

Women, Infants and Children Program

May 2011 Estimate

for

Fiscal Years

2010-11 and 2011-12



Department of Public Health

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MANAGEMENT SUMMARY

The Women, Infants, and Children (WIC) Nutrition Program May Estimate makes no changes from the November 2010 Estimates assumptions. Please note that, for current state fiscal year 2010-11, rebate revenues and expenditures will each increase by \$2 million due to a higher rate of infant formula redemption by WIC participants.

FISCAL COMPARISON TABLES

Table 1a - EXPENDITURE COMPARISON

FUND 890	SFY 2010-11				SFY 2011-12			
	2010-11 NOVEMBER ESTIMATE	MAY ASSUMPTIONS	DIFFERENCE	% DIFFERENCE	2011-12 GOVERNOR'S BUDGET	MAY ASSUMPTIONS	DIFFERENCE	% DIFFERENCE
LOCAL ASSISTANCE AUTHORITY	1,170,713,000	1,170,713,000	-	0.00%	1,220,682,000	1,220,682,000	-	0.00%
BASE FOOD	871,220,000	871,220,000	-	0.00%	919,815,000	919,815,000	-	0.00%
NUTRITION SERVICES AND ADMINISTRATION (NSA)	299,493,000	299,493,000	-	0.00%	300,867,000	300,867,000	-	0.00%
SUPPORT/ADMIN AUTHORITY *	50,197,000	50,197,000	-	0.00%	46,214,000	46,214,000	-	0.00%

* State Operations Authority May Assumption amount for 2010-11 and 2011-12 is based on the 2011-12 Governor's Budget. Requests for additional State Operations Authority will go through the Budget Change Proposal and Control Section 28.00 process.

Table 1b: RESOURCES COMPARISON (Grant)

FUND 890	SFY 2010-11				SFY 2011-12			
	2010-11 NOVEMBER ESTIMATE	MAY ASSUMPTIONS	DIFFERENCE	% DIFFERENCE	2011-12 GOVERNOR'S BUDGET	MAY ASSUMPTIONS	DIFFERENCE	% DIFFERENCE
TOTAL AVAILABLE RESOURCES	1,251,467,000	1,251,467,000	-	0.00%	1,303,674,000	1,303,674,000	-	0.00%
BASE FOOD	898,165,000	898,165,000	-	0.00%	948,263,000	948,263,000	-	0.00%
NSA	353,302,000	353,302,000	-	0.00%	355,411,000	355,411,000	-	0.00%

Table 1c: RESOURCES COMPARISON (Rebates)

FUND 3023 MANUFACTURER REBATE	SFY 2010-11				SFY 2011-12			
	2010-11 NOVEMBER ESTIMATE	MAY ASSUMPTIONS	DIFFERENCE	% DIFFERENCE	2011-12 GOVERNOR'S BUDGET	MAY ASSUMPTIONS	DIFFERENCE	% DIFFERENCE
TOTAL AVAILABLE RESOURCES	222,517,000	224,517,000	2,000,000	0.90%	227,675,000	227,675,000	-	0.00%

INTRODUCTION

The Women, Infants and Children (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 the United States Department of Agriculture (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
- Nutrition Services and Administration (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 always applied for these reallocations and in the past 10 years, California has consistently received the reallocated funding 90% of the time.

FUTURE FISCAL ISSUES

There are no future fiscal issues at this time.

NEW MAJOR ASSUMPTIONS

I. Base

A. Food Grant

For each federal fiscal year (FFY) the state 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 a state WIC program provides justification the funding is needed and demonstrates that they will spend at least 97 percent.

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 continuing resolution (CR) until a final appropriation is approved and signed, states may rely upon carry forward for cash flow purposes.

As of the preparation of this budget estimate, states are funded at a level equivalent to 100% of their prior FFY (October 1, 2009 – September 30, 2010) 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. California WIC plans to request and expects to receive a base food grant increase that will more than fund caseload growth and food inflation projected in SFY 2010-11. This is a reasonable expectation for current year and for FFY 2011-12, given California's

consistent share at 17% of the national WIC appropriation. In the current FFY, USDA has indicated that available funding for reallocation from unallocated and recovered prior year funds is projected to reach \$1 billion nationally, making available up to approximately \$170 million to California.

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. Projected participant level and 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 by the California Department of Finance, 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

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.

Food costs will increase due to increased caseload and food price changes necessitating increases in State budget authority for SFYs 2010-11 and 2011-12.:

For FY 2010-11 an additional caseload increase of approximately 2.32 percent is expected above the prior year, and for FY 2011-12 an increase of approximately 2.32 percent is expected as well. This increase will result in an estimated 2.32 percent higher food costs for FY2010-11 and 2.32 percent, for FY 2011-12, not adjusted for inflation.

The California Department of Finance, Economic and Research Unit (DOF-ERU), projects an inflation rate increase of 4.47 percent for FY 2010-11 based on the consumer price index for Food at Home. This increase will result in an additional cost of 5.90 percent for FY 2010-11. DOF-ERU also projects an inflation rate of 1.33 percent for FY 2011-12, resulting in an additional increase of 3.26 percent to WIC food costs for FY 2011-12.

Projected rebates from manufacturers based on projected level of participants are expected to increase by 0.90 percent for FY 2010-11.

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.

For SFY 2010-11, total federal NSA funding is projected to increase by 5.42 percent, that translates to an expected 5.89 percent increase in NSA expenditures for local assistance. For SFY 2011-12, the projected funding

increase is estimated to be 0.24 percent in additional funds that translates to an expected 0.46 percent increase in NSA expenditures for local assistance.

Of the total annual NSA local assistance funding provided to the 84 local WIC agencies, 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.

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 Fund 3023, WIC Manufacturer Rebate Fund for FY 2009-10 and revenue projections based on FYs 2010-11 and 2011-12 food forecasts. 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.

FUND CONDITION STATEMENT (in thousands)			
3023 WIC Manufacturer Rebate Fund	SFY 2009-10 actuals	SFY 2010-11 estimate	SFY 2011-12 estimate
BEGINNING BALANCE	30,103	359	517
Prior year adjustment*	-29,456	0	0
Adjusted Beginning Balance	647	359	517
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
250300 Income from Surplus Money Investments	72	134	134
299000 Miscellaneous Revenue	235,393	224,000	227,000
141200 Sale of Documents	5	24	24
Total Revenues, Transfers, and Other Adjustments	235,470	224,158	227,158
Total Resources	236,117	224,517	227,675
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4265 Department of Public Health (Local Assistance)	235,758	224,000	227,000
Total Expenditures and Expenditure Adjustments	235,758	224,000	227,000
FUND BALANCE	359	517	675

* Prior year adjustment of \$29.5 million was to correct the June 2009 rebate invoice that was paid from Fiscal Year 2009 when it should have been paid from Fiscal Year 2008. This adjustment was necessary to tie Fiscal Year 2009 expenditures to match revenue.

APPENDIX A: EXPENDITURE ESTIMATE METHODS

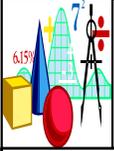
Food Forecast Model

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,
- Expenditures,
- Inflation, and
- Cash Value Voucher (CVV) inflation adjustment.

SFY		Participation		Food Costs			Per Participant Costs		
Period	Level	Inc/(Dec)	Costs	Rebates	Net	Gross	Net	Inc/(Dec)	
Jul-10	1,472,505	0.00%	\$88,574,755	\$18,221,571	\$70,353,184	\$60.15	\$47.78	0.00%	
Aug-10	1,490,613	1.23%	\$89,966,831	\$18,614,871	\$71,351,960	\$60.36	\$47.87	0.19%	
Sep-10	1,483,100	-0.50%	\$89,815,849	\$18,682,251	\$71,133,598	\$60.56	\$47.96	0.20%	
Oct-10	1,496,197	0.88%	\$90,915,147	\$18,552,352	\$72,362,795	\$60.76	\$48.36	0.84%	
Nov-10	1,472,125	-1.61%	\$89,754,799	\$18,536,360	\$71,218,439	\$60.97	\$48.38	0.03%	
Dec-10	1,455,251	-1.15%	\$89,025,982	\$18,573,062	\$70,452,920	\$61.18	\$48.41	0.07%	
Jan-11	1,496,559	2.84%	\$91,862,581	\$18,764,652	\$73,097,929	\$61.38	\$48.84	0.89%	
Feb-11	1,478,980	-1.17%	\$91,090,683	\$18,385,410	\$72,705,273	\$61.59	\$49.16	0.65%	
Mar-11	1,495,831	1.14%	\$92,440,299	\$18,853,171	\$73,587,128	\$61.80	\$49.19	0.07%	
Apr-11	1,498,929	0.21%	\$92,945,339	\$18,985,676	\$73,959,663	\$62.01	\$49.34	0.30%	
May-11	1,494,646	-0.29%	\$92,993,644	\$18,765,200	\$74,228,444	\$62.22	\$49.66	0.65%	
Jun-11	1,497,538	0.19%	\$93,489,174	\$18,879,090	\$74,610,084	\$62.43	\$49.82	0.32%	
Total	17,832,274		\$1,092,875,083	\$223,813,666	\$869,061,417				
Average	1,486,023		\$91,072,924	\$18,651,139	\$72,421,785	\$61.29	\$48.74	48.73530993	

BASE	\$851,056,438	Assumptions Policy Adjustments: CPI 4.47% Less CVV Adj = 4.13% Food Cost Variables: CVV Adjustment (\$373,811)	Total Grant Funds	\$898,164,858
INFLATIONARY ADJUSTMENT	\$24,446,596		Forecasted Expenditures	\$869,061,417
REALLOCATION	\$22,661,824		Initial Surplus/(Deficit)	\$29,103,441
TOTAL FUNDING	\$898,164,858		3% Reserve	\$26,944,946
Caseload - 1,568,362			Net Surplus/(Deficit)	\$2,158,495
			Performance Standard %	97%
			97% Target	\$871,219,912

	Food Forecast Model	Projected Grant \$948,262,948 Average Participation 1,520,499 Participant Base \$62.43 CA Food Inflation Rate 1.22% Performance Standard 97.00%
	State Fiscal Year 2011-12	

SFY	Participation		Food Costs			Per Participant Costs		
Period	Level	Inc/(Dec)	Costs	Rebates	Net	Gross	Net	Inc/(Dec)
Jul-11	1,506,668	0.00%	\$94,156,348	\$18,727,877	\$75,428,471	\$62.49	\$50.06	0.00%
Aug-11	1,525,195	1.23%	\$95,410,353	\$18,958,174	\$76,452,179	\$62.56	\$50.13	0.13%
Sep-11	1,517,508	-0.50%	\$95,025,272	\$18,862,627	\$76,162,645	\$62.62	\$50.19	0.13%
Oct-11	1,530,909	0.88%	\$95,961,110	\$19,029,196	\$76,931,914	\$62.68	\$50.25	0.13%
Nov-11	1,506,278	-1.61%	\$94,512,473	\$18,723,040	\$75,789,433	\$62.75	\$50.32	0.13%
Dec-11	1,489,013	-1.15%	\$93,523,415	\$18,508,435	\$75,014,980	\$62.81	\$50.38	0.13%
Jan-12	1,531,279	2.84%	\$96,275,094	\$19,033,795	\$77,241,299	\$62.87	\$50.44	0.13%
Feb-12	1,513,292	-1.17%	\$95,240,236	\$18,810,221	\$76,430,015	\$62.94	\$50.51	0.13%
Mar-12	1,530,534	1.14%	\$96,422,568	\$19,024,538	\$77,398,030	\$63.00	\$50.57	0.13%
Apr-12	1,533,704	0.21%	\$96,719,789	\$19,063,943	\$77,655,846	\$63.06	\$50.63	0.13%
May-12	1,529,322	-0.29%	\$96,540,791	\$19,009,475	\$77,531,316	\$63.13	\$50.70	0.13%
Jun-12	1,532,281	0.19%	\$96,825,181	\$19,046,248	\$77,778,933	\$63.19	\$50.76	0.13%
Total	18,245,983		\$1,146,612,630	\$226,797,570	\$919,815,060			
Average	1,520,499		\$95,551,053	\$18,899,798	\$76,651,255	\$62.84	\$50.41	

BASE	\$	898,164,858
INFLATIONARY ADJUSTMENT	\$	34,399,714
REALLOCATION	\$	15,698,376
TOTAL	\$	948,262,948

Assumptions	
Policy Adjustments:	
CPI 1.33% Less CVV Adjustment = 1.22%	
Food Cost Variables:	
CVV Adjustment	(\$113,591)

Total Grant Funds	\$948,262,948
Forecasted Expenditures	\$919,815,060
Initial Surplus/(Deficit)	\$28,447,888
3% Reserve	\$28,447,888
Net Surplus/(Deficit)	(\$0)
Performance Standard %	97.00%

Caseload - 1,604,748

97% Target \$919,815,060

Participation

Projected participation is based on an average percent change in participation levels over prior years.

FIVE-YEAR TREND OF AVERAGE ANNUAL PARTICIPATION

	FFY 05	FFY 06	FFY 07	FFY 08	FFY 09	FFY 10	5-Year Average
AVERAGE ANNUAL PARTICIPATION	1,309,413	1,347,858	1,378,794	1,412,210	1,439,006	1,468,459	
PERCENT INCREASE		2.94%	2.30%	2.42%	1.90%	2.05%	2.32%

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 three 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 the Department of Finance (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 - SNAP CONSUMER PRICE INDEX (CPI)
California, Los Angeles CMSA, San Francisco CMSA, San Diego
and United States city average**

FOOD AT HOME	SFY'09	DIFF	SFY'10	DIFF	SFY'11	DIFF
LOS ANGELES	229.9	-2.26%	240.3	4.53%	242.6	0.94%
SAN FRANCISCO	223.5	-2.02%	233.2	4.35%	238.2	2.15%
WEIGHTED AVERAGE	229.5		239.8	4.47%	243.0	1.33%
UNITED STATES CITY	215.0	-1.15%	225.5	4.86%	230.8	2.37%

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.

Cash Value Vouchers (CVV) Inflation Adjustment

CVV for fresh fruits and vegetables were newly added to the program on October 1, 2010 and may be redeemed at authorized retail stores and Certified Farmers Markets. CVV values are flat rate amounts and are not subject to monthly food inflation price factors. Since expenditures related to CVVs are included in the initial (not inflated) projected expenditures before inflation is calculated and CVVs do not inflate because of their static dollar amount, inflation on the approximate dollar redemption of CVVs must be subtracted from the inflated projected expenditures.

The expenditures from CVV are estimated by multiplying the monthly benefit dollar amount by the expected participation by category for each month. The same CPI inflation estimates used for the expenditure inflation are used to determine the amount of inflation attributable to CVV expenditures. The CVV inflation per month is then subtracted from the inflated estimated expenditures.

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 (with CVV inflation subtracted). The resulting monthly net expenditures are then summed to achieve estimated fiscal year food costs and compared to total Food grant to monitor that 97% of Food grant is spent during the fiscal year.

Summary of Expenditure Changes

SFY 2010-11	SFY 2009-10 ACTUAL EXPENDITURES	SFY 2010-11 CASELOAD INCREASE	SFY 2010-11 INFLATIONARY ADJUSTMENT	SFY 2010-11 ADJUSTED FOR INFLATION	SFY 2010-11 BUDGET INCREASE NEEDED
MO. PARTICIPATION SERVED	1,452,329	33,694	1,486,023	1,486,023	
AVERAGE COST PER PARTICIPANT	\$46.19	\$46.19	\$2.66	\$48.85	
COST PER MONTH	\$67,085,417	\$1,556,380	\$3,959,863	\$72,601,659	
ANNUALIZED COST	\$805,025,000	\$18,676,562	\$47,518,351	\$871,219,913	\$66,194,913
PERCENT INCREASE		2.32%	5.90%		
SFY 2011-12	SFY 2010-11 ADJUSTED FOR INFLATION	SFY 2011-12 CASELOAD INCREASE	SFY 2011-12 INFLATIONARY ADJUSTMENT	SFY 2011-12 ADJUSTED FOR INFLATION	SFY 2011-12 BUDGET INCREASE NEEDED
MO. PARTICIPATION SERVED	1,486,023	34,476	1,520,499	1,520,499	
AVERAGE COST PER PARTICIPANT	\$48.85	\$48.85	\$1.56	\$50.41	
COST PER MONTH	\$72,601,659	\$1,674,697	\$2,374,899	\$76,651,255	
ANNUALIZED COST	\$871,219,913	\$20,096,357	\$28,498,790	\$919,815,060	\$48,595,147
PERCENT INCREASE		2.31%	3.27%		
				2-year Grand Total	\$114,790,060

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.

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.

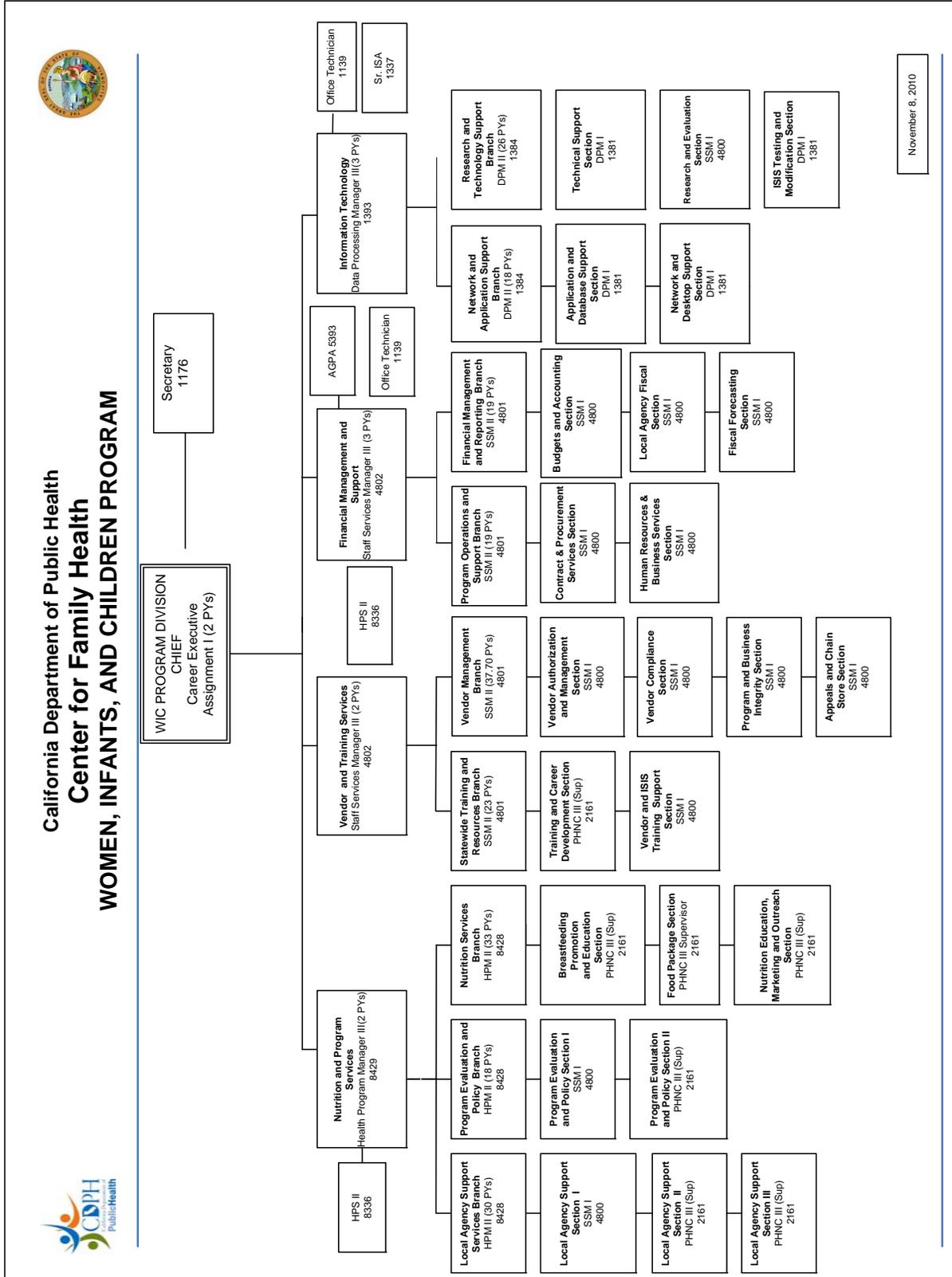
Food Inflationary Funds

The calculation of each states 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.

California has always applied for these 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.

HISTORICAL FOOD GRANT FUNDING AND EXPENDITURE DETAIL			
	BASE	FUNDING ABOVE BASE	ENDING YEAR FOOD GRANT
FFY 2001	\$530,462,424	\$28,305,057	\$558,767,481
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	\$62,811,224	\$913,867,572
FFY 2012	\$913,867,572	\$45,860,378	\$959,728,043
Rescission Year			

APPENDIX C: WIC ORGANIZATION CHART



APPENDIX C: WIC ORGANIZATION CHART (continued)

Class Code	Class Name	Total PYs
1138	OFFICE TECHNICIAN (GENERAL)	2.00
1139	OFFICE TECHNICIAN (TYPING)	8.00
1176	SECRETARY	1.00
1181	WORD PROCESSING TECHNICIAN	3.00
1312	STAFF INFORMATION SYSTEMS ANALYST (SPECIALIST)	9.00
1337	SENIOR INFORMATION SYSTEMS ANALYST (SPECIALIST)	2.00
1373	SYSTEM SOFTWARE SPECIALIST II	1.00
1381	DATA PROCESSING MANAGER I	4.00
1384	DATA PROCESSING MANAGER II	2.00
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)	19.00
1479	ASSISTANT INFORMATION SYSTEMS ANALYST	1.00
1549	PROPERTY CONTROLLER II	1.00
1581	STAFF PROGRAMMER ANALYST (SPECIALIST)	2.00
1583	SENIOR PROGRAMMER ANALYST (SPECIALIST)	1.00
2161	PUBLIC HEALTH NUTRITION CONSULTANT III (SUPERVISORY)	8.00
2162	PUBLIC HEALTH NUTRITION CONSULTANT II	12.60
2166	PUBLIC HEALTH NUTRITION CONSULTANT III (SPECIALIST)	14.90
4026	FRAUD PREVENTION SPECIALIST	1.00
4159	ASSOCIATE MANAGEMENT AUDITOR	1.00
4588	ASSOCIATE ACCOUNTING ANALYST	4.00
4707	BUSINESS SERVICE ASSISTANT (SPECIALIST)	1.00
4800	STAFF SERVICES MANAGER I	12.00
4801	STAFF SERVICES MANAGER II	4.00
4802	STAFF SERVICES MANAGER III	2.00
5156	JUNIOR STAFF ANALYST (GENERAL)	4.00
5157	STAFF SERVICES ANALYST (GENERAL)	15.50
5278	MANAGEMENT SERVICES TECHNICIAN	7.00
5393	ASSOCIATE GOVERNMENTAL PROGRAM ANALYST	69.80
5731	RESEARCH ANALYST II	3.00
7500	C.E.A.	1.00
8195	NURSE CONSULTANT II	0.60
8313	HEALTH EDUCATION CONSULTANT III (SPECIALIST)	1.30
8336	HEALTH PROGRAM SPECIALIST II	4.00
8338	HEALTH PROGRAM SPECIALIST I	5.00
8427	HEALTH PROGRAM MANAGER I	1.00
8428	HEALTH PROGRAM MANAGER II	3.00
8429	HEALTH PROGRAM MANAGER III	1.00
Total Personnel Years		235.70

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

Women, Infant, and Children Supplemental Nutrition Program California WIC Program Funding for Fiscal Years 2009-10 to 2011-12				
		PY	CY	BY
		FY 2009-10	FY 2010-11	FY 2011-12
LOCAL ASSISTANCE		(Actual)	(Estimated)	(Proposed)
0890	Federal Grant for Food	\$ 804,972,050	\$ 871,220,000	\$ 919,815,000
0890	Federal Grant for Administration	\$ 282,775,038	\$ 299,493,000	\$ 300,867,000
0890	American Recovery & Reinvestment Act of 2009 *	\$ 2,678,723	\$ 700,000	
Total Federal Funds		\$ 1,090,425,811	\$ 1,171,413,000	\$ 1,220,682,000
3023	WIC Manufacturer Rebate Fund	\$ 235,758,438	\$ 224,000,000	\$ 227,000,000
Total Other Funds		\$ 235,758,438	\$ 224,000,000	\$ 227,000,000
TOTAL LOCAL ASSISTANCE		\$ 1,326,184,249	\$ 1,395,413,000	\$ 1,447,682,000
STATE OPERATIONS				
0890	Federal Grant	\$ 44,255,730	\$ 50,197,000	\$ 53,856,000
0890	American Recovery & Reinvestment Act of 2009	\$ 1,005,797		
TOTAL STATE OPERATIONS **		\$ 45,261,527	\$ 50,197,000	\$ 53,856,000
GRAND TOTAL WIC PROGRAM		\$ 1,371,445,776	\$ 1,445,610,000	\$ 1,501,538,000

* The encumbrance for ARRA Local Assistance in FY 2009-10 was overstated by \$27,673 in error. Correction to CALSTARS was completed after year-end in August 2010

** State Operations in BY 2011-12 include \$2,335,000 from WIC BCP FH-01 in the Governor's Budget and \$7,642,000 in the WIC May Revision FH-01.

