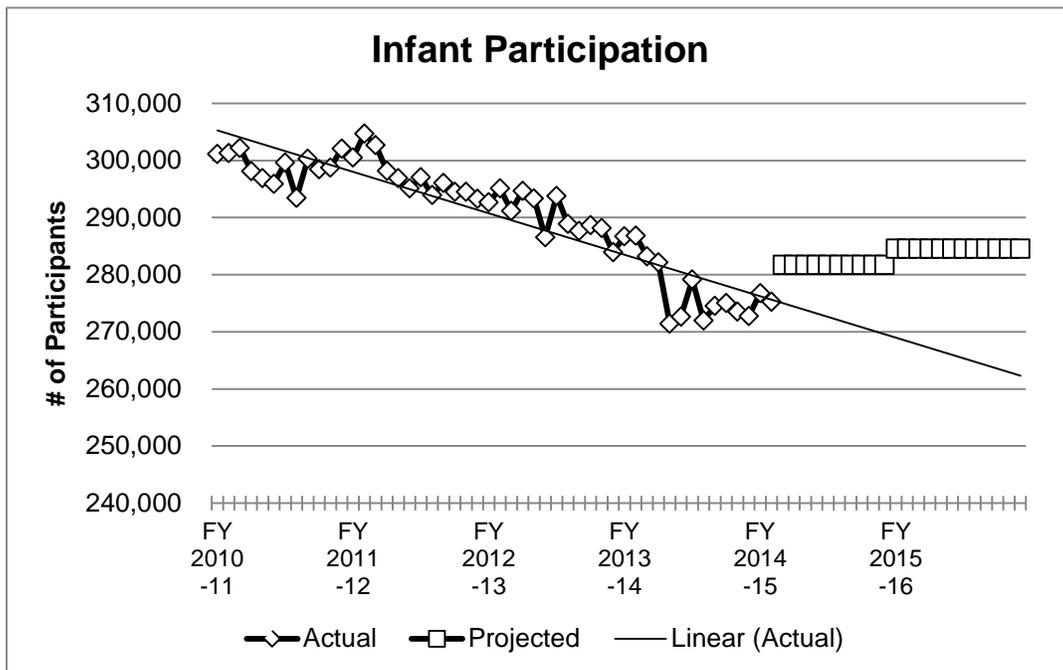
\*\* Numbers are not exact due to "Average cost per participant" dollar rounding.

## B4: Infant Participation and Expenditures

This category includes infants up to one year of age, who may be breastfed and/or receive other infant foods. Mothers and caregivers of infant participants receive nutrition education specific to infants such as baby behaviors and feeding cues and introduction to solid foods. WIC screens for immunizations and refers to health care providers and other services. The authorized categories of foods for infants are infant formula, infant fruits and vegetables, infant meat, and infant cereal.

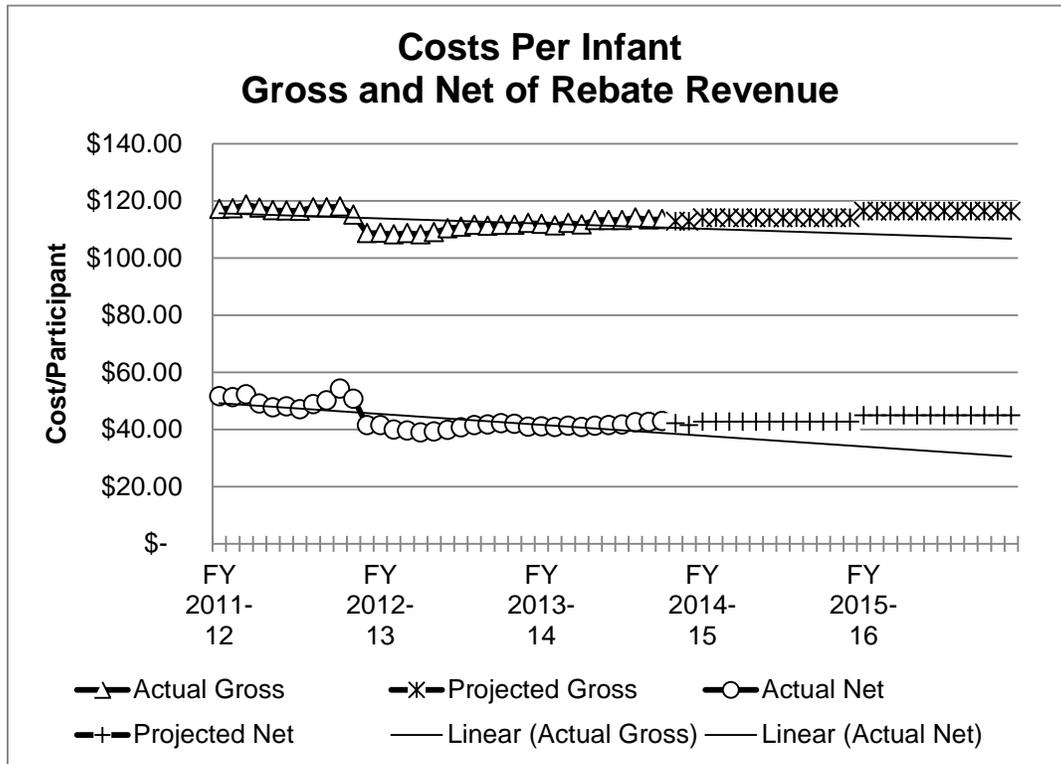
### Infant Participation

WIC estimates current year (FY 2014-15) infant participation will total 281,699 participants monthly, an increase of approximately 4,211 or 1.52% compared to the FY 2013-14 actual totals of 277,488 participants monthly. Infant participation in FY 2015-16 is estimated to be 284,513 participants monthly, an increase of 2,814 or 1.00% compared to the current year estimate.



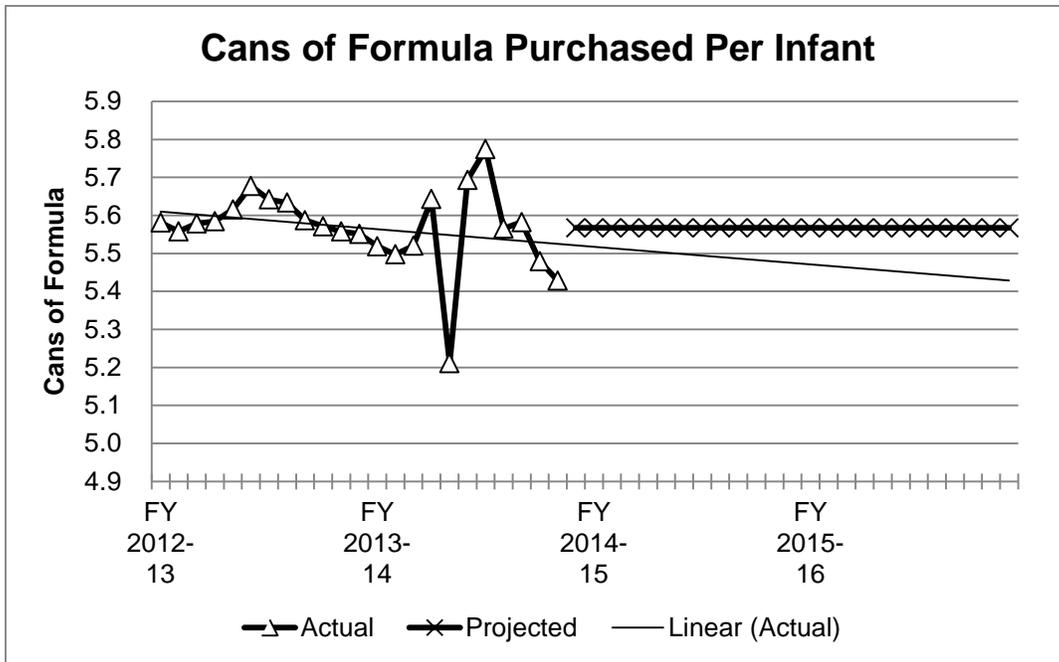
## Cost per Infant Participant

For FY 2014-15, WIC estimates average cost per infant participant will be \$114.08, which does not reflect the infant formula rebate amount. This is an increase of \$1.24 or 1.10% compared to FY 2013-14 actual average cost per breastfeeding participant of \$112.84. For FY 2015-16, WIC estimates average cost per infant participant will be \$116.33, which is an increase of \$2.25 or 1.97% compared to the revised current year estimate. These increases in cost are the result of projected food cost inflation.



## Infant Formula Revenue

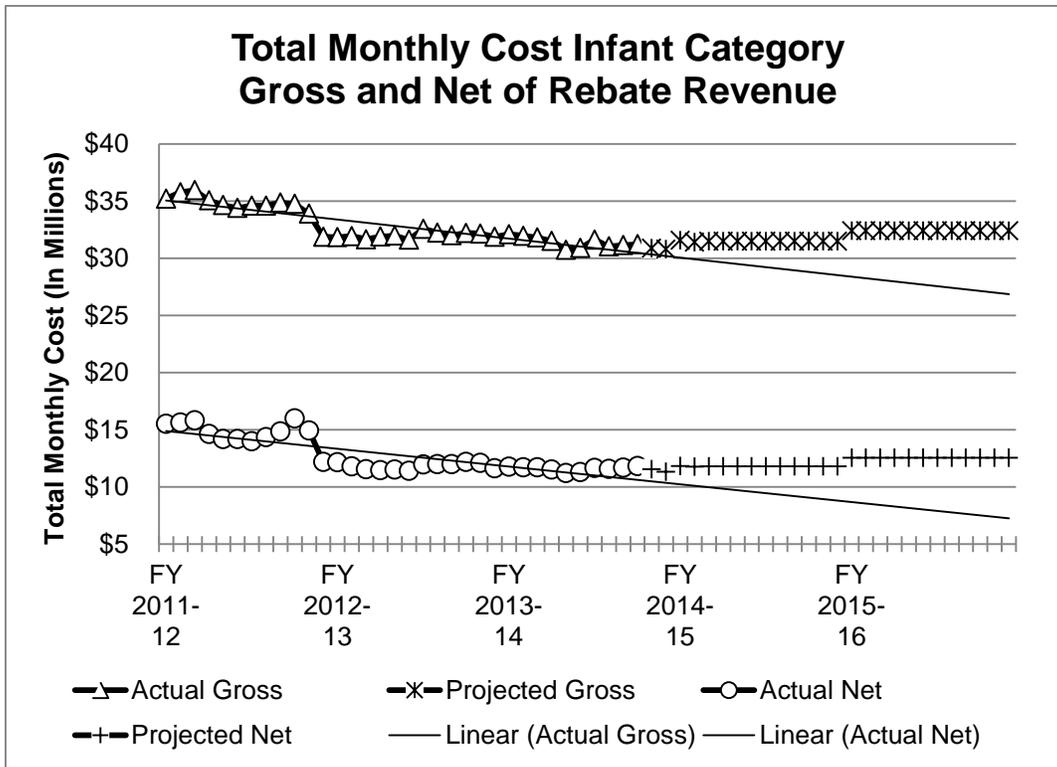
Annual infant formula rebate revenue is estimated by calculating the projected cans of infant formula that will be purchased for the number of infants projected to be served in the fiscal year. Based on the food policy of formula issuance and redemption trends, the program as a whole prescribes approximately 5.5 cans monthly of infant formula for each infant issued infant formula. The total cans purchased can be calculated by multiplying the number of infants projected to be served monthly by this amount. The total cans purchased monthly are then divided proportionally between the different forms of infant formula purchased by the program 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.



Federal regulations require rebate revenue to be reported in the month in which it is received (cash basis). The rebate projection for the applicable state fiscal year is then adjusted to project revenue on a cash basis.

#### Infant Expenditures

For FY 2014-15, WIC estimates infant expenditures will total a monthly average of \$32,137,414, or \$385,648,969 annually, which is an annual decrease of \$11,090,017 or 2.80% compared to the 2014 Budget Act amount of \$396,738,986. For FY 2015-16, WIC estimates infant expenditures will total a monthly average of \$33,097,789, or \$397,173,470 annually, which is an annual increase of \$11,524,501 or 2.99% compared to the revised current year estimate.



Participant Category Comparison: Infant								
Factor	SFY 2013-14	Budget Act 2014-15	SFY 2014-15			SFY 2015-16		
	Actuals		November Estimate	Change from SFY 2013-14 Actuals		November Estimate	Change from SFY 2014-15 November Estimate	
Average monthly participation*	277,488		281,699	4,212	1.5178%	284,513	2,813	0.9987%
Average cost per participant*	\$ 112.84		\$ 114.08	\$ 1.24	1.10%	\$ 116.33	\$ 2.25	1.97%
Annual Expenditures**	\$ 375,749,856	\$ 396,738,986	\$ 385,648,969	\$ 9,899,113	2.63%	\$ 397,173,470	\$ 11,524,501	2.99%

\*These numbers were not used to calculate the Budget Act 2014-15

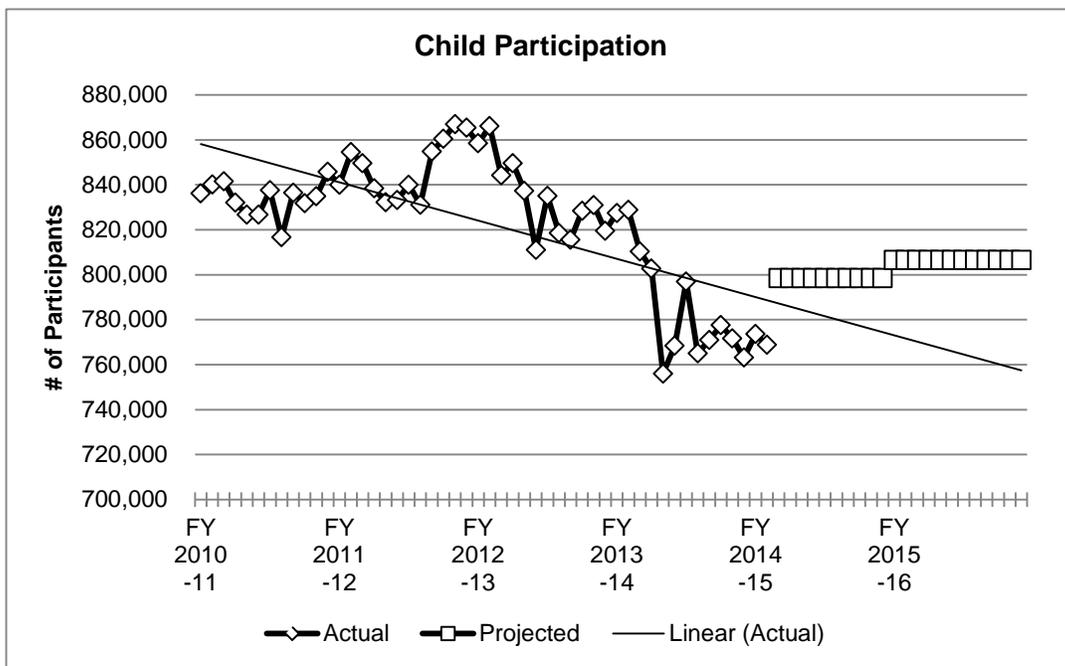
\*\* Numbers are not exact due to "Average cost per participant" dollar rounding.

## B5: Child Participation and Expenditures

WIC provides services to children from one year old up to the age of five. WIC screens for anemia, provides nutrition education specific to a growing child and provides referrals to other useful services. The authorized categories of food for children are milk, breakfast cereal, juice, fruits and vegetables, whole grains, eggs, and beans or peanut butter.

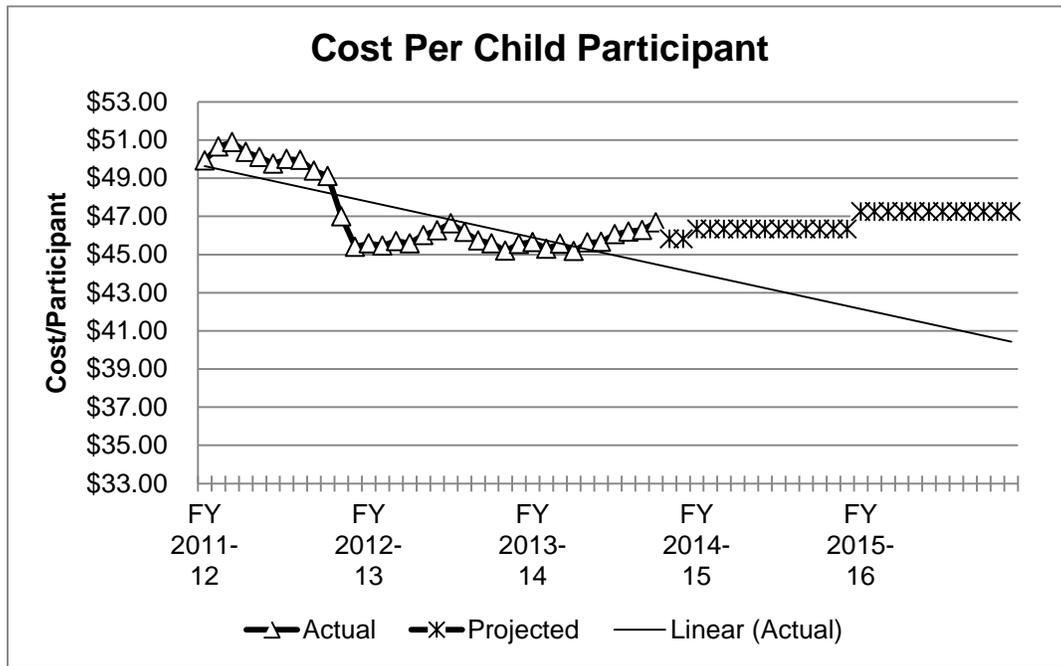
### Child Participation

WIC estimates current year (FY 2014-15) child participation will total 798,526 participants monthly, an increase of approximately 11,939 or 1.52% compared to FY 2013-14 actual total of 786,587 participants monthly. Child participation in FY 2015-16 is estimated to be 806,500 participants monthly, an increase of approximately 7,975 or 1.00% compared to the current year estimate.



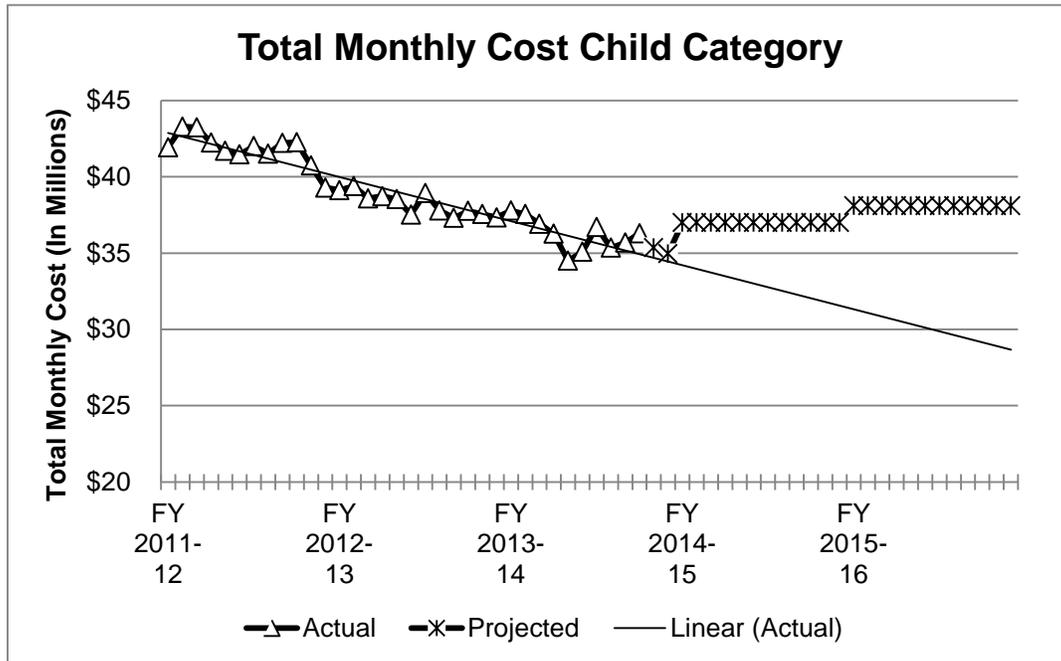
## Costs per Child Participant

For FY 2014-15, WIC estimates average cost per child participant will be \$46.33, which is an increase of \$0.50 or 1.10% compared to FY 2013-14 actual average cost per breastfeeding participant of \$45.82. For FY 2015-16, WIC estimates average cost per child participant will be \$47.24, which is an increase of \$0.91 or 1.97% compared to the revised current year estimate. These increases in cost are the result of projected food cost inflation.



## Child Expenditures

For FY 2014-15, WIC estimates child expenditures will total \$443,911,818, which is a decrease of \$12,765,468 or 2.80% compared to the 2014 Budget Act amount of \$456,677,286. For FY 2015-16, WIC estimates child expenditures will total \$457,177,411, which is an increase of \$13,265,593 or 2.99% compared to the revised current year estimate.



The table below shows the actual expenditures for FY 2013-14 and projected expenditures for FY 2014-15 and FY 2015-16.

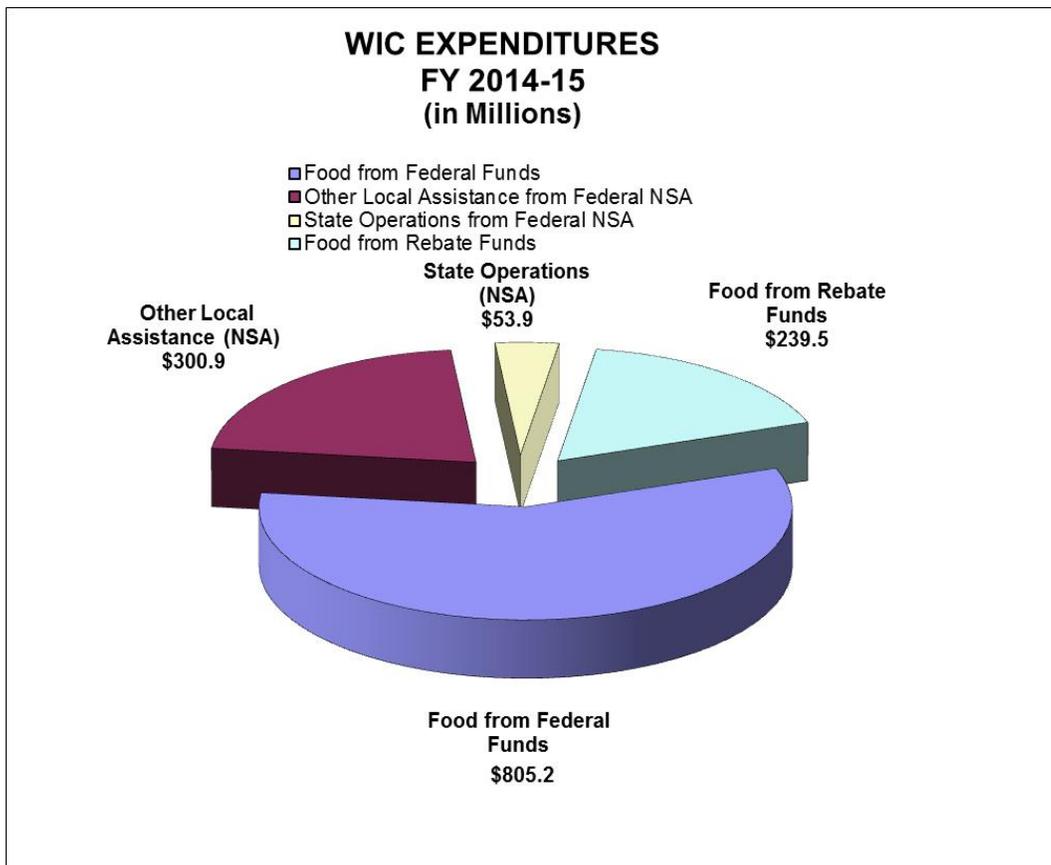
Participant Category Comparison: Child								
Factor	SFY 2013-14	Budget Act 2014-15	SFY 2014-15			SFY 2015-16		
	Actuals		November Estimate	Change from SFY 2013-14 Actuals		November Estimate	Change from SFY 2014-15 November Estimate	
Average monthly participation*	786,587		798,526	11,939	1.5178%	806,500	7,975	0.9987%
Average cost per participant*	\$ 45.82		\$ 46.33	\$ 0.50	1.10%	\$ 47.24	\$ 0.91	1.97%
Annual Expenditures**	\$ 432,517,173	\$ 456,677,286	\$ 443,911,818	\$ 11,394,645	2.63%	\$ 457,177,411	\$ 13,265,593	2.99%

\*These numbers were not used to calculate the Budget Act 2014-15

\*\* Numbers are not exact due to "Average cost per participant" dollar rounding.

**APPENDIX C: WIC Special Display Chart (Government Code 13343)**

CALIFORNIA WIC PROGRAM EXPENDITURES			
	PY SFY 2013-14 (Actual)	CY SFY 2014-15 (Estimated)	BY SFY 2015-16 (Proposed)
<b>LOCAL ASSISTANCE</b>			
0890 <i>Federal Grant for Food</i>	\$ 768,789,815	\$ 805,246,676	\$ 833,801,224
0890 <i>Federal Grant for Administration</i>	\$ 280,079,688	\$ 300,867,000	\$ 300,867,000
<b>Total Federal Funds</b>	<b>\$ 1,048,869,503</b>	<b>\$ 1,106,113,676</b>	<b>\$ 1,134,668,224</b>
3023 <i>WIC Manufacturer Rebate Fund</i>	\$ 236,711,664	\$ 239,500,000	\$ 242,300,000
<b>Total Other Funds</b>	<b>\$ 236,711,664</b>	<b>\$ 239,500,000</b>	<b>\$ 242,300,000</b>
<b>TOTAL LOCAL ASSISTANCE</b>	<b>\$ 1,285,581,167</b>	<b>\$ 1,345,613,676</b>	<b>\$ 1,376,968,224</b>
<b>STATE OPERATIONS</b>			
0890 <i>Federal Grant</i>	\$ 49,409,406	\$ 53,860,000	\$ 53,860,000
<b>TOTAL STATE OPERATIONS</b>	<b>\$ 49,409,406</b>	<b>\$ 53,860,000</b>	<b>\$ 53,860,000</b>
<b>GRAND TOTAL WIC PROGRAM</b>	<b>\$ 1,334,990,573</b>	<b>\$ 1,399,473,676</b>	<b>\$ 1,430,828,224</b>



## **APPENDIX D: Revenue Projections**

WIC is federally funded by USDA through the Food Grant and Nutrition Services and Administration Grant, as well as through rebates received from the contracted infant formula manufacturer.

WIC has revised federal revenue estimates for FY 2014-15 totaling \$1.248 billion, which is an increase of \$1.36 million or 0.11% compared to the 2014 Budget Act Amount of \$1.246 billion.

For FY 2015-16 WIC projects federal revenue will total \$1.265 billion which is an increase of \$18.9 million or 1.51% compared to the 2014 Budget Act amount of \$1.246 billion. This increase is based on budgeted amounts in H.R. 4800: Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act of 2015, which is currently awaiting passage in the House and Senate before being signed into law by the President.

REVENUE COMPARISON (all funds)								
Revenue Source	2013-14 Actual	Budget Act 2014-15	SFY 2014-15			SFY 2015-16		
			November Estimate	Change from Budget Act 2014-15		November Estimate	Change from Budget Act 2014-15	
Federal Food Grant	878,268,921	879,335,000	858,507,870	(20,827,130)	-2.37%	871,681,904	(7,653,096)	-0.87%
Rebate Food Funds	236,627,413	239,248,000	239,414,084	166,084	0.07%	242,208,355	2,960,355	1.24%
<b>Total Funds for Food</b>	<b>1,114,896,334</b>	<b>1,118,583,000</b>	<b>1,097,921,954</b>	<b>(20,661,046)</b>	<b>-1.85%</b>	<b>1,113,890,259</b>	<b>(4,692,741)</b>	<b>-0.42%</b>
Federal NSA Grant	374,832,134	366,992,000	389,180,635	22,188,635	6.05%	393,519,513	26,527,513	7.23%
<b>Total Federal Funds</b>	<b>1,253,101,055</b>	<b>1,246,327,000</b>	<b>1,247,688,505</b>	<b>1,361,505</b>	<b>0.11%</b>	<b>1,265,201,417</b>	<b>18,874,417</b>	<b>1.51%</b>

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

The annual federal revenue for California 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 has remained approximately 18% of the national appropriation over the last five years. Federal funds are granted to each state using a formula methodology as specified in federal regulation to distribute the following:

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

b. Federal Food Grant

Nationally, approximately 71% of the appropriation is allocated for food, and California receives approximately 18% of that appropriation.

Federal Revenue Projections (Food)					
	A	B	C	D	E=(A-B)*C*D
	National Budget Appropriation	Discretionary Funds	Food Allocation	California Share	Total Allocated Food
FFY 2014	\$ 6,715,841,000	\$ 245,024,000	70.9307876%	17.9234171%	\$ 822,649,262
FFY 2015	\$ 6,623,000,000	\$ 129,000,000	70.6294821%	17.6830246%	\$ 811,063,501

California's base 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 that other states have not, or will not, be able to expend that 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. California 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 FY 2014-15, Food Grant revenue is expected to total \$858.5 million, which is a decrease of \$20.8 million or 2.37% compared to the 2014 Budget Act amount.

In FY 2015-16, WIC projects Food Grant revenue will total \$871.7 million, which is a decrease of \$7.7 million or 0.87% compared to 2014 Budget Act amount.

WIC RESOURCES FOR FOOD			
	FFY 2014	FFY 2015	Prorate to SFY 14/15
Base Appropriation	\$ 822,649,262	\$ 811,063,501	\$ 813,959,941
Reallocations & Voluntary Recovery	\$ 55,619,659	\$ 40,857,352	\$ 44,547,929
Total	\$ 878,268,921	\$ 851,920,853	\$ 858,507,870
	FFY 2015	FFY 2016	Prorate to SFY 15/16
Base Appropriation	\$ 811,063,501	\$ 811,063,501	\$ 811,063,501
Reallocations & Voluntary Recovery	\$ 40,857,352	\$ 67,205,420	\$ 60,618,403
Total	\$ 851,920,853	\$ 878,268,921	\$ 871,681,904

c. NSA Grant

Approximately 29% of the national WIC appropriation is allocated for NSA, and California receives approximately 17% of that allocation.

Federal Revenue Projections (NSA)					
	A	B	C	D	E=(A-B)*C*D
	National Budget Appropriation	Discretionary Funds	NSA Allocation	California Share	Total Allocated NSA
FFY 2014	\$ 6,715,841,000	\$ 245,024,000	29.0692124%	16.8320289%	\$ 316,613,079
FFY 2015	\$ 6,623,000,000	\$ 129,000,000	29.3705179%	16.6922126%	\$ 318,374,149

In FY 2014-15, NSA Grant revenue is expected to total \$389,180,635 which is an increase of \$22,188,635 or 6.04% compared to 2014 Budget Act amounts.

In FY 2015-16, NSA Grant revenue is expected to total \$393,519,513 which is an increase of \$26,527,513 or 7.22% compared to 2014 Budget Act amounts.

<b>WIC RESOURCES FOR NSA</b>			
	FFY 2014	FFY 2015	Prorate to SFY 14/15
Base Appropriation, NSA*	\$ 300,782,426	\$ 302,455,411	\$ 302,037,165
WIC EBT Grant**	\$ 204,774	\$ -	\$ -
Farmers Market and Nutrition	\$ 2,063,983	\$ 2,063,983	\$ 2,063,983
Breastfeeding Peer Counseling	\$ 9,316,140	\$ 9,316,140	\$ 9,316,140
Toddler Behavior	\$ 76,145	\$ -	\$ 19,036
Reallocations, Transfers & Contingency	\$ 27,280,179	\$ 43,105,318	\$ 39,149,033
Spendforward	\$ 36,645,130	\$ 36,578,661	\$ 36,595,278
<b>Total</b>	<b>\$ 376,368,777</b>	<b>\$ 393,519,513</b>	<b>\$ 389,180,635</b>
	FFY 2015	FFY 2016	Prorate to SFY 15/16
Base Appropriation, NSA	\$ 302,455,411	\$ 302,455,411	\$ 302,455,411
Farmers Market and Nutrition	\$ 2,063,983	\$ 2,063,983	\$ 2,063,983
Breastfeeding Peer Counseling	\$ 9,316,140	\$ 9,316,140	\$ 9,316,140
Reallocations, Transfers & Contingency	\$ 43,105,318	\$ 43,105,318	\$ 43,105,318
Spendforward	\$ 36,578,661	\$ 36,578,661	\$ 36,578,661
<b>Total</b>	<b>\$ 393,519,513</b>	<b>\$ 393,519,513</b>	<b>\$ 393,519,513</b>

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

\*\* This amount is for display only. All funds were expended in FY 2013-14.

d. Rebate Funds: 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 Rebate Fund revenues to total \$239,414,084, an increase of \$166,084 or 0.07% compared to the 2014 Budget Act amount of \$239,248,000. In FY 2015-16, WIC estimates infant formula Rebate Fund revenues to total \$242,208,355, which is an increase of \$2,960,355 or 1.24% compared to the 2014 Budget Act amount.

## **APPENDIX E: Future Fiscal Considerations and New, Discontinued, Existing, Unchanged Assumptions/Premises**

### **1. Future Fiscal Considerations**

#### **a. Lifting of the New Vendor Authorization Moratorium**

**Background:** In June 2014, the USDA approved a phased-in lifting of the new vendor authorization moratorium by allowing the California Department of Public Health Women, Infants and Children Program to begin accepting applications from vendors who have existing vendor agreements with WIC. Between April 2011 and June 2014, WIC operated under a federally-imposed moratorium, limiting WIC's ability to authorize new vendors. This partial lifting is the first phase of an overall lifting of the moratorium.

**Description of Change:** The partial lifting of the moratorium and the implementation of the vendor authorization criteria and new vendor peer groups are having an impact on the overall vendor distribution within the new peer groups. On June 1, 2014, WIC implemented the first phase of lifting the moratorium along with the new vendor peer groups and reimbursement rates. On September 15, 2014, WIC implemented the second phase of lifting the moratorium. Between June 2014 and August 2014, the total number of WIC-authorized stores slightly increased from 4,373 to 4,377 total vendors. WIC has also observed a change in the peer group distribution of the authorized vendors. Since reimbursement is dependent on the peer group of a given vendor, these changes may have an impact on food costs. Once the moratorium is completely lifted and reimbursement data is available for newly authorized vendors, WIC will be able to assess the impact on program costs and include this in future estimates. The final phase is projected to be implemented by January 2015.

**Discretionary?:** No

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

- Newly implemented regulations.
- Full lifting of the vendor moratorium has not occurred.
- Participant shopping patterns may remain the same or change based on future changes to the make-up of the authorized vendor community.

**Fiscal Impact (Range) and Fund Source(s):** Unknown

#### **b. California Drought**

**Background:** After three consecutive years of below-normal rainfall, California faces its most severe drought emergency in decades. The drought may increase food prices higher than the Consumer Price Index rates projected by the DOF Economics Research Unit.

**Description of Change:** The drought has the potential to impact costs of most WIC-authorized foods.

**Discretionary?:** No, the effects of the drought on food prices are expected to affect the price of most WIC-authorized foods.

**Reasons for Adjustment/Change:** The increased severity of the California drought has required that we review and consider potential increases to food costs.

**Fiscal Impact (Range) and Fund Source(s):** Fund 0890; Impact: Unknown.

## 2. New Assumptions/ Premises

### a. Food Cost Containment Strategies

**Background:** New regulations regarding peer groups and reimbursement rates were implemented on June 1, 2014 as indicated in the 2014 May Revision. The regulations regarding peer groups and reimbursements were projected to result in a slight reduction in overall food costs to the Program, if all other factors were to remain constant.

**Description of Change:** The current redemption data since June 1, 2014 is not sufficient to analyze in order to determine trends as to whether there has been a reduction in overall food costs. Food Instruments take up to three months to be redeemed by the vendors, and data will not be captured until the month after redemption. WIC will continue to analyze the data each month in order to report on the effect of the food cost containment strategies in future Estimates.

**Discretionary?:** No.

**Reason for Adjustment/ Change:**

- Newly implemented regulations.
- Insufficient data available to estimate programmatic impact.
- Projected fiscal impact based upon pre-implementation projections.

**Fiscal Impact (Range) and Fund Source(s):** Fund 0890; Impact: a possible \$5 million annual reduction in food costs to the program.

### b. Changes to Forecasting of Participation Levels and Food Costs

**Background:** In previous budget estimates, WIC calculated food costs based on the total aggregated participant counts at the statewide level. In the November 2014 Estimate, participation will be forecasted at the individual participant category level (i.e., pregnant women, breastfeeding women, non-breastfeeding women, infants, and children). Assessing participation at the category level will make it possible to quantify the impact that shifting demographics may have on food costs. Tracking participant counts at the category level will also help WIC stay consistent with other CDPH programs that are reporting expenditures on a participant category level.

Prior budget estimates forecast statewide participation using a three-year rolling average of year-over-year growth or decline in average monthly participation.

**Description of Change:** For the FY 2015-16 Governor's Budget, WIC adopted a new projection model that estimates the number of participants by category, and the average cost per participant by category, yielding a total cost for each of the following participant categories:

- a. Pregnant Women
- b. Breastfeeding Women
- c. Non-Breastfeeding Postpartum Women
- d. Infants
- e. Children

WIC reviewed 24-36 months of actual participation data when developing the November 2014 Estimate. Given changing participation trends, WIC utilized the past 12 months of cost and participation data, together with DOF DRU birth rate and inflation data, to forecast participation and food costs for current and budget year.

Food costs will be projected by multiplying the forecasted participation by average cost per participant category. This represents a change from the previous method that adjusted the food cost per participant at the statewide level. Average cost per participant will be adjusted for each participant category using the CPI projections from the DOF ERU and potentially other factors that may account for fluctuations in food prices.

### **3. Discontinued Assumptions/Premises**

#### **a. Cash Value Vouchers Change**

**Why is Change Needed/Reason for Adjustment:** The USDA final rule that increased the fruit and vegetable cash value benefit issued to child participants from \$6 to \$8 has been approved and implemented. As of June 2014, it has been incorporated into the base estimate.

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

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

### **5. Unchanged Assumptions/Premises**

There are no Unchanged Assumptions/Premises at this time.