

## Summary: Fiscal Year 1999 WIC Food Package Costs

Two types of food package costs are estimated for the purpose of this report. 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 and distribution of expenditures by food type, and infant formula rebates.

- In FY99, infant formula rebates totaled about \$1,417.2 million, an increase of \$69.6 million over the prior year.
- FY99 rebates were equivalent to 49.7 percent of total post-rebate WIC food expenditures which were \$2,853 million.
- The average monthly food package cost in FY99 was \$32.52, an increase of \$0.77, 2.4 percent, over the FY98 cost of \$31.75.
- The FY99 average food package cost of \$32.52 was about 1.2 percent below the FY99 President's Budget projected average food cost of \$32.91.
- The actual average cost of the Thrifty Food Plan (TFP), the index used to project WIC food cost inflation for the President's Budget, in FY99 increased 2.28 percent over the TFP average in FY98.
- The President's Budget FY99 food package cost estimate was created by inflating a preliminary FY98 food package cost by the TFP. The final FY98 food package cost turned out to be lower than the preliminary cost used to create the President's Budget FY99 projection. Therefore, as is the case, it is possible for inflation between FY98 and FY99 food package costs (2.4 percent) to be higher than the TFP inflation (2.28 percent) used to estimate the higher FY99 food cost projection found in the President's FY99 budget.

## FY1999 WIC Food Package Cost Analysis

**Table 1: FY99 Estimated Average Monthly Food Package Cost per Person in \$**

Category	% of Total WIC Participants	Average Pre-Rebate Food Package Cost	Average Post-Rebate Food Package Cost
Pregnant	11.6%	\$ 37.59	\$ 37.59
Breastfeeding	5.0%	\$ 37.60	\$ 37.60
Postpartum	7.3%	\$ 30.16	\$ 30.16
<b>Total Women</b>	23.8%	\$ 35.69	\$ 35.69
Infants	26.0%	\$ 89.19	\$ 26.96
Children	50.2%	\$ 34.08	\$ 34.08
<b>Total</b>	100.0%	\$ 48.68	\$ 32.52

NB: Percentage and dollar may not seem to add up correctly due to rounding

**Table 2: Estimated Contribution to Food Cost by Food Item**

Food Item Category	% Post-Rebate Contribution	Post-Rebate Food Costs (\$ mil)	% Pre-Rebate Contribution	Pre-Rebate Food Purchases (\$ mil)
Milk	27.4%	\$ 781.2	18.3%	\$ 781.2
Cheese	12.7%	\$ 363.1	8.5%	\$ 363.1
All Formula	24.2%	\$ 691.7	49.4%	\$ 2,108.9
Cereal - adult	13.2%	\$ 376.9	8.8%	\$ 376.9
Cereal - infant	1.2%	\$ 33.9	0.8%	\$ 33.9
Juice	14.8%	\$ 422.0	9.9%	\$ 422.0
Peanut Butter	1.3%	\$ 36.7	0.9%	\$ 36.7
Beans	0.8%	\$ 22.0	0.5%	\$ 22.0
Eggs	4.4%	\$ 125.9	2.9%	\$ 125.9
<b>Total</b>	100.0%	\$ 2,853.4	100.0%	\$ 4,270.6

**Data Sources:** Participation, program total food expenditures, and total rebates are from WIC Program administrative databases. All average retail price data for individual foods used in these estimates, except for infant cereal, are from Information Resources, Inc. INFOSCAN databases for CY99. The average retail price of infant cereal is from the A.C. Nielsen Corporation SCANTRACK database for CY97 and is inflated by the appropriate Bureau of Labor Statistics Consumer Prices Indexes to create FY99 average retail price estimate. Average food prescriptions by food category from the “Study of WIC Participant and Program Characteristics, 1988” are used as proxies for food quantities purchased by participants.