

**Women, Infants and Children Program
November 2012 Estimate**

for

Fiscal Years

2012-13 and 2013-14



Department of Public Health

TABLE OF CONTENTS

FISCAL COMPARISON TABLES 5

INTRODUCTION..... 6

INFORMATION ONLY 7

I. Base.....7

 A. Food Grant.....7

 B. NSA Grant.....7

 C. Allocation of Funding.....8

 D. Manufacturer Rebates.....8

II. Eligibility.....9

 A. Food Grant.....9

 B. NSA Grant.....9

III. Benefits.....9

 A. Food Grant.....9

 B. NSA Grant.....10

IV. Rates10

 A. Food Costs.....10

 B. NSA Costs.....10

FUTURE FISCAL ISSUES..... 11

 A. Maximum Departmental Reimbursement Rate (MADR) Methodology.....11

 B. Cash Value Vouchers (CVVs).....12

 C. Sequestration.....12

NEW MAJOR ASSUMPTIONS..... 12

DISCONTINUED MAJOR ASSUMPTIONS..... 12

FUND CONDITION STATEMENT 13

APPENDIX A: EXPENDITURE ESTIMATE METHODS..... 14

APPENDIX B: REVENUE ESTIMATE METHODS..... 18

APPENDIX C: WIC ORGANIZATION CHART 20

APPENDIX D: WIC SPECIAL DISPLAY CHART (GOVERNMENT CODE 13343)..... 23

EXECUTIVE SUMMARY

The California Department of Public Health (CDPH) Women, Infants and Children (WIC) Nutrition Program is requesting an increase of \$35,466,000 in Federal Trust Fund and \$2,000,000 in WIC Manufacturer Rebate Fund for fiscal year (FY) 2013-14. We are not requesting any changes to the budget authority for FY 2012-13.

Expenditure Forecast

WIC expenditures forecast are based upon the following factors:

- Prior year gross per participant base food cost
- Number of WIC participants
- Anticipated food inflation Consumer Price Index (CPI) rate
- Manufacturer rebates on a receipt basis based upon the contracted rate per can of infant formula

We anticipate WIC participant levels to increase by 1.32% annually based upon a five-year average increase in participation rates (see Appendix A, Participation on page 15). In addition, we anticipate food costs to increase by 3.18% in FY 2012-13 and 2.56% in FY 2013-14 (see Appendix A, Inflation on page 16) based upon food inflation CPI rates as projected by the Department of Finance, Economic and Research Unit (DOF-ERU). Manufacturer rebates are anticipated to increase by 4.2% in FY 2013-14 based upon the anticipated increase in participation and the increased per-can rebate received under the infant formula rebate contract (see Appendix A, Rebates on page 16).

For FY 2012-13, this will result in overall increase of \$3,293,000, or 0.35%, in Federal Trust Fund food cost compared to \$932,015,000 budgeted in FY 2011-12 and an increase of \$26,000,000, or 11.45%, in WIC Manufacturer Rebate Fund compared to \$227,000,000 budgeted in FY 2011-12. Despite the increase from FY 2011-12 to FY 2012-13, WIC will still stay within the current FY 2012-13 budget authority level.

For FY 2013-14, this will result in an overall increase of \$35,466,000, or 3.79%, in Federal Trust Fund food cost compared to \$935,308,000 budgeted in FY 2012-13 and an increase of \$2,000,000, or 0.79%, in WIC Manufacturer Rebate Fund compared to \$253,000,000 budgeted in FY 2012-13.

Revenue Forecast

The WIC Program is currently operating under a Federal Continuing Resolution (CR) through March 27, 2013. Therefore, the anticipated WIC resource are forecasted based upon the California receiving approximately 17%, based upon historical funding levels, inclusive of the base grant, subsequent reallocation funding available, WIC contingency and Supplemental Nutrition Assistance (SNAP) transfer funds. (See Introduction & Information Only sections for further grant funding details on pages 6-8 and Historical Food Grant Funding Detail Chart on page 19).

For FY 2012-13, food resources are anticipated to increase by \$27,186,800, or 2.91%, compared to \$934,121,200 actually received in FY 2011-12.

For FY 2013-14, food resources are anticipated to increase by \$29,277,000, or 3.05%, compared to \$961,308,000 projected to receive in FY 2012-13.

Revenues for the WIC Manufacturer Rebate Fund is anticipated to increase at a similar rate to those projected in the expenditure forecast. Revenues will be sufficient to meet anticipated expenditure levels (see Fund Condition Statement on page 13).

FISCAL COMPARISON TABLES

Table 1a - EXPENDITURE COMPARISON

FUND 890	SFY 2012-13				SFY 2013-14		
	2012 BUDGET ACT	NOVEMBER ASSUMPTIONS	DIFFERENCE	% DIFFERENCE	NOVEMBER ASSUMPTIONS	DIFFERENCE FROM 2012 BUDGET ACT	% DIFFERENCE
LOCAL ASSISTANCE AUTHORITY	1,236,175,000	1,236,175,000	-	0.00%	1,271,641,000	35,466,000	2.87%
BASE FOOD	935,308,000	935,308,000	-	0.00%	970,774,000	35,466,000	3.79%
NUTRITION SERVICES AND ADMINISTRATION (NSA)	300,867,000	300,867,000	-	0.00%	300,867,000	-	0.00%
SUPPORT/ADMIN AUTHORITY *	53,860,000	53,860,000	-	0.00%	53,860,000	-	0.00%

* State Operations Authority November Assumption amount for 2012-13 and 2013-14 is based on the 2012-13 Governor's Budget.

Table 1b: RESOURCES COMPARISON (Grant)

FUND 890	SFY 2012-13				SFY 2013-14		
	2012 BUDGET ACT	NOVEMBER ASSUMPTIONS	DIFFERENCE	% DIFFERENCE	NOVEMBER ASSUMPTIONS	DIFFERENCE FROM 2012 BUDGET ACT	% DIFFERENCE
TOTAL AVAILABLE RESOURCES	1,316,719,000	1,316,719,000	-	0.00%	1,345,996,000	29,277,000	2.22%
BASE FOOD	961,308,000	961,308,000	-	0.00%	990,585,000	29,277,000	3.05%
NSA	355,411,000	355,411,000	-	0.00%	355,411,000	-	0.00%

Table 1c: RESOURCES COMPARISON (Rebates)

FUND 3023 MANUFACTURER REBATE	SFY 2012-13				SFY 2013-14		
	2012 BUDGET ACT	NOVEMBER ASSUMPTIONS	DIFFERENCE	% DIFFERENCE	NOVEMBER ASSUMPTIONS	DIFFERENCE FROM 2012 BUDGET ACT	% DIFFERENCE
TOTAL AVAILABLE RESOURCES	253,271,000	253,271,000	-	0.00%	255,056,000	1,785,000	0.70%

INTRODUCTION

The WIC Nutrition Program provides nutrition services and food assistance to low-to-moderate income families with pregnant women, breastfeeding and early postpartum mothers, infants and children up to their fifth birthday. 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 100 percent federally funded by USDA under the federal Child Nutrition Act of 1966, as amended (the Act). Under federal laws and regulations, specific uses of WIC funds are required and CDPH must account for funds and expenditures on a monthly basis.

WIC is not an entitlement program; rather the number of participants served 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 17 percent of the national appropriation over the last 5 years. Federal funds are granted to each state using a formula methodology as specified in federal regulation to distribute the following:

- Food funds that reimburse authorized grocers for foods purchased by WIC participants; and
- NSA Funds that reimburse the local WIC 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) as well as support costs. States are to manage the grant, provide client services and nutrition education, and promote and support breastfeeding with NSA funds. Performance targets include minimum expenditures for nutrition services and breastfeeding promotion and support. States that fail to meet the total spending requirement will be issued a claim for the difference between the expenditure requirement and actual expenditures.

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 USDA to those states who have demonstrated both a need for the additional funding and the ability to spend it. Historically, California has typically applied for these reallocations and in the past 10 years, California has consistently received the reallocated funding 90% of the time.

In addition, states are eligible to receive WIC Contingency and SNAP transfer funds, when authorized by the USDA Secretary, if the annual Federal appropriation and supplemental reallocations are insufficient. USDA allocated SNAP transfer funds to states in federal fiscal years (FFYs) 2004, 2008 and 2012, when the Congressional appropriation and reallocations fell short of the national need.

INFORMATION ONLY

I. Base

A. Food Grant

For each FFY the WIC Program is required to spend 97 percent of its food grant. If not spent, USDA reallocates the money to other states and California's allocation for the following year may be reduced. USDA will waive the reduction for the following year if the WIC Program provides justification the funding is needed and demonstrates that they will spend at least 97 percent.

The calculation of each state's inflationary funding level is the difference between the prior and current year Average Food Package Cost. The Average Food Package Cost is calculated using the average monthly closed-out food expenditures for April – March, multiplied by an adjustment factor for estimated food costs from April – September, and then multiplied by the inflation factor for the current funding year.

Pursuant to federal law, the WIC Program is required to apply a cost containment strategy for infant formula that involves entering into rebate contracts with manufacturers of these products and using the revenue from the rebate to offset food costs paid from federal funds.

WIC food funding includes funds for the Farmer's Market Nutrition Program (FMNP) funds for WIC participants to purchase fresh, nutritious, unprepared, locally grown fruits and vegetables in local farmers' markets.

B. NSA Grant

States use NSA funds to support state and local level operational costs. Under the Act, each year states are guaranteed NSA funding equal to the final ending prior FFY grant level. States will also receive additional funding to allow for inflationary adjustments. For flexibility in managing the WIC grant, the Act also allows states to carry forward unspent NSA funds into the succeeding FFY, up to 3 percent of their total WIC grant amount for food and NSA. States are also allowed to carry forward unspent NSA funding of up to 0.5 percent of its total grant, for management information systems (MIS) projects approved in advance by the USDA. This carry forward is guaranteed by the Act and does not require a federal appropriation. Therefore, in the event of a lack of an enacted federal budget and the WIC Program is required to temporarily operate under a federal CR until a final appropriation is approved and signed, states may rely upon carry forward for cash flow purposes.

States are funded at a level equivalent to 100% of their prior FFY ending food and NSA grants under a federal CR. In past years when the federal government operated under CRs, the federal budget was typically enacted in

January. Upon appropriation, states will receive their WIC grants, including inflationary adjustment funds and offered reallocation funding.

C. Allocation of Funding

WIC grant funds are typically allocated five times each year:

October 1 – Prior year-end NSA grants less up to 10% for “operational adjustment funding” reserved and later allocated by regional USDA offices for one-time capital investments or operational costs are restored first. Secondly, states receive food funds up to or in proportion to prior year grant levels based on available appropriated funds.

January, April, July, and August Reallocations – First, the balance of appropriated funds from current year and unspent funds from the prior year are allocated to restore base food grants. Remaining funds are split 80%/20% to fund inflation for all state agencies and provide additional funds to under-fair-share state agencies.

D. Manufacturer Rebates

California enters into contracts with food manufacturers for rebates in exchange for putting their products on the program. The rebate funds can only be used to supplement the federal grant funds that pay for WIC food instruments. Interest that is collected on the rebate funds along with other earned program income can be used to satisfy the match requirement for the Farmer's Market Nutrition Program or for other WIC specified program purposes in the current fiscal year and with approval, in previous or subsequent fiscal years. Thus, in 2001 an interest bearing account, Fund 3023 was established in order to accrue interest on the rebate funds.

Federal regulations strictly prohibit paying administrative costs with WIC food funds. They further prohibit basing overhead charges on food funds. Even if the Pro Rata is allocable to WIC food funds, it is not included in the CDPH approved federal indirect cost rate agreement making it an unallowable grant cost. Federal law requires the use of WIC Manufacturer Rebate Revenues prior to drawing down Federal WIC food funds.

Each month, WIC invoices the contract food manufacturer for check redemptions during the prior month. The manufacturer has up to 30 days from the date of the invoice to return payment. Payments are immediately deposited into Fund 3023 and must be spent prior to drawing down additional federal funds for food. For this reason at any time throughout the year, the balance available and interest earned is minimal.

II. Eligibility

A. Food Grant

WIC is available to low income pregnant, breastfeeding and post-partum women and children under age five who are at nutritional risk and who are at or below 185 percent of the federal poverty level. A person who participates or has family members who participate in certain other benefit programs, such as the Supplemental Nutrition Assistance Program, Medicaid, or Temporary Assistance for Needy Families, automatically meets the income eligibility requirement.

Participants are issued paper vouchers by local agency clinics as checks to purchase approved foods at authorized stores. The foods provided are designed to meet the participant's enhanced dietary needs for specific nutrients during brief but critical periods of physiological development. They are specifically chosen to provide high levels of protein, iron, calcium and Vitamins A and C. Examples of foods are milk, cheese, iron-fortified cereals, juice, eggs, beans/peanut butter and iron-fortified infant formula.

B. NSA Grant

Pursuant to federal law, to the extent that federal funds are available each state agency shall receive an amount equal to 100 percent of the final formula-calculated NSA grant of the preceding fiscal year adjusted for inflation. Any funds remaining are available for allocation to bring each state closer to its NSA fair share funding level, established by USDA based on the maximum number of participants it is able to serve with its food grant.

The NSA grant pays for direct services provided by local agencies to WIC families including intake, eligibility determination, benefit prescription, nutrition education, breastfeeding support and referrals to health and social services as well as state support costs.

III. Benefits

A. Food Grant

The WIC Program is required to provide food benefits which comprise 75 percent of total local assistance costs. The required food benefits are governed by federal food package rules that are specific to the nutritional needs of WIC participant categories (pre-natal, post-partum, and breastfeeding women, infants, and children up to the age of 5), and that must meet USDA, federal regulations and nutritional standards promulgated by the American Academy of Pediatrics.

B. NSA Grant

Participants receive prescriptive food checks, individual counseling and nutrition education, breastfeeding training and support, and client services including eligibility determination and referrals to other needed services during visits to local agency clinics.

IV. Rates

A. Food Costs

Estimated food costs are calculated based on the number of projected participants in the WIC Program times the projected average cost of food per participant. The number of participants served is always dependent upon the level of federal funding allocated to California. Therefore, the projected level of participants is determined in consideration of the projected level of federal funding for food, and that this funding is adequate to cover the projected net food costs for the projected number of participants. In the event that the food costs are projected to exceed the federal grant, the state may either request additional funding or reduce its participation level, which will result in waiting lists for potential WIC participants. Projected costs are based on the following:

- Projected participants are based on an average percent change in participation levels over three prior years.
- Food costs per participant are based on a weighted average of the food package costs.
- Food costs per participant are adjusted for projected food price changes using the inflation rate indexes published DOF, Economic and Research Unit (DOF-ERU).
- Food costs per participant are calculated net of the projected rebates from food manufacturers.

See APPENDIX A: EXPENDITURE ESTIMATE METHODS, Food Forecast Model

B. NSA Costs

NSA costs comprise approximately 25 percent of the total Local Assistance budget. NSA funds are distributed to the WIC local agencies through contracts with CDPH, and are also used to support state costs. Funding per local agency is based on projected participant caseload for each local agency and is allocated based on the following factors:

- Proven ability to meet service need and to provide all the federally required services, as evidenced by established performance (i.e.,

actual participation is greater than the contracted allocation over a stipulated period);

- Need for additional WIC services, as identified using epidemiological data identifying geographic areas where the need for WIC services is not adequately met;
- Targeted funds for specified services, such as WIC FMNP or Breastfeeding Peer Counseling (BFPC) and other specified targeted services such as participant education and training.

Projected expenditures of total NSA costs are based on the federal grant allocated for this purpose and projected increases are estimated using the historical average percent increase in NSA federal funding over prior years.

Of the total annual NSA local assistance funding provided to the 84 local WIC agencies, approximately 95 percent is granted based on the number of participants projected to be served by each agency. This funding is used by the local agencies to provide direct services to WIC clients at over 600 sites statewide, in accordance with federal laws and regulations.

The remaining 5 percent is used for WIC nutrition education, BFPC, communication and outreach, research and evaluation projects to measure and support program effectiveness, as well as to support management information systems (MIS) costs associated with the centralized WIC Integrated Statewide Information Systems (ISIS, operated by CDPH) used by the local agencies for intake, eligibility and benefit determination, and reporting.

FUTURE FISCAL ISSUES

A. Maximum Departmental Reimbursement Rate (MADR) Methodology

The maximum amount that vendors are reimbursed for WIC food is based upon the mean price per redeemed food instrument type by peer group with a tolerance for price variances which is referred to as the MADR. Effective May 25, 2012, USDA directed CA WIC to remove 1-2 and 3-4 register vendors from the MADR-determination process and instead set MADR for these vendors at 15% for 1-2 register vendors and 11% for 3-4 register vendors above the average redemption value charged by vendors with five or more registers in the same geographic region. CA WIC submitted a plan to USDA to address price competitiveness, MADR methodology and cost containment on October 3, 2012 and anticipate a decision as early as January 2013. CA WIC will incorporate the impacts of USDA's decisions in the May Revise 2013 Estimate.

B. Cash Value Vouchers (CVVs)

The WIC food package includes CVVs for participants to purchase fresh fruits and vegetables. Federal regulation specifies the current value of CVVs to be issued to participants but allows USDA to adjust the maximum value of the CVVs for inflation in whole dollar increments. The President's 2013 Budget proposes a funding increase in CVVs for children. If and when enacted, the expenditure forecast will be adjusted.

C. Sequestration

Pursuant to the Federal Sequestration Transparency Act of 2012, President Obama submitted a report to Congress identifying potential sequestration should Congress be unable to come to a long-term deficit reduction deal by January 2013. The report identifies a possible 8.2 percent cut, equivalent to approximately \$543 million nationwide, to the WIC program. However, USDA has committed to fully fund the WIC program to meet caseload needs, most likely through the transfer of SNAP funds. The WIC program should be able to provide a more accurate estimate of resources available after January 2013 and will incorporate changes in the May Revise 2013 Estimates.

NEW MAJOR ASSUMPTIONS

There are no new major assumptions at this time.

REVISED MAJOR ASSUMPTIONS

There are no revised major assumptions at this time.

DISCONTINUED MAJOR ASSUMPTIONS

There are no discontinued major assumptions at this time.

FUND CONDITION STATEMENT

The Fund Condition Statement below shows the status of WIC Manufacturer Rebate Fund 3023 for actual revenues and expenditures for SFY 2011-12 and projected revenues for SFYs 2012-13 and 2013-14.

Federal regulations strictly prohibit paying administrative costs with WIC food funds. They further prohibit basing overhead charges on food funds. Even if the Pro Rata is allocable to WIC food funds, it is not included in the CDPH approved federal indirect cost rate agreement making it an unallowable grant cost. Federal law requires the use of WIC Manufacturer Rebate Revenues prior to drawing down Federal WIC food funds.

FUND CONDITION STATEMENT (dollars in thousands)			
3023 WIC Manufacturer Rebate Fund	SFY 11-12 Actuals	SFY 12-13 Estimate	SFY 13-14 Estimate
BEGINNING BALANCE	306	255	271
Prior year adjustment*	-5	0	0
Adjusted Beginning Balance	301	255	271
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
250300 Income from Surplus Money Investments	52	134	225
299000 Miscellaneous Revenue	226,899	252,858	254,535
141200 Sale of Documents	3	24	25
	226,954	253,016	254,785
Total Resources	227,255	253,271	255,056
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4265 Department of Public Health (Local Assistance)	227,000	253,000	255,000
Total Expenditures and Expenditure Adjustments	227,000	253,000	255,000
FUND BALANCE	255	271	56

APPENDIX A: EXPENDITURE ESTIMATE METHODS

Food costs will increase due to increased caseload and food price changes necessitating increases in budget authority for SFY 2013-14:

- For SFY 2013-14 an additional caseload increase of approximately 1.32 percent is expected above the prior year. This increase will result in an estimated 1.32 percent higher food costs for SFY 2013-14, not adjusted for inflation.
- The DOF-ERU, projects an inflation rate increase of 2.56 percent for SFY 2013-14 based on the consumer price index for Food at Home.
- Funds from rebate manufacturers based on projected level of participants and increased per-can rebate earned are projected to increase for SFY 2013-14 by 4.2%.

Food Forecast Model

California’s food expenditure forecast model is highly recommended by USDA for other states to use because of its historical accuracy. The food forecast model uses several components to approximate the final expenditure of food funds during the fiscal year. The projected components are: participation, rebates, inflation, and expenditures.

SFY	Participation		Food Costs			Per Participant Costs		
Period	Level	Inc/(Dec)	Costs	Rebates	Net	Gross	Net	Inc/(Dec)
Jul-12	1,479,277	0.00%	\$87,605,917	\$19,667,790	\$67,938,127	\$59.22	\$45.93	0.00%
Aug-12	1,491,635	0.84%	\$89,625,919	\$19,218,133	\$70,407,786	\$60.09	\$47.20	2.78%
Sep-12	1,457,497	-2.29%	\$97,832,541	\$19,932,179	\$77,900,362	\$67.12	\$53.45	13.23%
Oct-12	1,484,388	1.85%	\$99,131,641	\$20,519,196	\$78,612,445	\$66.78	\$52.96	-0.91%
Nov-12	1,477,306	-0.48%	\$98,004,596	\$20,467,915	\$77,536,681	\$66.34	\$52.49	-0.90%
Dec-12	1,480,647	0.23%	\$97,780,576	\$20,324,744	\$77,455,832	\$66.04	\$52.31	-0.33%
Jan-13	1,495,397	1.00%	\$99,491,410	\$21,105,174	\$78,386,236	\$66.53	\$52.42	0.20%
Feb-13	1,470,185	-1.69%	\$98,292,953	\$20,955,411	\$77,337,542	\$66.86	\$52.60	0.35%
Mar-13	1,505,934	2.43%	\$99,511,251	\$21,390,644	\$78,120,607	\$66.08	\$51.88	-1.39%
Apr-13	1,504,979	-0.06%	\$99,242,841	\$19,708,499	\$79,534,342	\$65.94	\$52.85	1.87%
May-13	1,500,927	-0.27%	\$100,702,840	\$20,940,099	\$79,762,741	\$67.09	\$53.14	0.56%
Jun-13	1,511,574	0.71%	\$102,678,243	\$20,039,239	\$82,639,004	\$67.93	\$54.67	2.88%
Total	17,859,746		\$1,169,900,728	\$244,269,023	\$925,631,705			
Average	1,488,312		\$97,491,727	\$20,355,752	\$77,135,975	\$65.50	\$51.83	

BASE	\$ 880,813,323
FUNDING ABOVE BASE	\$ 80,495,075
TOTAL	\$ 961,308,398

Total Grant Funds	\$961,308,398
Net Expenditures for SFY 12-13 Participation	\$925,631,705
Projected Expenditures for Unmet Need	\$9,676,693
Forecasted Expenditures	\$935,308,398
Performance Standard %	97.30%

Food Forecast Model	Projected Grant	\$961,308,398
State Fiscal Year 2012-13	Average Participation	1,488,312
(Based on Actual Participation--SFY 11-12)	Participant Base	\$63.85
	CA Food Inflation Rate	3.18%
	Performance Standard	97.30%

SFY		Participation		Food Costs			Per Participant Costs		
Period	Level	Inc/(Dec)	Costs	Rebates	Net	Gross	Net	Inc/(Dec)	
Jul-13	1,512,078	0.00%	\$93,153,701	\$21,442,385	\$71,711,316	\$61.61	\$47.43	0.00%	
Aug-13	1,519,600	0.50%	\$93,342,187	\$22,462,612	\$70,879,575	\$61.43	\$46.64	-1.65%	
Sep-13	1,508,686	-0.72%	\$103,477,251	\$20,709,042	\$82,768,209	\$68.59	\$54.86	17.62%	
Oct-13	1,498,011	-0.71%	\$102,217,625	\$22,676,505	\$79,541,120	\$68.24	\$53.10	-3.21%	
Nov-13	1,490,864	-0.48%	\$101,053,276	\$21,115,704	\$79,937,572	\$67.78	\$53.62	0.98%	
Dec-13	1,494,235	0.23%	\$100,835,401	\$20,629,024	\$80,206,377	\$67.48	\$53.68	0.11%	
Jan-14	1,509,122	1.00%	\$102,717,992	\$21,520,563	\$81,197,429	\$68.06	\$53.80	0.24%	
Feb-14	1,483,678	-1.69%	\$101,607,023	\$21,147,729	\$80,459,294	\$68.48	\$54.23	0.79%	
Mar-14	1,519,755	2.43%	\$103,000,447	\$21,586,962	\$81,413,485	\$67.77	\$53.57	-1.22%	
Apr-14	1,518,791	-0.06%	\$102,855,868	\$19,889,380	\$82,966,488	\$67.72	\$54.63	1.97%	
May-14	1,514,702	-0.27%	\$104,488,871	\$21,132,280	\$83,356,591	\$68.98	\$55.03	0.74%	
Jun-14	1,525,446	0.71%	\$106,653,217	\$20,223,155	\$86,430,062	\$69.92	\$56.66	2.96%	
Total	18,094,968		\$1,215,402,859	\$254,535,341	\$960,867,518				
Average	1,507,914		\$101,283,572	\$21,211,278	\$80,072,293	\$67.17	\$53.10		

BASE	\$ 893,169,166
FUNDING ABOVE BASE	\$ 97,415,834
TOTAL	\$ 990,585,000

Total Grant Funds	\$990,585,000
Net Expenditures for SFY 13-14 Participation	\$960,867,518
Projected Expenditures for Unmet Need	\$9,906,482
Forecasted Expenditures	\$970,774,000
Performance Standard %	98.00%

Participation

Projected participation is based on an average percent change in participation levels

FIVE-YEAR TREND OF AVERAGE ANNUAL PARTICIPATION

	FFY 07	FFY 08	FFY 09	FFY 10	FFY 11	FFY 12	5-Year Average
AVERAGE ANNUAL PARTICIPATION	1,378,794	1,412,210	1,439,006	1,459,406	1,466,321	1,472,347	
PERCENT INCREASE		2.42%	1.90%	1.42%	0.47%	0.41%	1.32%

* Projected

Source: 798 Reports to USDA

Projected participation is expressed as a percentage of currently allocated monthly caseload to local agencies. This figure is multiplied by 12 resulting in the projected annual participation. The approximate proportion of this annual participation that is expected to be served each month (projected monthly participation) is then calculated based upon the five previous years' actual monthly participation data. These monthly participation figures are the basis for calculating the subsequent components to estimate monthly expenditures and revenue.

Rebates

Rebates are estimated by multiplying the projected monthly participation by the ending per participant rebate amount from June of the previous year. The rebate amount per participant is calculated by dividing the monthly rebate amount by the monthly participation. As months close, rebate estimates for the following months will become more accurate as actual rebates are included in the projection model.

Inflation

The projected expenditures take into account the forecasted inflation as provided by DOF. The food inflation rate is determined by weighting the Food at Home CPI from the forecasted data released by DOF.

CALIFORNIA DEPARTMENT OF FINANCE – CONSUMER PRICE INDEX (CPI)
California, Los Angeles CMSA, San Francisco CMSA, San Diego and United States City Average

Food At Home	SFY 11-12	DIFF	SFY 12-13	DIFF	SFY 13-14	DIFF
LA	246.3	4.54%	255.0	3.53%	262.7	2.99%
SF	233.2	3.41%	238.9	2.43%	242.8	1.62%
Weighted Average	243.1	4.17%	250.9	3.18%	257.3	2.56%

Weighted Average calculation:

$$[(\text{Food at Home LA} \times .68) + (\text{Food at Home SF} \times .32)] \times 1.0023 =$$
Weighted Food at Home CPI for all of CA

Expenditures

Expenditures are estimated in a similar manner to rebates in that the projected monthly participation is multiplied by the per participant gross expenditure from the previous month. The gross expenditure per participant is calculated by dividing the monthly expenditure amount by the monthly participation. Similarly, as months close, expenditure estimates for the following months will become more accurate as actual expenditures are included in the projection model.

Grant Management

To estimate total net costs in relation to food grant, rebate is subtracted from the inflated estimated expenditures. The resulting monthly net expenditures are then summed to achieve estimated fiscal year food costs and compared to total food grant to monitor that at least 97% of food grant is spent during the fiscal year.

Summary of Changes in Net Expenditures for WIC Participation in SFYs 12-13 and 13-14

SFY 2012-13	SFY 2011-12 ACTUAL EXPENDITURES	SFY 2012-13 CASELOAD INCREASE	SFY 2012-13 INFLATIONARY ADJUSTMENT	SFY 2012-13 ADJUSTED FOR INFLATION
MONTHLY PARTICIPATION SERVED	1,474,666	13,646	1,488,312	1,488,312
AVERAGE COST PER PARTICIPANT	\$ 51.73	\$ 51.73	\$ 0.10	\$ 51.83
COST PER MONTH	\$ 75,644,309	\$ 705,908	\$ 785,759	\$ 77,135,975
ANNUALIZED COST	\$ 907,731,710	\$ 8,470,891	\$ 9,429,104	\$ 925,631,705
PERCENT INCREASE		0.93%	1.04%	

SFY 2013-14	SFY 2012-13 ADJUSTED FOR INFLATION	SFY 2013-14 CASELOAD INCREASE	SFY 2013-14 INFLATIONARY ADJUSTMENT	SFY 2013-14 ADJUSTED FOR INFLATION
MONTHLY PARTICIPATION SERVED	1,488,312	19,602	1,507,914	1,507,914
AVERAGE COST PER PARTICIPANT	\$ 51.83	\$ 51.83	\$ 1.27	\$ 53.10
COST PER MONTH	\$ 77,135,975	\$ 1,015,972	\$ 1,920,330	\$ 80,072,277
ANNUALIZED COST	\$ 925,631,705	\$ 12,191,660	\$ 23,043,964	\$ 960,867,329
PERCENT INCREASE		1.32%	2.49%	

APPENDIX B: REVENUE ESTIMATE METHODS

Federal WIC Grant Funding Formula

Each state agency receives a grant comprised of two distinct components:

- 1) a Food grant, and
- 2) a Nutrition Services and Administration (NSA) grant.

Pursuant to federal law [established by P.L. 101-147 (Nov. 10, 1989)], the percentage split between Food and NSA funds must ensure that the national guaranteed administrative grant per person (AGP), is maintained. Each year the national AGP is calculated and, based on the number of participants projected to be served by the available Food funds, the funds are then split to ensure that the amount of NSA funds allocated nationally are adequate to guarantee that the national AGP can be met for all the projected participants.

California WIC plans to request and expects to receive a base food grant increase for FFY 2013. This is a reasonable expectation given California's consistent share at 17% of the national WIC appropriation. The actual FFY 2012 and the projected FFY 2013 base food grants will support caseload growth and food inflation projected in SFY 2012-13.

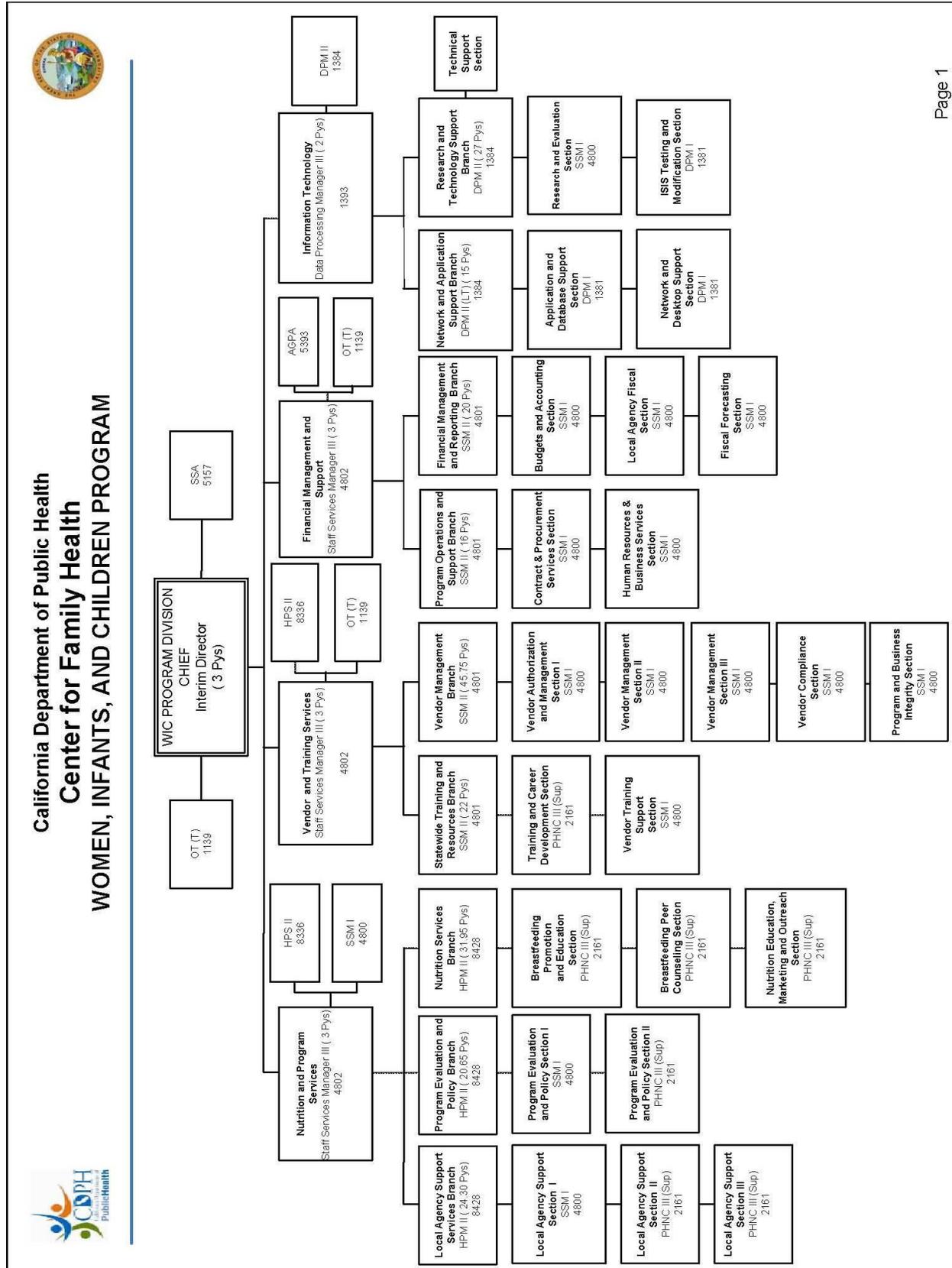
Reallocation Funds

California has typically applied for reallocations and in the past 10 years, California has consistently received the reallocated funding except in FFY 2006. In FFY 2006, all states, including California, experienced a small funding rescission mandated by Congress in order to fund the war in Iraq. Fortunately, in the same year, California implemented a new peer group reimbursement methodology that resulting in substantial cost savings which offset the rescission and negated the need to request reallocation funds.

In the current FFY, USDA has indicated that available funding for reallocation from unallocated and recovered prior year funds is projected to exceed \$277 million nationally.

HISTORICAL FOOD GRANT FUNDING DETAIL			
	BASE	FUNDING ABOVE BASE	ENDING YEAR FOOD GRANT
FFY 2002	\$558,767,649	\$38,154,999	\$596,922,648
FFY 2003	\$596,922,648	\$17,446,397	\$614,369,045
FFY 2004*	\$614,369,045	\$37,258,927	\$651,627,972
FFY 2005	\$651,627,804	\$8,934,031	\$660,561,835
FFY 2006	\$660,561,835	(\$416,591)	\$660,145,244
FFY 2007	\$634,199,092	\$17,797,507	\$651,996,599
FFY 2008*	\$659,407,120	\$103,490,487	\$762,897,607
FFY 2009	\$762,897,607	\$35,355,792	\$798,253,399
FFY 2010	\$798,253,399	\$52,802,949	\$851,056,348
FFY 2011	\$851,056,348	\$69,573,615	\$920,629,963
FFY 2012*	\$843,745,795	\$94,872,484	\$938,618,279
FFY 2013**	\$893,169,166	\$75,702,605	\$968,871,771
FFY 2014**	\$893,169,166	\$104,653,577	\$997,822,743
*SNAP Funds Transferred to USDA to Fund CA WIC Food			
**Projected			
Rescission Year			

APPENDIX C: WIC ORGANIZATION CHART



Approved by: Date: Christine Nelson Interim Division Chief California WIC Program

APPENDIX C: WIC ORGANIZATION CHART (continued)

Class Code	Class Name	Total PYs
1138	OFFICE TECHNICIAN (GENERAL)	1.00
1139	OFFICE TECHNICIAN (TYPING)	7.00
1181	WORD PROCESSING TECHNICIAN	2.00
1312	STAFF INFORMATION SYSTEMS ANALYST (SPECIALIST)	8.00
1337	SENIOR INFORMATION SYSTEMS ANALYST (SPECIALIST)	1.00
1373	SYSTEM SOFTWARE SPECIALIST II	1.00
1381	DATA PROCESSING MANAGER I	3.00
1384	DATA PROCESSING MANAGER II	3.00
1393	DATA PROCESSING MANAGER III	1.00
1419	KEY DATA OPERATOR	1.00
1441	OFFICE ASSISTANT (GENERAL)	1.00
1470	ASSOCIATE INFORMATION SYSTEMS ANALYST (SPECIALIST)	12.00
1479	ASSISTANT INFORMATION SYSTEMS ANALYST	2.00
1581	STAFF PROGRAMMER ANALYST (SPECIALIST)	3.00
1583	SENIOR PROGRAMMER ANALYST (SPECIALIST)	1.00
2161	PUBLIC HEALTH NUTRITION CONSULTANT III (SUPERVISORY)	7.00
2162	PUBLIC HEALTH NUTRITION CONSULTANT II	4.00
2166	PUBLIC HEALTH NUTRITION CONSULTANT III (SPECIALIST)	19.30
4159	ASSOCIATE MANAGEMENT AUDITOR	1.00
4249	HEALTH PROGRAM AUDITOR IV	1.00
4588	ASSOCIATE ACCOUNTING ANALYST	5.00
4707	BUSINESS SERVICE ASSISTANT (SPECIALIST)	1.00
4800	STAFF SERVICES MANAGER I	15.00
4801	STAFF SERVICES MANAGER II	4.00
4802	STAFF SERVICES MANAGER III	3.00
5157	STAFF SERVICES ANALYST (GENERAL)	11.65
5278	MANAGEMENT SERVICES TECHNICIAN	5.00
5304	ASSOCIATE ADMINISTRATIVE ANALYST	1.00
5393	ASSOCIATE GOVERNMENTAL PROGRAM ANALYST	90.55
5731	RESEARCH ANALYST II	1.00
5742	RESEARCH PROGRAM SPECIALIST I	2.00
7500	C.E.A.	1.00
8195	NURSE CONSULTANT II	.80
8313	HEALTH EDUCATION CONSULTANT III (SPECIALIST)	1.35
8336	HEALTH PROGRAM SPECIALIST II	3.00
8338	HEALTH PROGRAM SPECIALIST I	9.00
8428	HEALTH PROGRAM MANAGER II	3.00
	<i>Total Personnel Years</i>	236.65

APPENDIX D: WIC SPECIAL DISPLAY CHART (Government Code 13343)

Women, Infant, and Children Supplemental Nutrition Program California WIC Program Funding for State Fiscal Years 11-12 to 13-14			
	PY SFY 11-12	CY SFY 12-13	BY SFY 13-14
LOCAL ASSISTANCE	(Actual)	(Estimated)	(Proposed)
0890 <i>Federal Grant for Food</i>	\$ 907,731,710	\$ 935,308,000	\$ 970,774,000
0890 <i>Federal Grant for Administration</i>	\$ 276,874,916	\$ 300,867,000	\$ 300,867,000
Total Federal Funds	\$ 1,184,606,626	\$ 1,236,175,000	\$ 1,271,641,000
3023 <i>WIC Manufacturer Rebate Fund</i>	\$ 227,000,000	\$ 253,000,000	\$ 255,000,000
Total Other Funds	\$ 227,000,000	\$ 253,000,000	\$ 255,000,000
TOTAL LOCAL ASSISTANCE	\$ 1,411,606,626	\$ 1,489,175,000	\$ 1,526,641,000
STATE OPERATIONS			
0890 <i>Federal Grant</i>	\$ 47,032,557	\$ 53,860,134	\$ 53,860,134
TOTAL STATE OPERATIONS	\$ 47,032,557	\$ 53,860,134	\$ 53,860,134
GRAND TOTAL WIC PROGRAM	\$ 1,458,639,183	\$ 1,543,035,134	\$ 1,580,501,134

