

WIC provides Federal grants to States for supplemental foods, health care referrals, and nutrition education for low-income pregnant, breastfeeding, and non-breastfeeding postpartum women, and to infants and children up to age five who are found to be at nutritional risk. Total spending for the WIC Program in Fiscal Year (FY) 2005 was \$5 billion with \$3.6 billion of that spent on food. The following report provides detailed information on how the food funds were spent in FY 2005.

Two types of food package costs are estimated for the purpose of this report – pre-rebate and post-rebate. Pre-rebate food package costs reflect the estimated retail cost of WIC foods at the time of purchase. Post-rebate food package costs reflect actual reported food expenditures taking into account savings from infant formula rebates. The following information provides details about pre - and post-rebate food package costs, infant formula rebates, food costs by participant category, and the distribution of expenditures by food item.

Pre- and Post-Rebate Food Package Costs

Average post-rebate food package costs in FY 2005 were \$37.42 per participant, a decrease of \$0.12 or 0.3 percent below the FY 2004 cost of \$37.54. This was the first decrease in food package costs since 1993.

The FY 2005 average food package cost was about 2.4 percent above the FY 2005 President's Budget projected average food package cost of \$36.55.

Pre-rebate food package costs were significantly higher than post-rebate costs, at \$55.18 per participant. This was \$0.33 or 0.6 percent higher than FY 2004 pre-rebate costs.

Since 1995, average post-rebate food package costs have increased 23.1 percent whereas pre-rebate food package costs have increased 28.0 percent. (Figure 2)

Infant Formula Rebates

The difference in pre- and post rebate food package costs is due to the \$1.710 billion in infant formula rebates in FY 2005. This was an increase of \$68 million in rebates over the prior year. The dramatic impact of infant formula rebates on the average cost of the infant food package and the average cost of WIC food packages in total is shown in Figure 1.

The nominal increase in rebates in FY 2005 corresponds with a slight increase in rebates as a percentage of total post-rebate food expenditures. FY 2005 rebates were equivalent to 47 percent of all post-rebate WIC food expenditures, which totaled \$3.603 billion. In FY 2004, rebates equaled 46 percent of total post-rebate food expenditures.

Food Costs by Participant Category

Average monthly post-rebate food package benefits varied from a high of

\$46.49 for breastfeeding women to a low of \$28.26 for infants. However, infants actually had the most expensive pre-rebate food package at \$97.86. (Table 1) The average monthly food benefit for breastfeeding women was \$46.49. This is almost \$10 more per month than the \$36.51 average food benefit level for postpartum, non-breastfeeding women. Children ages 1 to 4 years comprise half of all WIC participants, and in FY2005 received an average food benefit of just under \$40 (\$39.97).

Expenditures by Food Item

The most significant pre-rebate contributors to food costs were formula (44.0%), milk (19.6%) and juice (12.6%). After rebates are factored in, milk (28.9%) is the most significant contributor to food costs followed by juice (18.5%), formula (17.4%), cheese (13.8%) and adult cereal (12.9%). (Table 2) After rebates, dairy products (milk and cheese) comprised over 40 percent (42.7%) of WIC food costs.

Eggs, infant cereal, peanut butter and beans made minimal contributions to food package costs, both pre- and post-rebate. These products combined accounted for less than 9 percent (8.5%) of the post-rebate food cost. (Table 2)

As shown in Table 3, average prices for eggs dropped sharply between FY 2004 and FY 2005 (-17.3%) from \$1.420 per dozen to \$1.175 per dozen. Peanut butter (-6.1%) and formula (-4.3%) also decreased.

All other food items increased in price with beans (3.7%) having the largest

percent increase, from \$0.767 to \$0.795 per pound. Milk, which comprises the largest percentage of post-rebate food cost, increased in cost by 3.2 percent, from \$0.772 to \$0.797 per quart. While the cost is expressed as the average price per quart, WIC frequently specifies purchase of fluid milk in gallon or half-gallon containers.

The largest changes from FY 2004 to FY 2005 in each food item's contribution to the overall cost of the post-rebate food package were for formula (a decrease of 2.4 percentage points) and milk (an increase of 1.7 percentage points). (Table 4) Changes in a food item's contribution to the total cost can be due to changes in per-unit cost, changes in the average amount used by WIC within a participant category (i.e., pregnant, breastfeeding, postpartum, infants, children), and changes in the mix of participants among the categories. However, information on the average amount used by each WIC category is derived from the WIC Participant and Program Characteristics (WIC-PC) food prescription data, which is only available biennially. The food prescription data used for FY2004 and FY2005 both come from the WIC-PC2004 data set.

Suggested citation:

USDA Food and Nutrition Service, *WIC Food Package Costs and Rebate Summary: Fiscal Year 2005*. U.S. Department of Agriculture, Food and Nutrition Service, Office of Analysis, Nutrition and Evaluation, Alexandria, VA: September 2007

Table 1: Estimated Average Monthly WIC Food Package Cost per Person in Dollars, FY 2005

Category	% of Total WIC Participants	Average Pre-Rebate Food Package Cost	Average Post-Rebate Food Package Cost
Pregnant	10.9%	\$ 45.28	\$ 45.28
Breastfeeding	6.2%	\$ 46.49	\$ 46.49
Postpartum	7.4%	\$ 36.51	\$ 36.51
Total Women	24.5%	\$ 42.26	\$ 42.26
Infants	25.5%	\$ 97.86	\$ 25.52
Children	50.0%	\$ 39.97	\$ 39.97
Total	100.0%	\$ 55.18	\$ 37.42

Table 2: Estimated Contribution to WIC Food Cost by Food Item, FY 2005

Food Item Category ¹	% Pre-Rebate Contribution	Pre-Rebate Food Costs (\$ mil)	% Post-Rebate Contribution	Post-Rebate Food Purchases (\$ mil)
Milk	19.6%	\$ 1,039.4	28.9%	\$ 1,039.4
Cheese	9.4%	\$ 497.9	13.8%	\$ 497.9
All Formula ²	44.0%	\$ 2,337.5	17.4%	\$ 627.7
Cereal - adult	8.7%	\$ 464.4	12.9%	\$ 464.4
Cereal - infant	1.1%	\$ 57.7	1.6%	\$ 57.7
Juice	12.6%	\$ 667.8	18.5%	\$ 667.8
Peanut Butter	1.0%	\$ 53.6	1.5%	\$ 53.6
Beans	0.6%	\$ 29.4	0.8%	\$ 29.4
Eggs	3.1%	\$ 164.7	4.6%	\$ 164.7
Total	100.0%	\$ 5,312.4	100.0%	\$ 3,602.6

Data Sources: Participation, program total food expenditures, and total rebates are from WIC Program administrative databases. Average retail price data for adult cereal and infant cereal is from ACNielsen Corporation SCANTRACK database for FY 2004 inflated by the Bureau of Labor Statistics (BLS) Consumer Price Index to 2005. Infant formula is from ACNielsen Corporation SCANTRACK database for FY 2005. Average retail price data for juice is from ACNielsen Homescan 2001 average price data, which was inflated by the Consumer Price Index. Average FY 2005 retail prices for the remainder of the food items come from the Bureau of Labor Statistics. Average food prescriptions by food category from the *Study of WIC Participant and Program Characteristics, 2004* are used as proxies for food quantities purchased by participants. Mean prescription amounts for breastfeeding women are a weighted averages of exclusively (27.3%) and non-exclusively (72.7%) breastfeeding women.

¹ Carrots and tuna are not included as BLS could not produce a price for these items due to inadequate sample size of purchases.

² The infant formula cost is a weighted average of: standard and enhanced formula; ready to feed, powder and liquid concentrate forms; and the three major manufacturers (Ross, Mead Johnson and Nestle).

Table 3: Price Per Unit for WIC Food Package Items, FY 2004 and FY 2005

Food Item Category	Unit	FY04 Price Per Unit	FY05 Price Per Unit	Percent Change in Price Per Unit
Milk	Quart	\$0.772	\$0.797	3.2%
Cheese	Pound	\$4.091	\$4.111	0.5%
All Formula	Reconstituted Ounce	\$0.139	\$0.133	-4.3%
Juice	Reconstituted Ounce	\$0.038	\$0.038	-0.2%
Cereal – adult	Ounce	\$0.180	\$0.182	1.1%
Cereal - infant	Ounce	\$0.174	\$0.176	1.1%
Peanut Butter	Ounce	\$0.115	\$0.108	-6.1%
Beans	Pound	\$0.767	\$0.795	3.7%
Eggs	Dozen	\$1.420	\$1.175	-17.3%

Table 4: FY 2004 and FY 2005 Post-Rebate Contribution

Food Item Category	FY 2004 Post-Rebate Contribution	FY 2005 Post-Rebate Contribution	Percentage Point Change
Milk	27.1%	28.9%	1.7
Cheese	13.4%	13.8%	0.5
All Formula	19.9%	17.4%	-2.4
Juice	18.0%	18.5%	0.5
Cereal – adult	12.4%	12.9%	0.5
Cereal - infant	1.5%	1.6%	0.1
Peanut Butter	1.5%	1.5%	0.0
Beans	0.8%	0.8%	0.1
Eggs	5.4%	4.6%	-0.8

Figure 1

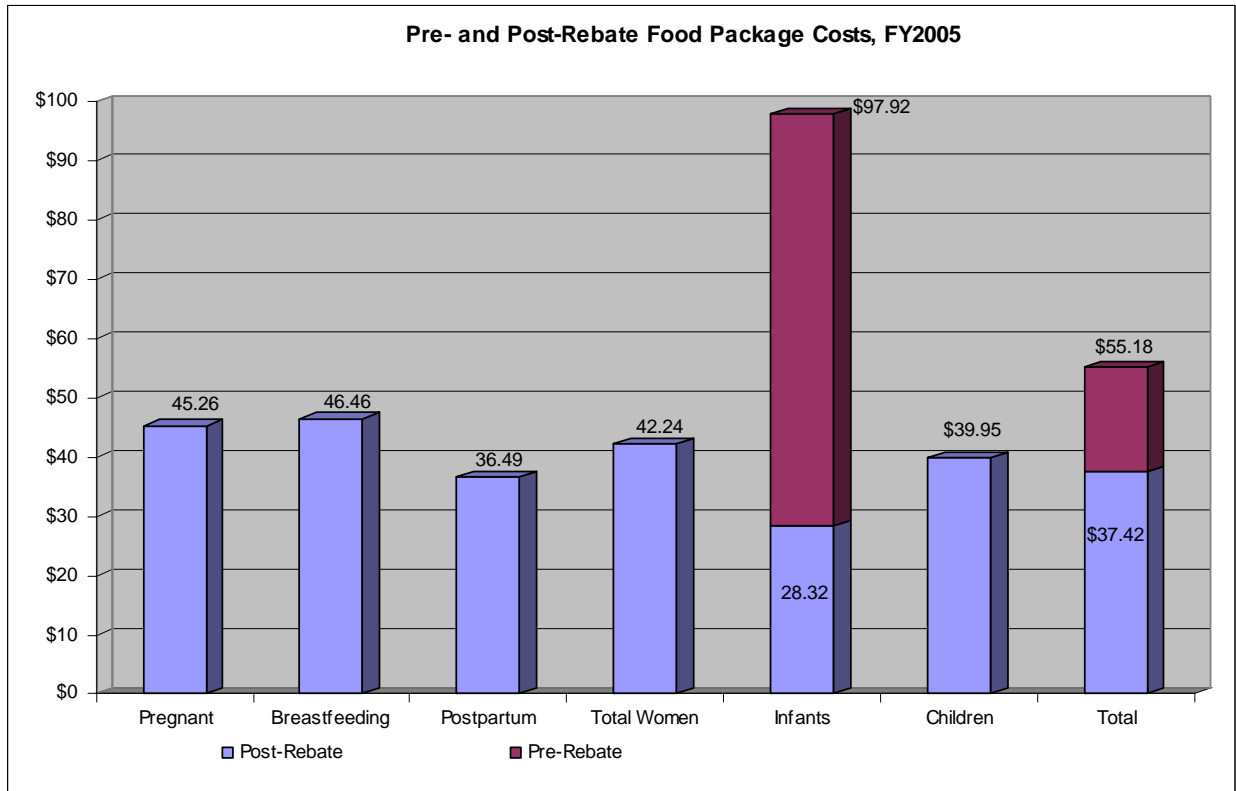


Figure 2

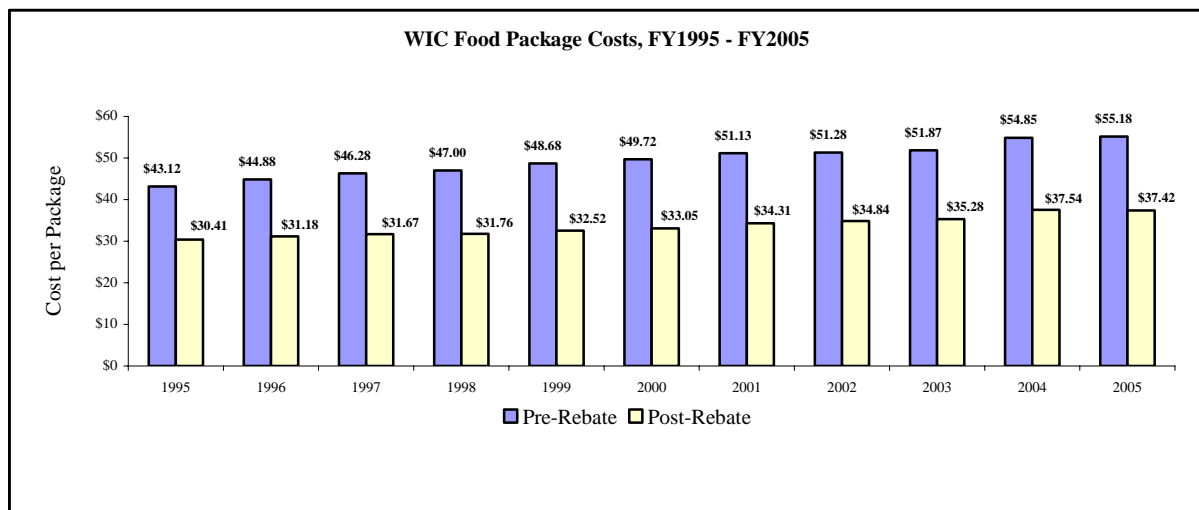


Figure 3

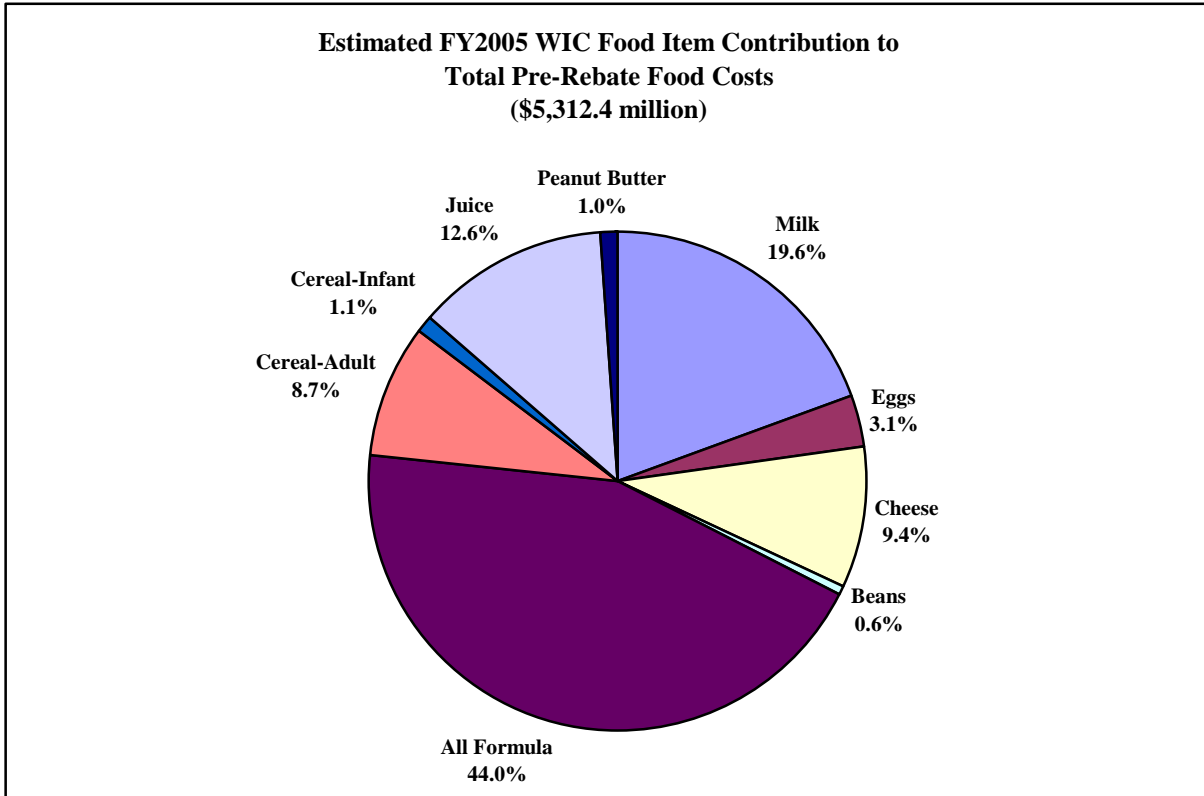


Figure 4

