

**Women, Infants and Children (WIC)  
Nutrition Program**

**May 2013 Estimate**

**for**

**Fiscal Years**

**2012-13 and 2013-14**



**Department of Public Health**

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## **EXECUTIVE SUMMARY**

The California Department of Public Health, Women, Infants, and Children Nutrition Program (WIC) is not proposing any New Major Assumptions. WIC is requesting a decrease of \$62,072,000 in Federal Trust Fund for the Budget Year 2013-14. This decrease is the result of Maximum Allowable Departmental Reimbursement (MADR) rate limitations directed by the United States Department of Agriculture (USDA) for 1-4 [registercash register](#) vendors, effective May 25, 2012. (See Future Fiscal Issues in the November estimate.)

The WIC Program is also requesting an increase of \$5,000,000 in local assistance expenditure authority in WIC Manufacturer Rebate Fund 3023 for FY 2013-14 as a result of an increase to the manufacturer rebate for infant formula that was announced in March 2013.

### **Expenditure Forecast – Food Costs:**

Effective May 25, 2012, the USDA directed WIC to limit the MADR premiums for 1-2 and 3-4 [registercash register](#) vendors to 15% and 11% respectively above the competitive statewide average prices charged by vendors with more than 5 [registercash registers](#), pending approval of California WIC's plan to address cost containment. The November Estimate assumed that the USDA would approve WIC's cost containment submission by January 2013 and WIC would revise projected cost savings for FY 2012-13 in this May estimate.

The California WIC Program continues to work closely with the USDA to finalize WIC's cost containment plan. Meanwhile, the lower MADRs stayed in effect for the full year of FY 2012-13. The result of continuing the lower MADR rates in FY 2012-13 is a 10.27% reduction in per-participant food costs. This reduced per-participant food cost is used as the base for the revised estimate of FY 2013-14 expenditures, resulting in the requested reduction of expenditure authority.

### **Revenue Forecast:**

The revenue forecast for the November Estimate was based upon the Federal Continuing Resolution (CR) through March 27, 2013 for Federal Fiscal Year 2013. On March 26, 2013 the President signed the Consolidated and Further Continuing Appropriations Act, 2013 which funds the WIC Program through the end of FFY 2013 (September 30, 2013) minus a 2.513% and a 0.2% rescission to ensure compliance with all federal departmental statutory budget caps, as determined by the White House Office of Management and Budget (OMB). For FFY 2013 the total mandated budget reduction for sequestration is \$85.3 billion at the national level. Nationwide, WIC's share of the total reduction is \$332,950,110, of which California's share is approximately 17% or \$43.4 million for Food and \$15.4 million for [Nutrition Services and Administration \(NSA\)](#).

The impact of the final WIC grants to states for FFY 2013 is reflected in FY 2013-14. For FY 2013-14, total resources are anticipated to decrease by \$80,580,000, or -5.99%, compared to \$1,345,996,000 projected in the SFY 2013-14 Governor's Budget.

**FISCAL COMPARISON TABLES**

Table 1a - EXPENDITURE COMPARISON

FUND 890	SFY 12-13				SFY 13-14			
	2012-13 NOVEMBER ESTIMATE	MAY ASSUMPTION	DIFFERENCE	% DIFFERENCE	2013-14 GOVERNOR'S BUDGET	MAY ASSUMPTION	DIFFERENCE	% DIFFERENCE
LOCAL ASSISTANCE AUTHORITY	1,236,175,000	1,236,175,000	-	0.00%	1,271,641,000	1,209,569,000	(62,072,000)	-4.88%
BASE FOOD	935,308,000	935,308,000	-	0.00%	970,774,000	908,702,000	(62,072,000)	-6.39%
SERVICES AND ADMINISTRATION (NSA)	300,867,000	300,867,000	-	0.00%	300,867,000	300,867,000	-	0.00%
SUPPORT/ADMIN AUTHORITY	53,860,000	53,860,000	-	0.00%	53,860,000	53,860,000	-	0.00%

Table 1b: RESOURCES COMPARISON (Grant)

FUND 890	SFY 12-13				SFY 13-14			
	2012-13 NOVEMBER ESTIMATE	MAY ASSUMPTION	DIFFERENCE	% DIFFERENCE	2013-14 GOVERNOR'S BUDGET	MAY ASSUMPTION	DIFFERENCE	% DIFFERENCE
TOTAL AVAILABLE RESOURCES	1,316,719,000	1,290,719,000	(26,000,000)	-1.97%	1,345,996,000	1,265,416,000	(80,580,000)	-5.99%
BASE FOOD	961,308,000	935,308,000	(26,000,000)	-2.70%	990,585,000	910,005,000	(80,580,000)	-8.13%
NSA	355,411,000	355,411,000	-	0.00%	355,411,000	355,411,000	-	0.00%

Table 1c: RESOURCES COMPARISON (Rebates)

FUND 3023 MANUFACTURER REBATE	SFY 12-13				SFY 13-14			
	2012-13 NOVEMBER ESTIMATE	MAY ASSUMPTION	DIFFERENCE	% DIFFERENCE	2013-14 GOVERNOR'S BUDGET	MAY ASSUMPTION	DIFFERENCE	% DIFFERENCE
TOTAL AVAILABLE RESOURCES	253,271,000	253,271,000	-	0.00%	255,056,000	260,105,000	5,049,000	1.98%

## **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 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 [Supplemental Nutrition Assistance Program \(SNAP\)](#) 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.

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## 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 650 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. As reported in the November 2012 WIC Estimate, CA WIC submitted a plan to the USDA related to vendor price competitiveness, MADR methodology and cost containment, and anticipated a decision around January 2013. As of the date of this May 2013 Estimate, CDPH and the USDA continue to work closely on this plan for cost containment and program effectiveness. In the meantime, the MADR limitations directed by USDA at 15% for 1-2 [registercash register](#) vendors and 11% for 3-4 [registercash register](#) vendors above the average redemption value charged by vendors with five or more [registercash register](#) in the same geographic region remain in place, and Appendix A (Food Forecast Model) of this May 2013 Budget Revision has been updated accordingly.

The potential changes in MADR rates as well as other cost containment measures resulting from the department's collaboration with USDA will have an effect on WIC food costs in FY 2013-14, but at what level is indeterminate at this time. CA WIC will incorporate the impacts of the MADR changes in the November 2013 Estimate once USDA approves the plan and the program changes have been implemented.

B. Sequestration

The possibility of sequestration continues for all federal programs through 2021 as the President and Congress continue to negotiate solutions to the federal deficit. Congress and the Administration agreed on revenue solutions to avert the fiscal cliff and reduced the cut of 8.2% previously reported by Program in the November 2012 Estimate to 5%, or \$333 million nationwide for FFY 2013. Sequestration will continue in FFY 2014. WIC should have more information regarding the impact of sequestration on FY 2013-14 for the November 2013 Estimate. WIC projects that sequestration will not impact NSA funds, as the program will use carry forward funds in FY 2013-14 to offset any grant reduction.

**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.

<b>FUND CONDITION STATEMENT (in thousands)</b>			
<b>3023 WIC Manufacturer Rebate Fund</b>	<b>SFY 11-12 Actuals</b>	<b>SFY 12-13 Estimate</b>	<b>SFY 13-14 Estimate</b>
BEGINNING BALANCE	306	256	272
Prior year adjustment*	-4	0	0
Adjusted Beginning Balance	302	256	272
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
250300 Income from Surplus Money Investments	52	134	90
299000 Miscellaneous Revenue	226,899	252,858	259,718
141200 Sale of Documents	3	24	25
	226,954	253,016	259,833
Total Resources	227,256	253,272	260,105
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4265 Department of Public Health (Local Assistance)	227,000	253,000	260,000
Total Expenditures and Expenditure Adjustments	227,000	253,000	260,000
<b>FUND BALANCE</b>	<b>256</b>	<b>272</b>	<b>105</b>

### 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 1.98 percent.

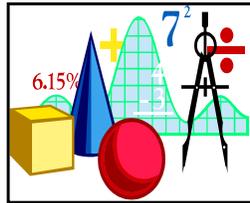
#### Food Forecast Model

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%	\$87,563,524	\$19,667,790	\$67,895,734	\$59.19	\$45.90	0.00%	
Aug-12	1,491,635	0.84%	\$87,930,072	\$19,218,133	\$68,711,939	\$58.95	\$46.06	0.36%	
Sep-12	1,457,497	-2.29%	\$86,607,906	\$19,932,179	\$66,675,727	\$59.42	\$45.75	-0.69%	
Oct-12	1,469,339	0.81%	\$87,001,141	\$20,519,196	\$66,481,945	\$59.21	\$45.25	-1.09%	
Nov-12	1,451,424	-1.22%	\$86,838,354	\$18,901,956	\$67,936,398	\$59.83	\$46.81	3.45%	
Dec-12	1,408,280	-2.97%	\$84,920,303	\$21,524,813	\$63,395,490	\$60.30	\$45.02	-3.83%	
Jan-13	1,452,131	3.11%	\$87,361,047	\$19,868,040	\$67,493,007	\$60.16	\$46.48	3.25%	
Feb-13	1,425,487	-1.83%	\$87,154,677	\$19,696,405	\$67,458,272	\$61.14	\$47.32	1.82%	
Mar-13	1,505,934	5.64%	\$93,093,708	\$22,042,499	\$71,051,209	\$61.82	\$47.18	-0.30%	
Apr-13	1,504,979	-0.06%	\$92,842,608	\$18,810,410	\$74,032,198	\$61.69	\$49.19	4.26%	
May-13	1,500,927	-0.27%	\$93,360,566	\$20,780,244	\$72,580,322	\$62.20	\$48.36	-1.70%	
Jun-13	1,511,574	0.71%	\$96,411,838	\$20,036,253	\$76,375,585	\$63.78	\$50.53	4.49%	
<b>Total</b>	<b>17,658,484</b>		<b>\$1,071,085,744</b>	<b>\$240,997,918</b>	<b>\$830,087,826</b>				
<b>Average</b>	<b>1,471,540</b>		<b>\$89,257,145</b>	<b>\$20,083,160</b>	<b>\$69,173,985</b>	<b>\$60.64</b>	<b>\$47.01</b>		

<b>BASE</b>	<b>\$846,304,354</b>	<b>Total Grant Funds</b>	<b>\$935,308,398</b>
<b>FUNDING ABOVE BASE</b>	<b>\$ 89,004,044</b>	<b>Net Expenditures for SFY 12-13 Participation</b>	<b>\$830,087,826</b>
		<b>Projected Expenditures for Unmet Need</b>	<b>\$11,988,921</b>
		<b>Cost Containment Savings</b>	<b>\$93,231,652</b>
<b>TOTAL</b>	<b>\$935,308,398</b>	<b>Forecasted Expenditures</b>	<b>\$935,308,398</b>
		<b>Performance Standard %</b>	<b>100.00%</b>



**Food Forecast Model**  
**State Fiscal Year 2013-14**

Projected Grant	\$910,005,176
Average Participation	1,490,922
Participant Base	\$60.64
CA Food Inflation Rate	3.85%
Performance Standard	99.86%

SFY	Participation		Food Costs			Per Participant Costs		
Period	Level	Inc/(Dec)	Costs	Rebates	Net	Gross	Net	Inc/(Dec)
Jul-13	1,495,039	0.00%	\$92,059,425	\$21,442,385	\$70,617,040	\$61.58	\$47.23	0.00%
Aug-13	1,502,476	0.50%	\$92,648,340	\$23,133,441	\$69,514,899	\$61.66	\$46.27	-2.05%
Sep-13	1,491,686	-0.72%	\$92,371,239	\$21,183,435	\$71,187,804	\$61.92	\$47.72	3.15%
Oct-13	1,481,130	-0.71%	\$91,563,140	\$23,150,608	\$68,412,532	\$61.82	\$46.19	-3.21%
Nov-13	1,474,064	-0.48%	\$92,295,762	\$21,555,424	\$70,740,338	\$62.61	\$47.99	3.90%
Dec-13	1,477,398	0.23%	\$93,047,412	\$21,071,165	\$71,976,247	\$62.98	\$48.72	1.52%
Jan-14	1,492,116	1.00%	\$93,559,246	\$21,986,042	\$71,573,204	\$62.70	\$47.97	-1.54%
Feb-14	1,466,959	-1.69%	\$93,983,198	\$21,605,801	\$72,377,397	\$64.07	\$49.34	2.86%
Mar-14	1,502,629	2.43%	\$95,272,070	\$22,050,287	\$73,221,783	\$63.40	\$48.73	-1.23%
Apr-14	1,501,677	-0.06%	\$95,138,339	\$20,311,982	\$74,826,357	\$63.35	\$49.83	2.26%
May-14	1,497,633	-0.27%	\$95,778,966	\$21,579,504	\$74,199,462	\$63.95	\$49.54	-0.57%
Jun-14	1,508,257	0.71%	\$99,015,741	\$20,648,748	\$78,366,993	\$65.65	\$51.96	4.87%
Total	17,891,064		\$1,126,732,878	\$259,718,822	\$867,014,056			
Average	1,490,922		\$93,894,407	\$21,643,235	\$72,251,171	\$62.98	\$48.46	

BASE	\$ 884,161,480
FUNDING ABOVE BASE	\$ 25,843,696
<b>TOTAL</b>	<b>\$ 910,005,176</b>

<b>Total Grant Funds</b>	<b>\$910,005,176</b>
Net Expenditures for SFY 13-14 Participation	\$867,014,056
Projected Expenditures for Unmet Need	\$41,687,944
Forecasted Expenditures	\$908,702,000
<b>Performance Standard %</b>	<b>99.86%</b>

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
<b>AVERAGE ANNUAL PARTICIPATION</b>	1,378,794	1,412,210	1,439,006	1,459,406	1,466,321	1,472,347	
<b>PERCENT INCREASE</b>		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

<b>Food At Home</b>	<b>SFY 11-12</b>	<b>DIFF</b>	<b>SFY 12-13</b>	<b>DIFF</b>	<b>SFY 13-14</b>	<b>DIFF</b>
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%
<b>Weighted Average</b>	<b>243.1</b>	<b>4.17%</b>	<b>250.9</b>	<b>3.18%</b>	<b>257.3</b>	<b>2.56%</b>

*Weighted Average calculation:*  

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

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 PROJECTED CASELOAD INCREASE	SFY 2012-13 INFLATIONARY ADJUSTMENT	SFY 2012-13 COST CONTAINMENT	SFY 2012-13 WITHOUT UNMET NEED
MONTHLY PARTICIPATION SERVED	1,474,666	-3,126	1,471,540	0	1,471,540
AVERAGE COST PER PARTICIPANT	\$ 51.73	\$ 51.73	\$ 0.10	\$ (4.82)	\$ 47.01
COST PER MONTH	\$ 75,644,309	\$ (161,691)	\$ 1,460,671	\$ (7,769,304)	\$ 69,173,985
ANNUALIZED COST	\$ 907,731,710	\$ (1,940,289)	\$ 17,528,056	\$ (93,231,652)	\$ 830,087,826
PERCENT INCREASE		-0.21%	1.93%	-10.27%	
SFY 2013-14	SFY 2012-13 WITHOUT UNMET NEED	SFY 2013-14 PROJECTED CASELOAD INCREASE	SFY 2013-14 INFLATIONARY ADJUSTMENT	SFY 2013-14 COST CONTAINMENT	SFY 2013-14 WITHOUT UNMET NEED
MONTHLY PARTICIPATION SERVED	1,471,540	19,382	1,490,922	0	1,490,922
AVERAGE COST PER PARTICIPANT	\$ 47.01	\$ 47.01	\$ 1.45	\$ -	\$ 48.46
COST PER MONTH	\$ 69,173,985	\$ 911,091	\$ 2,166,095	\$ -	\$ 72,251,171
ANNUALIZED COST	\$ 830,087,826	\$ 10,933,092	\$ 25,993,138	\$ -	\$ 867,014,056
PERCENT INCREASE		1.32%	3.13%		

## **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.

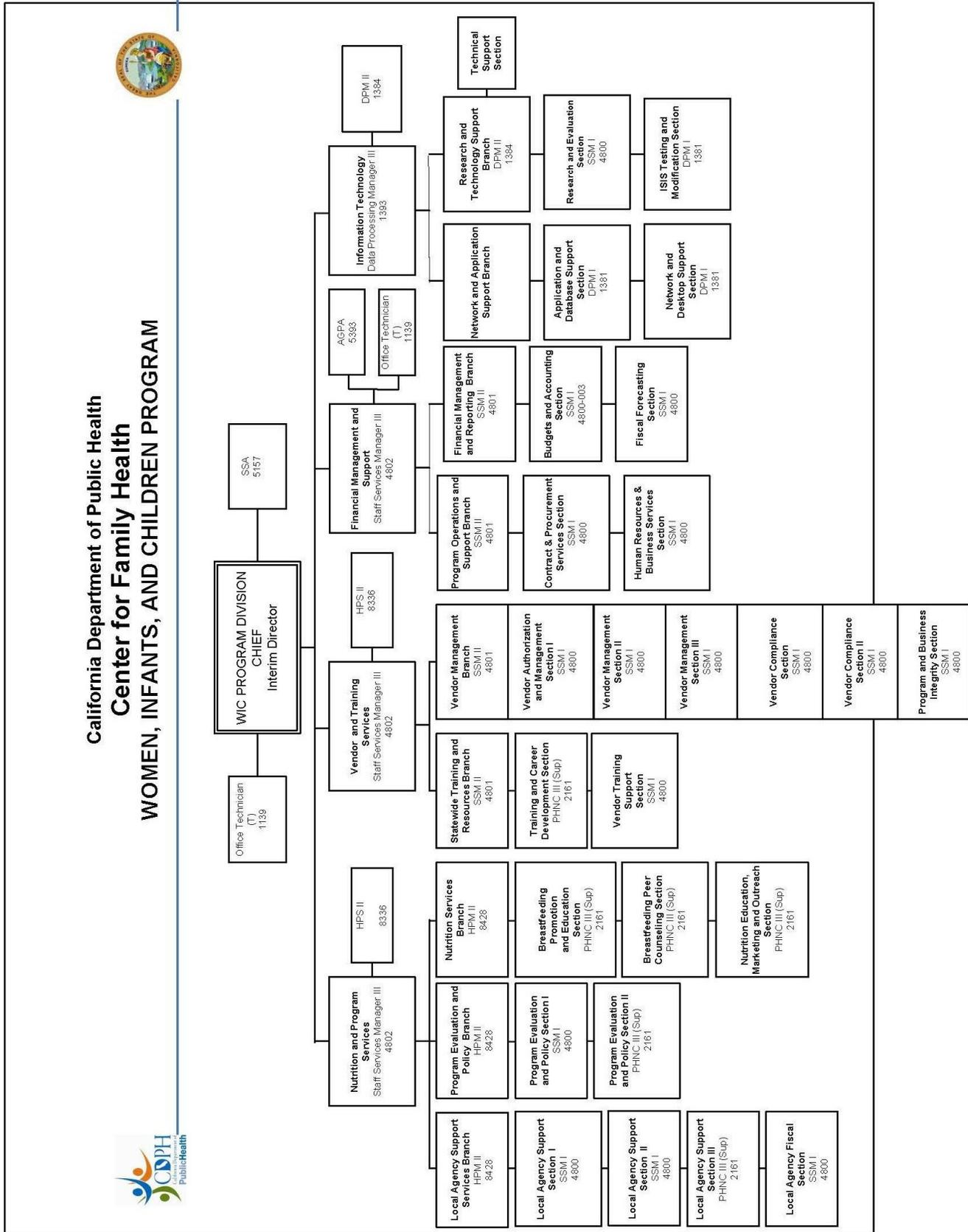
### Reallocation Funds

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.

<b>HISTORICAL FOOD GRANT FUNDING DETAIL</b>			
	<b>BASE</b>	<b>FUNDING ABOVE BASE</b>	<b>ENDING YEAR FOOD GRANT</b>
<b>FFY 2002</b>	\$558,767,649	\$38,154,999	\$596,922,648
<b>FFY 2003</b>	\$596,922,648	\$17,446,397	\$614,369,045
<b>FFY 2004*</b>	\$614,369,045	\$37,258,927	\$651,627,972
<b>FFY 2005</b>	\$651,627,804	\$8,934,031	\$660,561,835
<b>FFY 2006</b>	\$660,561,835	(\$416,591)	\$660,145,244
<b>FFY 2007</b>	\$634,199,092	\$17,797,507	\$651,996,599
<b>FFY 2008*</b>	\$659,407,120	\$103,490,487	\$762,897,607
<b>FFY 2009</b>	\$762,897,607	\$35,355,792	\$798,253,399
<b>FFY 2010</b>	\$798,253,399	\$52,802,949	\$851,056,348
<b>FFY 2011</b>	\$851,056,348	\$69,573,615	\$920,629,963
<b>FFY 2012*</b>	\$843,745,795	\$94,872,484	\$938,618,279
<b>FFY 2013**</b>	\$846,547,994	\$92,070,285	\$938,618,279
<b>FFY 2014**</b>	\$896,699,308	\$3,767,932	\$900,467,240
*SNAP Funds Transferred to USDA to Fund CA WIC Food			
**Projected			
FFY 2006 - Rescission Year			
FFY 2013 - Sequestration and Rescission Year			

APPENDIX C: WIC ORGANIZATION CHART



**APPENDIX C: WIC ORGANIZATION CHART (continued)**

Class Code	Class Name	Total PYs
1138	OFFICE TECHNICIAN (GENERAL)	1.00
1139	OFFICE TECHNICIAN (TYPING)	5.00
1181	WORD PROCESSING TECHNICIAN	2.00
1312	STAFF INFORMATION SYSTEMS ANALYST (SPECIALIST)	7.00
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	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)	9.00
1581	STAFF PROGRAMMER ANALYST (SPECIALIST)	1.00
1583	SENIOR PROGRAMMER ANALYST (SPECIALIST)	2.00
2161	PUBLIC HEALTH NUTRITION CONSULTANT III (SUPERVISORY)	6.00
2162	PUBLIC HEALTH NUTRITION CONSULTANT II	4.00
2166	PUBLIC HEALTH NUTRITION CONSULTANT III (SPECIALIST)	19.35
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	16.00
4801	STAFF SERVICES MANAGER II	4.00
4802	STAFF SERVICES MANAGER III	4.00
5157	STAFF SERVICES ANALYST (GENERAL)	10.65
5278	MANAGEMENT SERVICES TECHNICIAN	5.00
5304	ASSOCIATE ADMINISTRATIVE ANALYST	1.00
5393	ASSOCIATE GOVERNMENTAL PROGRAM ANALYST	81.55
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	11.00
8428	HEALTH PROGRAM MANAGER II	3.00
	<i>Total Personnel Years</i>	219.7

**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
		(Actual)	(Estimated)	(Proposed)
<b>LOCAL ASSISTANCE</b>				
0890	<i>Federal Grant for Food</i>	\$ 907,731,710	\$ 935,308,000	\$ 908,702,000
0890	<i>Federal Grant for Administration</i>	\$ 276,874,916	\$ 300,867,000	\$ 300,867,000
<b>Total Federal Funds</b>		<b>\$ 1,184,606,625</b>	<b>\$ 1,236,175,000</b>	<b>\$ 1,209,569,000</b>
3023	<i>WIC Manufacturer Rebate Fund</i>	\$ 227,000,000	\$ 253,000,000	\$ 260,000,000
<b>Total Other Funds</b>		<b>\$ 227,000,000</b>	<b>\$ 253,000,000</b>	<b>\$ 260,000,000</b>
<b>TOTAL LOCAL ASSISTANCE</b>		<b>\$ 1,411,606,625</b>	<b>\$ 1,489,175,000</b>	<b>\$ 1,469,569,000</b>
<b>STATE OPERATIONS</b>				
0890	<i>Federal Grant</i>	\$ 47,032,557	\$ 53,860,134	\$ 53,860,134
<b>TOTAL STATE OPERATIONS</b>		<b>\$ 47,032,557</b>	<b>\$ 53,860,134</b>	<b>\$ 53,860,134</b>
<b>GRAND TOTAL WIC PROGRAM</b>		<b>\$ 1,458,639,183</b>	<b>\$ 1,543,035,134</b>	<b>\$ 1,523,429,134</b>

