

Program Trends

This section examines trends in program expenditures, participation, infant formula rebates, and food costs per person. Some of the trends appear to have changed in FY 2008. (For more information on converting nominal dollars to real dollars, see box, “Adjusting for Inflation,” p. 23.)

WIC Expenditures

Since WIC’s initiation in 1974, nominal (i.e., not adjusted for inflation) Federal expenditures for the program have increased each year, reaching \$6.2 billion in FY 2008 (fig. 3).⁴⁹ In real terms (i.e., adjusted for inflation), the increases in WIC expenditures have not been nearly so dramatic. Real expenditures for WIC increased each year—except for 1989—up to FY 1997. This increase was due to Congressional appropriations that were stimulated largely by favorable program evaluations that showed WIC to be a successful and cost-effective program.⁵⁰ As the program reached full participation (whereby every eligible person who applies for WIC is accepted into the program), annual Congressional appropriations flattened out and the increase in real expenditures slowed. In fact, between 1998 and 2007, real expenditures decreased in 4 of the 10 years.⁵¹ In a break from recent years, however, expenditures in real terms increased by almost 9 percent in 2008. This increase, the largest in 15 years, reflected both an increase in participation and an increase in per person food costs.

Participation

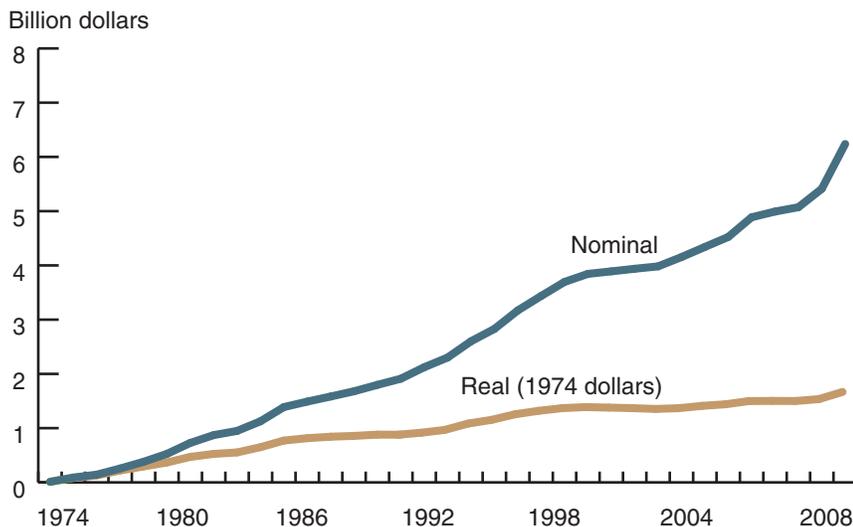
Since WIC’s formal inception, the number of program participants has expanded dramatically. From an average of 88,000 participants per month in 1974, the number of participants increased each year reaching 7.4 million

⁴⁹ Some States also contribute funds to WIC.

⁵⁰ See for example, Devaney et al., (1990) and U.S. General Accounting Office (1992).

⁵¹ Expenditures for WIC in real terms decreased in 1998, 1999, 2000, and 2006.

Figure 3
Federal expenditures for WIC, FY 1974-2008



Source: ERS calculations of real expenditures based on USDA Food and Nutrition Service estimates of nominal expenditures adjusted by the Bureau of Labor Statistics' Consumer Price Index for food at home.

Adjusting for Inflation

To account for the effects of inflation or general price changes over time, the estimates for WIC expenditures, infant formula rebates, and per person food costs in this section were converted into real (i.e., inflation-free) dollars. This raised the question—which index should be used to adjust these WIC-related variables for inflation? Various price indices, based on different market baskets of goods, are used to measure different aspects of inflation. The most widely used measure of inflation is the Consumer Price Index (CPI) for all items, which is a broad, comprehensive price index that measures the average change over time in prices paid by urban consumers for a fixed market basket of consumer goods and services. Because WIC foods (which are usually consumed at home) account for about three-quarters of total WIC expenditures, this report uses the CPI for food at home (i.e., foods purchased at retail food stores) to deflate costs associated with WIC expenditures and food costs per person. For consistency, the CPI for Food at Home was also used to deflate the dollar amount of infant formula rebates received by WIC. Although not presented in this report, WIC expenditures, per person food costs, and infant formula rebates were also deflated using the CPI for all items. The same general trends were observed regardless of which CPI was used.

per month in 1997 (fig. 4). (See box, “Number of Births in the United States Is Increasing,” p. 25, for more information about participation trends.) Congressional funding for WIC increased steadily during this period. The rapid growth in participants from 1989 to 1997, when participation increased by an average 8 percent per year, coincided with the startup of the infant formula rebate program. The only decrease in participation in WIC’s history occurred from 1998 to 2000, when the number of participants fell 1-2 percent each year. During this period, Federal expenditures for WIC in real terms (i.e., after adjusting for inflation) decreased by 2 percent. From 2000 to 2007, participation once again increased, but at a slower rate (about 2 percent per year). In FY 2008, however, participation increased 5 percent, the largest single-year increase since 1995.

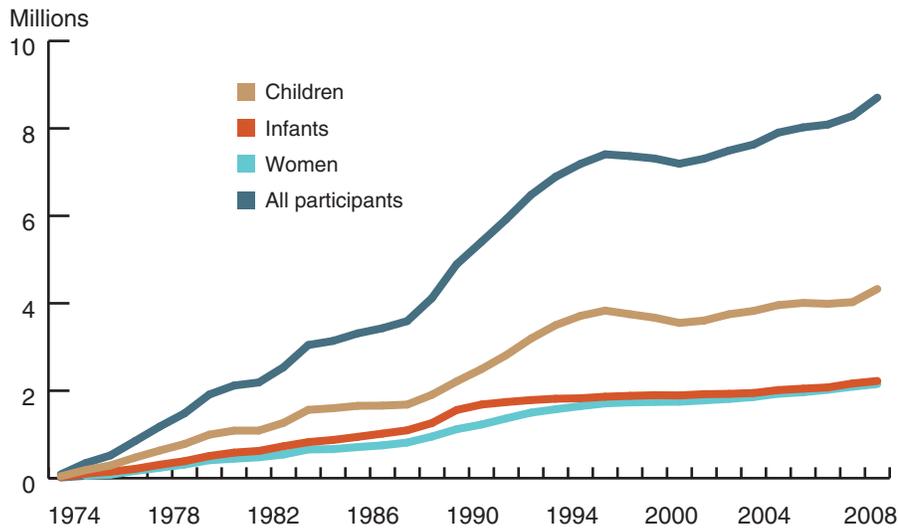
Participation patterns have varied among the three main participant categories. For example, since the program began in 1974, the number of women and infants participating in the program has increased each year except for 2000 when the number of infants decreased by less than 1 percent. The number of children in WIC has experienced greater fluctuation, increasing sharply from 1988 to 1997 (by 128 percent) before decreasing by 7 percent from 1997 to 2000. The number of children also decreased slightly in 2006. In FY 2008, the number of children experienced a large increase—7 percent compared with only 3 percent for women and infants. In general, infants and pregnant and breastfeeding women have a higher priority in WIC than do children, so they may be more “protected” when program funds are limited. Because children have a lower priority, they will be less likely to be able to participate when funding is tight. Conversely, as funding increases,

there may be greater outreach efforts aimed at bringing children into the program since eligible infants and pregnant and breastfeeding women are more likely to already be in the program.

Per Person Food Costs

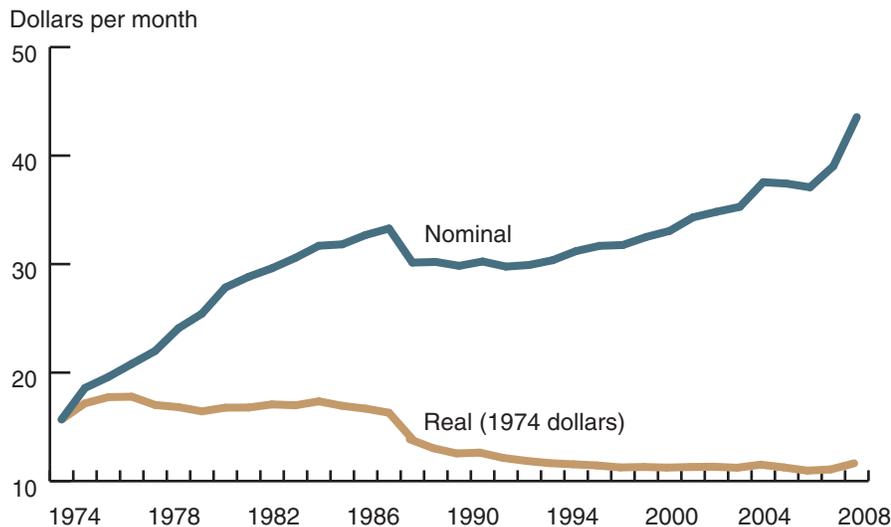
In the first 15 years of the WIC program, the nominal per person cost of the WIC food package increased by 112 percent (from \$16 in FY 1974 to \$33 in FY 1988) (fig. 5). From 1988 to 2007, however, nominal costs increased by a total of only 17 percent, increasing by almost 12 percent in FY 2008 alone.

Figure 4
Average number of WIC participants per month, FY 1974-2008



Source: USDA, Food and Nutrition Service.

Figure 5
Average WIC food costs per person, FY 1974-2008



Source: ERS calculations of real average WIC food cost per person based on USDA, Food and Nutrition Service estimates of WIC per person food costs adjusted by the Bureau of Labor Statistics' Consumer Price Index for food at home.

Number of Births in the United States Is Increasing

The number of persons eligible for WIC is largely a function of economic conditions and the number of people in the target subpopulations. Provisional data from the Centers for Disease Control and Prevention indicate that, in 2007 (the latest year in which data are available), the number of live births in the United States reached over 4.3 million, the largest number of births recorded since the WIC program began in 1974. After a downward trend from 1990 to 1997, the number of live births has increased in 8 of the last 10 years.

Live births in the United States, 1974-2007



Note: Data for 2006 and 2007 are provisional.

Source: Tejada-Vera and Sutton, 2008 and Martin et al., 2007.

In real terms (1974 dollars, after adjusting for inflation), the average monthly cost per person of the WIC food package actually decreased by 28 percent from 1974 to 1998. Much of this decrease occurred in the late 1980s and early 1990s as a result of the infant formula rebate program that WIC State agencies began to implement during that time. Real average WIC food costs per person were flat for most of the last decade—decreasing by 1 percent between 1998 and 2007—before increasing by 5 percent in FY 2008. This increase, largely the result of rising food prices, represented the largest single-year increase in percentage terms since 1975 when WIC was only in its second year of operation.

Infant Formula Rebates

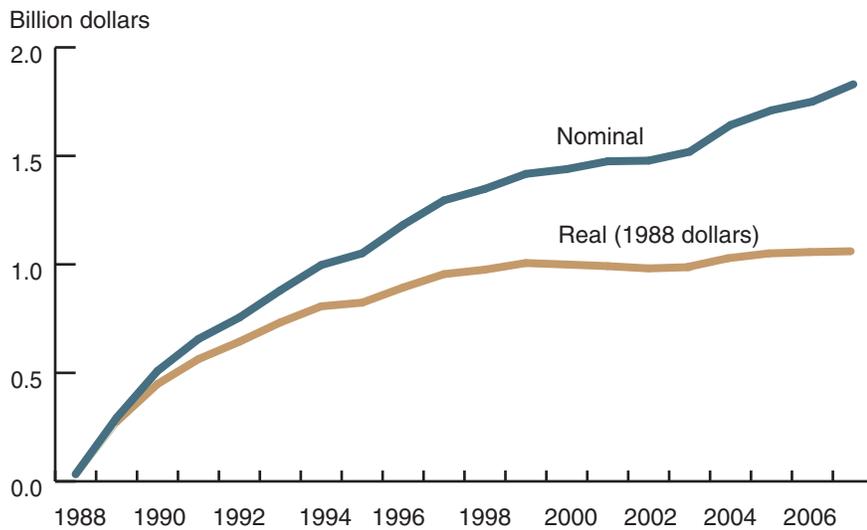
Rebates from infant formula manufacturers have become an integral component of the WIC program. Since the use of rebates began in the late 1980s, the amount of the rebates in nominal terms has increased each year, reaching an estimated \$1.8 billion in FY 2007 (fig. 6). In real terms, rebates have largely leveled off. Since 1999, real rebates have increased by only 4 percent.

The amount of total rebates received by WIC tells only part of the story. While the total amount of rebates received by WIC has leveled off, the number of infants participating in the program has continued to increase.⁵² As a result, the average rebate per WIC infant (in real terms) has decreased in recent years (fig. 7).⁵³ Since peaking at almost \$44.18 (in 1988 dollars) per month in FY 1999, the average real rebate per infant has decreased in 6 of the last 8 years, falling to about \$40.77 in FY 2007.

⁵² For example, the number of infants participating in WIC increased by 14 percent from FY 1999 to FY 2007.

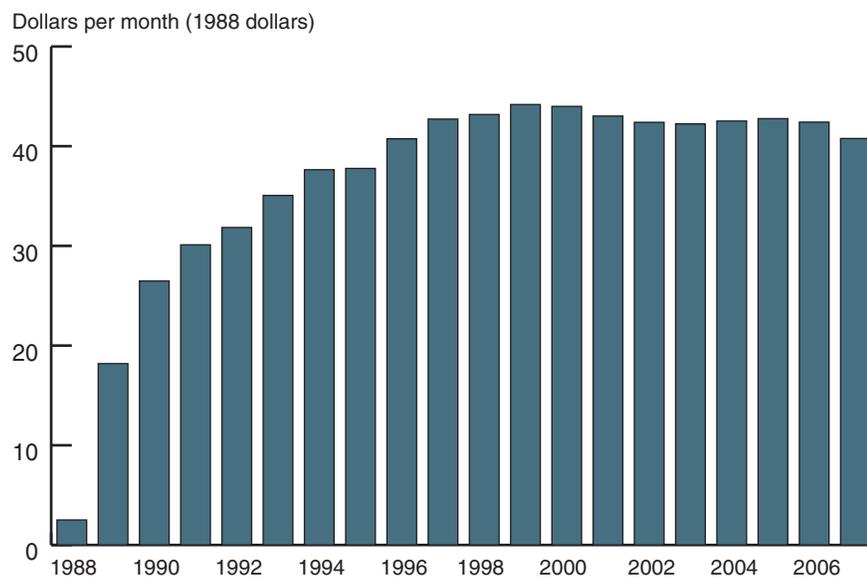
⁵³ The number of infants in WIC who receive infant formula through the program is not available.

Figure 6
Infant formula rebates, FY 1988-2007



Source: ERS calculations of real infant formula rebates based on USDA, Food and Nutrition Service estimates of infant formula rebates adjusted by the Bureau of Labor Statistics' Consumer Price Index for food at home.

Figure 7
Average real rebate per infant, FY 1988-2007



Source: ERS calculations of real infant formula rebates based on USDA, Food and Nutrition Service estimates of infant formula rebates adjusted by the Bureau of Labor Statistics' Consumer Price Index for food at home divided by the number of infants participating in WIC.