



**California Department of Public Health**

Center for Family Health

Women, Infants and Children Program

WIC Electronic Benefits Transfer  
(eWIC EBT)

Project Number 4265-019

**Feasibility Study Report**

May 28, 2014



## **WIC Electronics Benefit Transfer (eWIC EBT)**

### **Feasibility Study Report**

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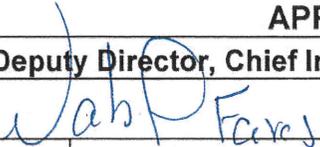
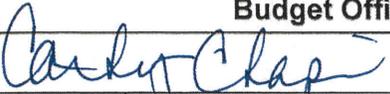
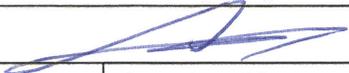
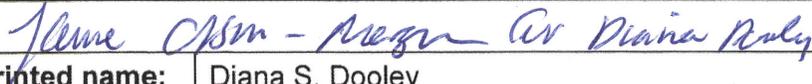
<b>Information Technology Project Request</b> <b>Feasibility Study Report</b> <b>Executive Approval Transmittal</b>			
<b>Department Name</b>			
California Department of Public Health			
<b>Project Title (maximum of 75 characters)</b>			
Women, Infants and Children (WIC) Electronic Benefits Transfer			
<b>Project Acronym</b>	<b>Department Priority</b>	<b>Agency Priority</b>	
eWIC EBT	6		

I am submitting the attached Feasibility Study Report (FSR) in support of our request for the California Technology Agency's approval to undertake this project.

I certify that the FSR was prepared in accordance with State Administrative Manual Sections 4920-4930.1 and that the proposed project is consistent with our information technology strategy as expressed in our current Agency Information Management Strategy (AIMS).

I have reviewed and agree with the information in the attached Feasibility Study Report.

I also certify that the acquisition of the applicable information technology (IT) product(s) or service(s) required by my department that are subject to Government Code 11135 applying Section 508 of the Rehabilitation Act of 1973 as amended meets the requirements or qualifies for one or more exceptions (see following page).

<b>APPROVAL SIGNATURES</b>		
<b>Deputy Director, Chief Information Officer</b>		<b>Date Signed</b>
 <b>Printed name:</b> Nabil Fares		3/13/2014
<b>Budget Officer</b>		<b>Date Signed</b>
 <b>Printed name:</b> Cathy Chapin		5/28/14
<b>Department Director &amp; State Health Officer</b>		<b>Date Signed</b>
 <b>Printed name:</b> Ron Chapman, MD, MPH		5/29/14
<b>Interim Agency Information Officer</b>		<b>Date Signed</b>
 <b>Printed name:</b> <del>Gretchen Hernandez</del> AMY TONG		9/18/14
<b>Agency Secretary</b>		<b>Date Signed</b>
 <b>Printed name:</b> Diana S. Dooley		9/18/2014

Feasibility Study Report - Executive Approval Transmittal

**IT Accessibility Certification**

Yes or No

<b>Yes</b>	<b>The Proposed Project Meets Government Code 11135 / Section 508 Requirements and no exceptions apply.</b>
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**Exceptions Not Requiring Alternative Means of Access**

Yes or No	Accessibility Exception Justification
N/A	The IT project meets the definition of a national security system.
N/A	The IT project will be located in spaces frequented only by service personnel for maintenance, repair, or occasional monitoring of equipment (i.e., "Back Office Exception").
N/A	The IT acquisition is acquired by a contractor incidental to a contract.

**Exceptions Requiring Alternative Means of Access for Persons with Disabilities**

Yes or No	Accessibility Exception Justification
N/A	Meeting the accessibility requirements would constitute an "undue burden" (i.e., a significant difficulty or expense considering all agency resources). Explain:  Describe the alternative means of access to be provided to allow individuals with disabilities to obtain the information or access the technology.
N/A	No commercial solution is available to meet the requirements for the IT project that provides for accessibility. Explain:  Describe the alternative means of access to be provided to allow individuals with disabilities to obtain the information or access the technology.
N/A	No solution is available to meet the requirements for the IT project that does not require a fundamental alteration in the nature of the product or its components. Explain:  Describe the alternative means of access to be provided to allow individuals with disabilities to obtain the information or access the technology.

**INFORMATION TECHNOLOGY PROJECT SUMMARY PACKAGE**  
**SECTION A: EXECUTIVE SUMMARY**

<b>1. Submittal Date</b>	<b>May 28, 2014</b>
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<b>2. Type of Document</b>	<b>FSR</b>	<b>SPR</b>	<b>PSP Only</b>	<b>Other:</b>
	<b>X</b>			
<b>Project Number</b>	<b>4265-019</b>			

<b>3. Project Title</b>	WIC Electronic Benefits Transfer	<b>Estimated Project Dates</b>	
		<b>Start</b>	<b>End</b>
<b>Project Acronym</b>	eWIC EBT	October 2014	December 2019

<b>4. Submitting Department</b>	California Department of Public Health
<b>5. Reporting Agency</b>	California Health and Human Services Agency

<b>6. Project Objectives</b>
<p>Implement a WIC EBT system that delivers benefits efficiently, reconciles payments, operates affordably, enhances client services by improving access to prescribed WIC foods, and simplifies the retail point-of-sale transaction to reduce participation stigma and improve shopping convenience. Measureable Objectives:</p> <ul style="list-style-type: none"> <li>• All WIC participants in California receive food benefits via WIC EBT cards by October 1, 2020, thereby achieving the USDA mandate.</li> <li>• By October 1, 2020, all WIC food benefits will be transacted electronically and all WIC authorized retailers will be reimbursed electronically.</li> <li>• After implementation, California WIC will operate and maintain EBT services with no increase in the annual Nutrition Services Administration grant.</li> <li>• After implementation, the cost associated with food benefit issuance will be reduced by at least two million dollars a year.</li> </ul>

<b>7. Major Milestones</b>	<b>Est Complete Date</b>
Receive IAPD and FSR approval	9/2014
<b>Planning:</b> RFP development/release, vendor proposals, IAPD Update, SPR, Notice of Award & establish contract	3/2016
<b>Design:</b> Requirements validation	10/2016
<b>Development:</b> Configuration & testing	9/2017
<b>Pilot:</b> Pilot Test and Evaluation	2/2018
<b>Statewide Rollout:</b> Data migration & statewide transition to EBT operations	12/2019
<b>PIER</b>	6/2021
<b>Key Deliverables</b>	
<b>Planning:</b> IAPD Update, SPR, EBT contract in place	3/2016
<b>Design:</b> System requirements & Design	10/2016
<b>Development:</b> Testing results, EBT ready for pilot test	9/2017
<b>Pilot:</b> Pilot Test results and evaluation	2/2018
<b>Statewide Rollout:</b> Statewide EBT functional, Product Acceptance	12/2019

**INFORMATION TECHNOLOGY PROJECT SUMMARY PACKAGE**  
**SECTION A: EXECUTIVE SUMMARY**

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<b>8.</b>	<b>Proposed Solution</b>
	Implement a statewide online, outsourced WIC EBT solution (eWIC EBT) that meets federal mandates and is sustainable for years, through a joint competitive procurement with the California Department of Social Services' (CDSS) Supplemental Nutrition Assistance Program (SNAP) and the California Office of Systems Integration (OSI).

**INFORMATION TECHNOLOGY PROJECT SUMMARY PACKAGE  
SECTION B: PROJECT CONTACTS**

<b>Project #</b>	4265-019
<b>Doc. Type</b>	FSR

<b>Executive Contacts</b>								
	<b>First Name</b>	<b>Last Name</b>	<b>Area Code</b>	<b>Phone #</b>	<b>Ext.</b>	<b>Area Code</b>	<b>Fax #</b>	<b>E-mail</b>
<b>Agency Secretary</b>	Diana	Dooley	916	654-3454	N/A	N/A	N/A	DDooley@chhs.ca.gov
<b>Dept. Director</b>	Ron	Chapman, MD, MPH	916	558-1700	N/A	N/A	N/A	Ron.Chapman@cdph.ca.gov
<b>Budget Officer</b>	Cathy	Chapin	916	445-8682	N/A	N/A	N/A	Cathy.Chapin@cdph.ca.gov
<b>Deputy Director, CIO</b>	Nabil	Fares	916	445-8052	N/A	N/A	N/A	Nabil.Fares@cdph.ca.gov
<b>Project Sponsor Chief Deputy Director</b>	Dan	Kim	916	558-1700	N/A	N/A	N/A	Dan.Kim@cdph.ca.gov

<b>Direct Contacts</b>								
	<b>First Name</b>	<b>Last Name</b>	<b>Area Code</b>	<b>Phone #</b>	<b>Ext.</b>	<b>Area Code</b>	<b>Fax #</b>	<b>E-mail</b>
<b>Doc. prepared by</b>	Sharon	Streifling	916	928-8523	N/A	916	263-3358	Sharon.Streifling@cdph.ca.gov
<b>Primary contact</b>	Sharon	Streifling	916	928-8523	N/A	916	263-3358	Sharon.Streifling@cdph.ca.gov
<b>Project Manager</b>	Betsy	Vallejo	916	440-7329	N/A	N/A	N/A	Betsy.Vallejo@cdph.ca.gov

**INFORMATION TECHNOLOGY PROJECT SUMMARY PACKAGE  
SECTION D: BUDGET INFORMATION**

1.	What is the date of your current Operational Recovery Plan (ORP)?	Date	July 2013
2.	What is the date of your current Agency Information Management Strategy (AIMS)?	Date	August 2013
3.	For the proposed project, provide the page reference in your current AIMS and/or strategic business plan.	Doc.	ITCP
		Page #	Priority 6

Project #	4265-019
Doc. Type	FSR

4.	Is the project reportable to control agencies?	Yes	No
		X	
	If YES, CHECK all that apply:		
	a) The project involves a budget action.		
	b) A new system development or acquisition that is specifically required by legislative mandate or is subject to special legislative review as specified in budget control language or other legislation.		
X	c) The estimated total development and acquisition cost exceeds the departmental cost threshold and the project does not meet the criteria of a desktop and mobile computing commodity expenditure (see SAM 4989 – 4989.3).		
	d) The project meets a condition previously imposed by the Technology Agency.		

**INFORMATION TECHNOLOGY PROJECT SUMMARY PACKAGE  
SECTION D: BUDGET INFORMATION**

<b>Project #</b>	4265-019
<b>Doc. Type</b>	FSR

<b>Budget Augmentation Required?</b>		
<b>No*</b>	<input checked="" type="checkbox"/>	
<b>Yes</b>	<input type="checkbox"/>	<b>If YES, indicate fiscal year(s) and associated amount:</b>
	<b>FY</b>	<b>FY</b>
	<b>\$</b>	<b>\$</b>

**PROJECT COSTS**

	FISCAL YEAR	SFY 13/14	SFY 14/15	SFY 15/16	SFY 16/17	SFY 17/18	SFY 18/19	SFY 19/20	SFY 20/21	SFY 21/22	TOTAL
<b>1.</b>	<b>ONE-TIME COSTS</b>	\$ 303,501	\$1,022,456	\$1,992,846	\$6,091,779	\$6,239,337	\$5,452,141	2,850,847	0	0	\$ 23,952,907
<b>2.</b>	<b>CONTINUING COSTS</b>	0	0	0	133,100	485,876	3,055,244	4,699,797	7,112,653	7,245,753	\$ 22,732,423
<b>3.</b>	<b>TOTAL PROJECT BUDGET</b>	\$ 303,501	\$1,022,456	\$1,992,846	\$6,224,879	\$6,725,213	\$8,507,385	\$7,550,644	\$7,112,653	\$7,245,753	\$ 46,685,330

**PROJECT FINANCIAL BENEFITS**

<b>4.</b>	<b>Cost Savings/ Avoidances</b>	(303,501)	(1,022,456)	(1,992,846)	(6,091,779)	(4,343,756)	(3,877,572)	(672,474)	2,013,874	2,643,874	\$(13,646,635)
<b>5.</b>	<b>Revenue Increase</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

**INFORMATION TECHNOLOGY PROJECT SUMMARY PACKAGE  
SECTION E: VENDOR PROJECT BUDGET**

<b>Vendor Cost for FSR Development (if applicable)</b>	\$ 490,800
<b>Vendor Name</b>	Highlands Consulting Group, Inc.

<b>Project #</b>	4265-019
<b>Doc. Type</b>	FSR

**VENDOR PROJECT BUDGET**

	FISCAL YEAR	SFY 13/14	SFY 14/15	SFY 15/16	SFY 16/17	SFY 17/18	SFY 18/19	SFY 19/20	SFY 20/21	SFY 21/22	TOTAL
1.	IV&V			\$ 31,194	\$ 124,776	\$ 124,776	\$ 124,776	\$ 62,388			\$467,910
2.	Quality Assurance			93,582	374,328	374,328	374,328	187,164			\$1,403,730
3.	OSI IAA: Procurement Management		\$ 415,453	216,163							\$631,617
4.	OSI IAA: Contract Management*			293,418	1,173,674	1,046,401	591,856	295,928			\$3,401,277
5.	Retailer Enablement				249,552	915,024	748,656	499,104			\$2,412,336
6.	<b>TOTAL VENDOR BUDGET</b>		\$ 415,453	\$ 634,358	\$1,922,330	\$2,460,529	\$1,839,616	\$1,044,584			\$8,316,870

\*OSI IAA for Contract Management includes EBT Processor deliverable-based payments estimated at \$2,000,000 over the life of project.

-----**(Applies to SPR only)**-----

**PRIMARY VENDOR HISTORY SPECIFIC TO THIS PROJECT**

7.	<b>Primary Vendor</b>	
8.	<b>Contract Start Date</b>	
9.	<b>Contract End Date (projected)</b>	
10.	<b>Amount</b>	\$

**PRIMARY VENDOR CONTACTS**

	Vendor	First Name	Last Name	Area Code	Phone #	Ext.	Area Code	Fax #	E-mail
11.									
12.									
13.									

**INFORMATION TECHNOLOGY PROJECT SUMMARY PACKAGE  
SECTION F: RISK ASSESSMENT INFORMATION**

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<b>Project #</b>	4265-019
<b>Doc. Type</b>	FSR

**RISK ASSESSMENT**

	<b>Yes</b>	<b>No</b>
<b>Has a Risk Management Plan been developed for this project?</b>	X	

<b>General Comment(s)</b>
<p>The Project Team is actively managing risks based on Department of Technology's CA Project Management Methodology.</p>

**EXISTING SYSTEM/BASELINE COST WORKSHEET**

All costs to be shown in whole (unrounded) dollars.

	FY 2013/14		FY 2014/15		FY 2015/16		FY 2016/17		FY 2017/18		FY 2018/19		SUBTOTAL	
	PYs	Amts												
<b>Continuing Information</b>														
<b>Technology Costs</b>														
Staff (salaries & benefits)	8.0	798,600	8.0	798,600	8.0	798,600	8.0	798,600	8.0	798,600	8.0	798,600	48.0	4,791,600
Hardware Lease/Maintenance														0
Software Maintenance/Licenses		0		0		0		0		0		0		0
Contract Services														0
Data Center Services		3,150,000		3,150,000		3,150,000		3,150,000		3,150,000		3,150,000		18,900,000
Agency Facilities		0		0		0		0		0		0		0
Other														0
<b>Total IT Costs</b>	<b>8.0</b>	<b>3,948,600</b>	<b>48.0</b>	<b>23,691,600</b>										
<b>Continuing Program Costs:</b>														
Staff (State WIC)	2.7	263,280	2.7	263,280	2.7	263,280	2.7	263,280	2.7	263,280	2.7	263,280	16.2	1,579,680
Other (Local Agency)		41,246,163		41,246,163		41,246,163		41,246,163		41,246,163		41,246,163		247,476,978
<b>Total Program Costs</b>	<b>2.7</b>	<b>41,509,443</b>	<b>16.2</b>	<b>249,056,658</b>										
<b>TOTAL EXISTING SYSTEM COST</b>	<b>10.7</b>	<b>45,458,043</b>	<b>64.2</b>	<b>272,748,258</b>										

Local Agency staff activities for FIs 35,305,136  
 State Treasurer's Office Contract 4,141,836  
 Printers: Equipment/Maintenance 906,987  
 Check Stock/Ribbons/Shipping 787,015  
 WIC ID Folders/Protective Sleeves 105,189  
 Total Continuing Prog Costs Other: **41,246,163**

**EXISTING SYSTEM/BASELINE COST WORKSHEET**

All costs to be shown in whole (unrounded) dollars.

	Subtotal		FY 2019/20		FY 2020/21		FY 2021/22		TOTAL	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
<b>Continuing Information</b>										
<b>Technology Costs</b>										
Staff (salaries & benefits)	48.0	4,791,600	8.0	798,600	8.0	798,600	8.0	798,600	72.0	7,187,400
Hardware Lease/Maintenance		0						0		0
Software Maintenance/Licenses		0		0		0		0		0
Contract Services		0						0		0
Data Center Services		18,900,000		3,150,000		3,150,000		3,150,000		28,350,000
Agency Facilities		0		0		0		0		0
Other		0						0		0
<b>Total IT Costs</b>	<b>48.0</b>	<b>23,691,600</b>	<b>8.0</b>	<b>3,948,600</b>	<b>8.0</b>	<b>3,948,600</b>	<b>8.0</b>	<b>3,948,600</b>	<b>72.0</b>	<b>35,537,400</b>
<b>Continuing Program Costs:</b>										
Staff	16.2	1,579,680	2.7	263,280	2.7	263,280	2.7	263,280	24.3	2,369,520
Other		247,476,978		41,246,163		41,246,163		41,246,163		371,215,467
<b>Total Program Costs</b>	<b>16.2</b>	<b>249,056,658</b>	<b>2.7</b>	<b>41,509,443</b>	<b>2.7</b>	<b>41,509,443</b>	<b>2.7</b>	<b>41,509,443</b>	<b>24.3</b>	<b>373,584,987</b>
<b>TOTAL EXISTING SYSTEM COST</b>	<b>64.2</b>	<b>272,748,258</b>	<b>10.7</b>	<b>45,458,043</b>	<b>10.7</b>	<b>45,458,043</b>	<b>10.7</b>	<b>45,458,043</b>	<b>96.3</b>	<b>409,122,387</b>



Department: CA Dept of Public Health  
 Project: eWIC EBT

All Costs Should be shown in whole (unrounded) dollars.

	Subtotal		FY 2019/20		FY 2020/21		FY 2021/22		TOTAL	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
<b>One-Time IT Project Costs</b>										
Staff (Salaries & Benefits)	119.5	12,932,565	16.2	1,742,472	0.0	0	0.0	0	135.7	14,675,036
Hardware Purchase		556,500		0		0		0		556,500
Software Purchase/License		0		0		0		0		0
Telecommunications		0		0		0		0		0
<b>Contract Services</b>										
Software Customization		0		0		0		0		0
Project Management		0		0		0		0		0
Project Oversight		0		0		0		0		0
IV&V Services		405,522		62,388		0		0		467,910
Other Contract Serv (QA, OSI IAA, Retailer Cert)		6,866,764		982,196		0		0		7,848,960
TOTAL Contract Services		7,272,286		1,044,584		0		0		8,316,870
Data Center Services		0		0		0		0		0
Agency Facilities		0		0		0		0		0
Other		340,709		63,791		0		0		404,500
<b>Total One-time IT Costs</b>	<b>119.5</b>	<b>21,102,060</b>	<b>16.2</b>	<b>2,850,847</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>135.7</b>	<b>23,952,907</b>
<b>Continuing IT Project Costs</b>										
Staff (Salaries & Benefits)	8.0	798,600	6.3	678,900	8.7	958,500	10.0	1,091,600	33.0	3,527,600
Hardware Lease/Maintenance		0		0		0		0		0
Software Maintenance/Licenses		0		0		0		0		0
Telecommunications		0		0		0		0		0
Contract Services		2,875,620		4,020,897		6,154,153		6,154,153		19,204,823
Data Center Services		0		0		0		0		0
Agency Facilities		0		0		0		0		0
Other		0		0		0		0		0
<b>Total Continuing IT Costs</b>	<b>8.0</b>	<b>3,674,220</b>	<b>6.3</b>	<b>4,699,797</b>	<b>8.7</b>	<b>7,112,653</b>	<b>10.0</b>	<b>7,245,753</b>	<b>33.0</b>	<b>22,732,423</b>
<b>Total Project Costs</b>	<b>127.5</b>	<b>24,776,280</b>	<b>22.5</b>	<b>7,550,644</b>	<b>8.7</b>	<b>7,112,653</b>	<b>10.0</b>	<b>7,245,753</b>	<b>168.7</b>	<b>46,685,330</b>
<b>Continuing Existing Costs</b>										
Information Technology Staff	40.0	3,993,000	2.7	266,200	1.3	133,100	0.0	0	44.0	4,392,300
Other IT Costs		17,010,000		1,260,000		630,000		0		18,900,000
<b>Total Continuing Existing IT Costs</b>	<b>40.0</b>	<b>21,003,000</b>	<b>2.7</b>	<b>1,526,200</b>	<b>1.3</b>	<b>763,100</b>	<b>0.0</b>	<b>0</b>	<b>44.0</b>	<b>23,292,300</b>
Program Staff	16.2	1,579,680	2.7	263,280	2.7	263,280	2.7	263,280	24.3	2,369,520
Other Program Costs		243,021,208		36,790,393		35,305,136		35,305,136		350,421,873
<b>Total Continuing Existing Program Costs</b>	<b>16.2</b>	<b>244,600,888</b>	<b>2.7</b>	<b>37,053,673</b>	<b>2.7</b>	<b>35,568,416</b>	<b>2.7</b>	<b>35,568,416</b>	<b>24.3</b>	<b>352,791,393</b>
<b>Total Continuing Existing Costs</b>	<b>56.2</b>	<b>265,603,888</b>	<b>5.4</b>	<b>38,579,873</b>	<b>4.0</b>	<b>36,331,516</b>	<b>2.7</b>	<b>35,568,416</b>	<b>68.3</b>	<b>376,083,693</b>
<b>TOTAL ALTERNATIVE COSTS</b>	<b>183.7</b>	<b>290,380,168</b>	<b>27.9</b>	<b>46,130,517</b>	<b>12.7</b>	<b>43,444,169</b>	<b>12.7</b>	<b>42,814,169</b>	<b>237.0</b>	<b>422,769,022</b>
INCREASED REVENUES		0		0		0		0		0



	SUBTOTAL		FY 2019/20		FY 2020/21		FY 2021/22		TOTAL	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
<b>EXISTING SYSTEM</b>										
Total IT Costs	48.0	23,691,600	8.0	3,948,600	8.0	3,948,600	8.0	3,948,600	72.0	35,537,400
Total Program Costs	16.2	249,056,658	2.7	41,509,443	2.7	41,509,443	2.7	41,509,443	24.3	373,584,987
Total Existing System Costs	64.2	272,748,258	10.7	45,458,043	10.7	45,458,043	10.7	45,458,043	96.3	409,122,387
<b>PROPOSED ALTERNATIVE</b>										
	<b>On-Line Outsourced WIC EBT</b>									
Total Project Costs	127.5	24,776,280	22.5	7,550,644	8.7	7,112,653	10.0	7,245,753	168.7	46,685,330
Total Cont. Exist. Costs	56.2	38,579,873	5.4	38,579,873	4.0	36,331,516	2.7	35,568,416	68.3	376,083,693
Total Alternative Costs	183.7	290,380,168	27.9	46,130,517	12.7	43,444,169	12.7	42,814,169	237.0	422,769,022
COST SAVINGS/AVOIDANCES	(119.5)	(17,631,910)	(17.2)	(672,474)	(2.0)	2,013,874	(2.0)	2,643,874	(140.7)	(13,646,635)
Increased Revenues		0		0		0		0		0
Net (Cost) or Benefit	(119.5)	(17,631,910)	(17.2)	(672,474)	(2.0)	2,013,874	(2.0)	2,643,874	(140.7)	(13,646,635)
Cum. Net (Cost) or Benefit	(119.5)	(17,631,910)	(136.7)	(18,304,383)	(138.7)	(16,290,509)	(140.7)	(13,646,635)	(140.7)	(13,646,635)
<b>ALTERNATIVE #1</b>										
Total Project Costs	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Total Cont. Exist. Costs	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Total Alternative Costs	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
COST SAVINGS/AVOIDANCES	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Increased Revenues		0		0		0		0		0
Net (Cost) or Benefit	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Cum. Net (Cost) or Benefit	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
<b>ALTERNATIVE #2</b>										
Total Project Costs	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Total Cont. Exist. Costs	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Total Alternative Costs	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
COST SAVINGS/AVOIDANCES	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Increased Revenues		0		0		0		0		0
Net (Cost) or Benefit	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Cum. Net (Cost) or Benefit	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0

**PROJECT FUNDING PLAN**

	FY 2013/14		FY 2014/15		FY 2015/16		FY 2016/17		FY 2017/18		FY 2018/19		SUBTOTALS	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
<b>TOTAL PROJECT COSTS</b>	<b>2.7</b>	<b>303,501</b>	<b>5.5</b>	<b>1,022,456</b>	<b>12.2</b>	<b>1,992,846</b>	<b>34.8</b>	<b>6,224,879</b>	<b>35.8</b>	<b>6,725,213</b>	<b>36.5</b>	<b>8,507,385</b>	<b>127.5</b>	<b>24,776,280</b>
RESOURCES TO BE REDIRECTED														
Staff	2.7	303,501	5.5	607,003	12.2	1,357,888	34.8	3,743,649	35.8	3,834,881	36.5	3,884,243	127.5	13,731,165
Funds:														
Existing System		0		0		0		0		0		0		0
Other Fund Sources		0		415,453		634,958		2,481,230		2,890,332		4,623,142		11,045,115
<b>TOTAL REDIRECTED RESOURCES**</b>	<b>2.7</b>	<b>303,501</b>	<b>5.5</b>	<b>1,022,456</b>	<b>12.2</b>	<b>1,992,846</b>	<b>34.8</b>	<b>6,224,879</b>	<b>35.8</b>	<b>6,725,213</b>	<b>36.5</b>	<b>8,507,385</b>	<b>127.5</b>	<b>24,776,280</b>
ADDITIONAL PROJECT FUNDING NEEDED														
One-Time Project Costs	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Continuing Project Costs	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
<b>TOTAL ADDITIONAL PROJECT FUNDS NEEDED BY FISCAL YEAR</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>
<b>TOTAL PROJECT FUNDING</b>	<b>2.7</b>	<b>303,501</b>	<b>5.5</b>	<b>1,022,456</b>	<b>12.2</b>	<b>1,992,846</b>	<b>34.8</b>	<b>6,224,879</b>	<b>35.8</b>	<b>6,725,213</b>	<b>36.5</b>	<b>8,507,385</b>	<b>127.5</b>	<b>24,776,280</b>
Difference: Funding - Costs	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Total Estimated Cost Savings	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0

FUNDING SOURCE*														
General Fund	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0
Federal Fund	100%	303,501	100%	1,022,456	100%	1,992,846	100%	6,224,879	100%	6,725,213	100%	8,507,385	100%	24,776,280
Special Fund	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0
Reimbursement	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0
<b>TOTAL FUNDING</b>	<b>100%</b>	<b>303,501</b>	<b>100%</b>	<b>1,022,456</b>	<b>100%</b>	<b>1,992,846</b>	<b>100%</b>	<b>6,224,879</b>	<b>100%</b>	<b>6,725,213</b>	<b>100%</b>	<b>8,507,385</b>	<b>100%</b>	<b>24,776,280</b>

\*Type: 100% federal funded by the USDA (United States Department of Agriculture)

\*\*Redirect Funds: A budget action may be required to obtain additional expenditure authority.

**PROJECT FUNDING PLAN**

Department: CA Dept of Public Health

All Costs to be in whole (unrounded) dollars

Date Prepared: 8/15/14

Project: eWIC EBT

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	SUBTOTALS		FY 2019/20		FY 2020/21		FY 2021/22		TOTALS	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
<b>TOTAL PROJECT COSTS</b>	<b>127.5</b>	<b>24,776,280</b>	<b>22.5</b>	<b>7,550,644</b>	<b>8.7</b>	<b>7,112,653</b>	<b>10.0</b>	<b>7,245,753</b>	<b>168.7</b>	<b>46,685,330</b>
<b>RESOURCES TO BE REDIRECTED</b>										
Staff	127.5	13,731,165	22.5	2,421,372	8.7	958,500	10.0	1,091,600	<b>168.7</b>	<b>18,202,637</b>
Funds:										
Existing System		0		0		0		0		0
Other Fund Sources		11,045,115		5,129,272		6,154,153		6,154,153		<b>28,482,693</b>
<b>TOTAL REDIRECTED RESOURCES**</b>	<b>127.5</b>	<b>24,776,280</b>	<b>22.5</b>	<b>7,550,644</b>	<b>8.7</b>	<b>7,112,653</b>	<b>10.0</b>	<b>7,245,753</b>	<b>168.7</b>	<b>46,685,330</b>
<b>ADDITIONAL PROJECT FUNDING NEEDED</b>										
One-Time Project Costs	0.0	0	0.0	0	0.0	0	0.0	0	<b>0.0</b>	<b>0</b>
Continuing Project Costs	0.0	0	0.0	0	0.0	0	0.0	0	<b>0.0</b>	<b>0</b>
<b>TOTAL ADDITIONAL PROJECT FUNDS NEEDED BY FISCAL YEAR</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>
<b>TOTAL PROJECT FUNDING</b>	<b>127.5</b>	<b>24,776,280</b>	<b>22.5</b>	<b>7,550,644</b>	<b>8.7</b>	<b>7,112,653</b>	<b>10.0</b>	<b>7,245,753</b>	<b>168.7</b>	<b>46,685,330</b>
Difference: Funding - Costs	0.0	0	0.0	0	0.0	0	0.0	0	<b>0.0</b>	<b>0</b>
Total Estimated Cost Savings	0.0	0	0.0	0	0.0	0	0.0	0	<b>0.0</b>	<b>0</b>
<b>FUNDING SOURCE*</b>										
General Fund	0%	0	0%	0	0%	0	0%	0	0%	0
Federal Fund	100%	24,776,280	100%	7,550,644	100%	7,112,653	100%	7,245,753	100%	46,685,330
Special Fund	0%	0	0%	0	0%	0	0%	0	0%	0
Reimbursement	0%	0	0%	0	0%	0	0%	0	0%	0
<b>TOTAL FUNDING</b>	<b>100%</b>	<b>24,776,280</b>	<b>100%</b>	<b>7,550,644</b>	<b>100%</b>	<b>7,112,653</b>	<b>100%</b>	<b>7,245,753</b>	<b>100%</b>	<b>46,685,330</b>

\*Type: 100% federal funded by the USDA (United States Department of Agriculture)

\*\*Redirect Funds: A budget action may be required to obtain additional expenditure authority.

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**State of California**

**California Technology Agency**

**Questionnaire for Information Security  
and Privacy Components  
in Feasibility Study Reports  
and Project-Related Documents**

**SIMM 20D**

**April 2011**

## Table of Contents

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# Questionnaire for Information Security and Privacy Components in Feasibility Study Reports and Project-Related Documents

## 1.0 INTRODUCTION

The following Questionnaire assists state agencies with describing the information security and privacy components associated with an IT project in its Feasibility Study Reports and other project-related documents. The Office of Information Security reviews these documents to ensure information security and privacy components are addressed by the state agency and provide its recommendations to the California Technology Agency.

If any of the answers could be considered sensitive in nature, the agency should address them in a separate addendum marked "Confidential" and included as an attachment to the document.

## 2.0 INFORMATION SECURITY OFFICER (ISO) ROLE AND RESPONSIBILITIES

1. What is the role and responsibilities of the Agency ISO in relationship to this project?
2. Will the ISO be involved in developing and reviewing the security requirements?
3. Will the ISO be involved in developing and reviewing the security testing efforts?
4. Has the ISO participated in the response to these questions and signed off on the project-related document(s)?

### CDPH Answer:

As directed by the State Administrative Manual (SAM) section 5300 et seq., the Information Security Office is "required to oversee agency compliance with policies and procedures regarding the security of information assets." Additionally, SAM states "Oversight responsibility at the agency level for ensuring the integrity and security of automated files, databases, and computer systems must be vested in the agency Information Security Officer".

A key way that the California Department of Public Health (CDPH) Information Security Office (ISO) supports risk management and compliance responsibilities is by reviewing the technical requirements for Projects, while ensuring that they support State and agency security policy, and that they securely align with the business requirements defined by the Project.

For this purpose, the CDPH ISO developed the Security Requirements for Projects (SR1) document. This document provides the minimum security requirements mandated by the CDPH ISO for projects governed and/or subject to the policies and standards of CDPH. Projects that intend to deploy systems/applications into the CDPH system infrastructure, or will utilize CDPH information system services, are also subject to these minimum security requirements.

In addition, the SR1 is intended to assist CDPH and its service customers in understanding the criteria CDPH will use when evaluating and certifying the system design, security features and protocols used by project solutions utilizing CDPH services. These security requirements are also used in conjunction with the CDPH ISO compliance review program of its information system services customers.

Finally, the SR1 serves as a universal set of requirements which must be met regardless of physical hosting location or entities providing operations and maintenance responsibility. These requirements do not serve any specific project, nor do they prescribe any specific implementation technology.

### 3.0 PROPOSED SYSTEM

1. Who will be the designated owner of the proposed system (system)?

**CDPH Answer:**

The Women, Infants and Children (WIC) program is funded by the United States Department of Agriculture (USDA), and as such the owner of the system will be the USDA and/or WIC.

2. Who will be the custodians and users of the system?

**CDPH Answer:**

- The custodians of the system will be the Office of System Integration and their EBT service provider
- The users of the system will be State WIC Program staff and State WIC partners such as;
  - Local Agencies – 84
    - Local Agency Clinics – Approximately 650 offices
  - Auditors
  - LVL's – Local Vendor Liaisons
  - USDA
  - WIC participants
  - WIC authorized retailers.

3. Has the data for the system been classified by the owner? Explain.

**CDPH Answer:**

The data will be classified in accordance with Federal Information Processing Standards (FIPS) Publication 199 Standards for Security Categorization of Federal Information and Information Systems, of the National Institute of Standards and Technology (NIST).

4. Does the project require development of new application code or modification of existing code? Explain.

**CDPH Answer:**

The selected EBT service provider will configure their system to satisfy the requirements of California WIC and the USDA for WIC EBT processing.

5. Will your agency share the data for the system with other entities? If so, who?
  - a. Federal partners
  - b. Local city/county partners
  - c. State agency partners
  - d. Judicial branch
  - e. Universities
  - f. Researchers
  - g. Others

**CDPH Answer:**

Yes. As stated in number 2 above the data will be shared with State Agency partners, such as:

- Local Agencies – 84
  - Local Agency clinics – Approximately 650
- Auditors
- CDPH-ITSD staff
- LVL's – Local Vendor Liaisons
- State Treasurer's Office (STO)
- USDA
- WIC authorized retailers
- Banks and other financial intermediaries
- Responses to a Public Records Act requests

6. If data for the system is to be shared with other entities, will your agency implement data exchange agreements with the entities? Explain.

**CDPH Answer:**

Yes. Data use agreements and contracts are required. The following are listing of various contracts currently place that will be needed for the new MIS systems:

- Contracts with the 84 Local Agencies statewide
- MOU between WIC and ITSD
- Contracts with all WIC Authorized Vendors
- MOU with the STO
- MOU's and agreements with "Other" entities will be required on an as needed basis.

7. Are there checkpoints throughout the software development life cycle (SDLC) verifying and certifying that the security requirements are being met?

**CDPH Answer:**

Yes, testing will be performed to ensure the security requirements are met throughout the SDLC. Additionally, the following will be observed throughout the life of the system:

- CDPH Information Security Office (ISO) Security Requirements for Projects (SR1)
- OTech Information Security Standards
- State Administrative Manual (SAM) section 5300 et seq.
- Public Health Administrative Manual (PHAM) section 9-1000 et seq.

8. At what points will risk assessments be performed throughout the SDLC?

**CDPH Answer:**

In accordance with the Information Technology Project Oversight Framework (SIMM Section 45), risks will be identified, assessed and documented continuously, and formally reviewed monthly.

(See FSR, Project Summary Package)

9. At what point will vulnerability assessments be performed once the system is put into production (e.g., ongoing risk management after implementation)?

**CDPH Answer:**

As required by the CDPH ISO's Information Systems Security Requirements for Projects (ISO/SR1), Section IV.A.4, the system will allow for periodic system security reviews that provide assurance that management, operations, personnel, and technical controls are functioning effectively and providing adequate levels of protection. These reviews may include security procedures such as vulnerability assessment and penetration testing. The frequency and level of security reviews will be determined by the ISO in accordance with the CDPH ISO Information Systems Security Audit and Oversight Standards (ISO/SR3).

10. Will this system collect federal data? If so, have you yet determined the National Institute for Standards and Technology 800-53 rating (i.e., high / medium / low)?

**CDPH Answer:**

The data has not yet been rated. The data will be rated using the National Institute for Standards and Technology 800-53.

11. Does your state agency's Five Year IT Capital Plan address information security and privacy as related to this system?

**CDPH Answer:**

The latest Department of Technology (CalTech) approved IT Capital Plan (ITCP), 2013 Statewide ITCP, includes a project proposal for the WIC-EBT project. The information in the proposal follows CalTech instructions, and only briefly addresses security and privacy. Security and privacy as related to this system are addressed in the Implementation Advance Planning Document (IAPD) to be leveraged as part of the Feasibility Study Report (FSR) package. Security and privacy of CDPH projects are addressed extensively in CDPH ISO's Information Systems Security Requirements for Projects (ISO/SR1).

Project Name: eWIC EBT  
 Technology Agency Project #: 4265-019  
 Department: Department of Public Health  
 Revision Date: 3/14/14

## Complexity Assessment

### Business Complexity

**Instructions:** On a scale of .5 - low to 4-high (0 = N/A), rate each applicable attribute and compute the Business Complexity by dividing the total by the number of items rated above zero. [Notes: Business and technical complexity will be computed automatically in this worksheet, using the ratings you enter. Move your pointer over each attribute cell, marked with a red triangle, to see a definition of the attribute.]

Low Complexity		Business Attribute	High Complexity	Rating
0	1	2	3	
Static		<b>Business rules</b>	Changing	2
Static		<b>Current Business Systems</b>	Changing	3
Known and Followed		<b>Decision Making Process</b>	Not Known	1
Low		<b>Financial Risk to State</b>	High	3
Local		<b>Geography</b>	State Wide	4
Clear and Stable		<b>High Level Requirements</b>	Vague	1
Few & Routine		<b>Interaction with Other Departments and Entities</b>	Many and New	4
None		<b>Impact to Business Process</b>	High	4
Few & Straight Forward		<b>Issues</b>	Multiple & Contentious	1
High		<b>Level of Authority</b>	Low	2
Clear		<b>Objectives</b>	Vague	1
Established		<b>Policies</b>	Non-existent	1
Minimal		<b>Politics</b>	High	4
Familiar		<b>Target Users</b>	Unfamiliar	1
Experienced		<b>Project Manager's Experience</b>	Inexperienced	3
Experienced		<b>Team</b>	Inexperienced	1
Loose		<b>Time Scale</b>	Tight	4
Low		<b>Visibility</b>	High	4
			Total:	44
			Complexity:	2.4

Project Name: eWIC EBT  
 Technology Agency Project #: 4265-019  
 Department: Department of Public Health  
 Revision Date: 3/14/14

## Complexity Assessment

### Technical Complexity

**Instructions:** On a scale of 0-low to 4-high, rate each applicable attribute and compute the Technical Complexity by dividing the total by the number of items rated above zero. Use the definitions in the student notebook for clarity.

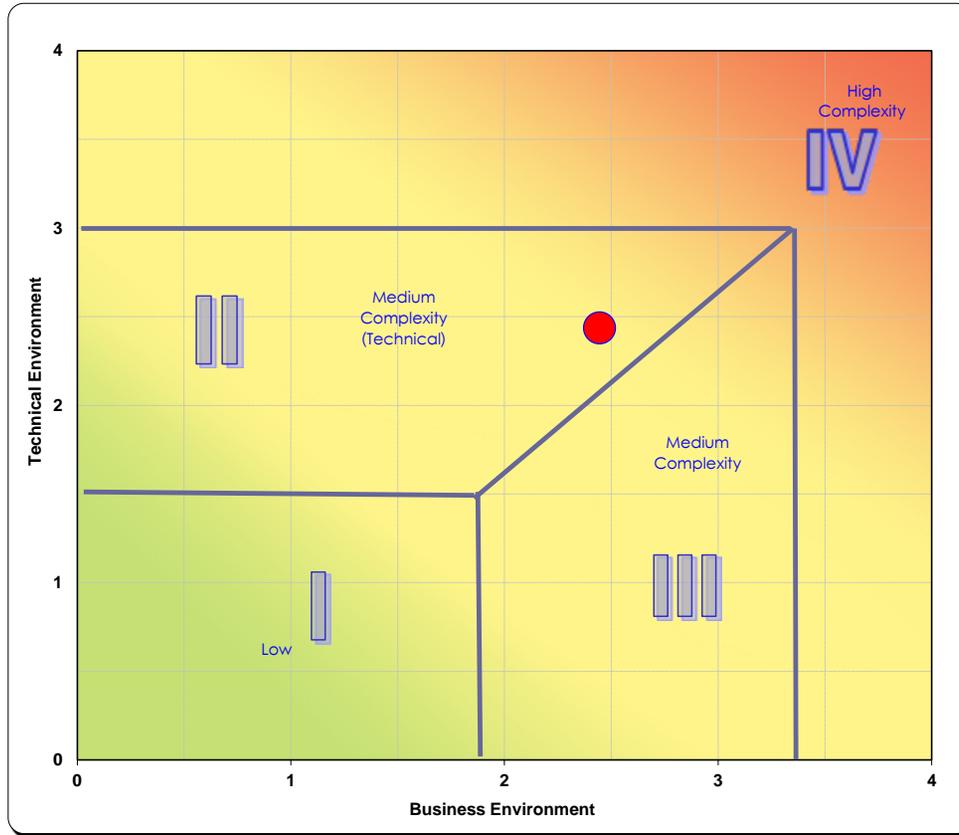
Low Complexity		Technical Attribute	High Complexity	Rating
0	1	2	3	
Local		<b>Communications</b>	State wide	4
Established		<b>Delivery Mechanism</b>	New	1
Local		<b>Geography</b>	State wide	4
Proven		<b>Hardware</b>	New	2
Stand-alone		<b>Level Of Integration</b>	Tightly Integrated	3
Proven/Stable		<b>Networks (L/W)</b>	New	1
In place		<b>New Technology Architecture</b>	Not in place	2
9-5, Mon-Fri		<b>Operations</b>	24-hour, 7-day	4
Expert		<b>PM Technical Experience</b>	Novice	1
Established and in use		<b>Scope Management Process</b>	None	1
Light		<b>Security</b>	Tight	3
Proven		<b>Software</b>	New	2
Established and In Use		<b>Standards And Methods</b>	None	2
Experienced		<b>Team</b>	Inexperienced	2
High		<b>Tolerance To Fault</b>	Low	3
Low		<b>Transaction Volume</b>	High	4
			Total:	39
			Complexity:	2.4

Project Name: eWIC EBT  
 Technology Agency Project #: 4265-019  
 Department: Department of Public Health  
 Revision Date: 3/14/14

# Complexity Assessment

## Complexity Diagram

**Instructions:** Plot your project in the appropriate complexity zone.  
 [Note: Your project will be plotted automatically in this worksheet, using the values computed in the previous tables.]



<b>Scores</b>	<b>Business Complexity</b>	2.4
	<b>Technical Complexity</b>	2.4

Project Name: eWIC EBT  
 Technology Agency Project #: 4265-019  
 Department: Department of Public Health  
 Revision Date: 3/14/14

## Complexity Assessment

### Suggested Project Manager Skill Set Guidelines

Complexity		Duration		Budget		Resources	
●	Zone 1	●	< 6 months	●	<\$500K	●	< 5
●	Zone II, Medium Zone III, Medium	●	< 1 year	●	<\$1M	●	<10
●	Zone II, High Zone III, High	●	>1 year; < 3 years	●	>\$1M; <\$5M	●	11 – 20
●	Zone IV	●	>3 years; <10 years	●	>\$5M; <\$100M	●	21 – 40
		●	>10 years	●	>\$100M	●	40+

PM Level: 3

Experience: 3-5 years working as Project Manager on medium or other large IT projects. Technical experience commensurate with the proposed technology.

Professional Knowledge: Strong working knowledge of the CA-PMM, department's methodology, Software Development Life Cycle. Familiar with CA Budgeting, Procurement and Contracting processes.

<b>For Oversight Purposes:</b>
Zone I = Low Criticality/Risk
Zones II and III = Medium Criticality/Risk
Zone IV = High Criticality/Risk

**Assess the complexity of the project periodically: every two - three months and/or at the conclusion of each phase**



**United States  
Department of  
Agriculture**

Food and  
Nutrition  
Service

Western Region  
90 Seventh Street  
Suite 10-100  
San Francisco, CA  
94103

246 WIC CA Technology/EBT

August 28, 2014

Ms. Christine Nelson  
Acting Division Chief  
California Women, Infants and Children (WIC) Nutrition Program  
P.O. Box 997375 MS 8600  
Sacramento, CA 95899

Dear Ms. Nelson:

Re: Approval Letter – Special Supplemental Nutrition Program for Women, Infants, and Children Electronic Benefit Transfer Implementation Advance Planning Document and Feasibility Study

We approve the revised California Women, Infants, and Children (WIC) Program Electronic Benefit Transfer (EBT) Implementation Advance Planning Document (IAPD) and Feasibility Study for EBT services, submitted on January 29 and revised on June 17, 2014.

The project is approved for \$23,952,907, as requested in the revised document. Please note that approval does not constitute a guarantee of funding. The State Agency is reminded to submit updates on an annual or as-needed basis, in accordance with requirements found at 7 CFR 277.18 and guidance provided in *FNS Handbook 901- Advance Planning Document Handbook*.

If you have any questions, please contact your State Point of Contact, Trish Bailey, at 415-705-1340 or [patricia.bailey@fns.usda.gov](mailto:patricia.bailey@fns.usda.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "Zita Viernes".

Zita Viernes, Chief  
Supplemental Food Programs Branch  
Special Nutrition Program Division  
Western Region



## TRANSMITTAL LETTER

Cover letter, signed by the appropriate State official with authority to commit State resources for the project

January 28, 2014

Ms. Ronna Bach  
Division Director  
Special Nutrition Programs Division  
U.S. Department of Agriculture  
90 Seventh Street, Suite 10-100  
San Francisco, CA 94103

Dear Ms. Bach:

The California Department of Public Health, Women, Infants and Children (WIC) Program is pleased to submit the Implementation Advance Planning Document (IAPD) for the WIC Electronic Benefit Transfer (EBT) Project for your review and approval. The California WIC Program looks forward to the opportunity to move forward in our pursuit of EBT.

Please send the approval, review comments, and questions to Sharon Streifling ([Sharon.Streifling@cdph.ca.gov](mailto:Sharon.Streifling@cdph.ca.gov)) who is compiling our responses and formal documents.

Thank you for your consideration of this document. If you have any questions, please call me at (916) 928-8806.

Sincerely,

Lisa Kawano  
Acting Division Chief  
California Department of Public Health  
Women, Infants and Children (WIC)  
Supplemental Nutrition Program

cc: Mr. Mike Drew  
Program Specialist  
Supplemental Nutrition Program

Ms. Mary S. Lee  
Program Specialist  
Supplemental Nutrition Program



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**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH  
eWIC EBT PLANNING PROJECT**

**WOMEN, INFANTS, AND CHILDREN PROGRAM  
IMPLEMENTATION ADVANCED PLANNING  
DOCUMENT**

**v1.1**

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**May 27, 2014**





## About This Document

This document provides an overall Implementation Plan for California's eWIC EBT implementation.

## Document History

<b>Version #</b>	<b>Revision</b>	<b>Date</b>	<b>Author</b>	<b>Description of Change</b>
1.0	Final	1/28/14	CA WIC	Final submitted to USDA
1.1	Revision 1	5/27/14	CA WIC	CDPH Response to USDA comments
1.1	Revision 2	11/21/14	CA WIC	Conversion to pdf for posting to CA Department of Technology website



## TRANSMITTAL LETTER

Cover letter, signed by the appropriate State official with authority to commit State resources for the project

January 28, 2014

Ms. Ronna Bach  
Division Director  
Special Nutrition Programs Division  
U.S. Department of Agriculture  
90 Seventh Street, Suite 10-100  
San Francisco, CA 94103

Dear Ms. Bach:

The California Department of Public Health, Women, Infants and Children (WIC) Program is pleased to submit the Implementation Advance Planning Document (IAPD) for the WIC Electronic Benefit Transfer (EBT) Project for your review and approval. The California WIC Program looks forward to the opportunity to move forward in our pursuit of EBT.

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## 1. EXECUTIVE SUMMARY

Describes at a high level (approximately one page) the proposed implementation activities, the procurement plan, and the total funds requested. It should focus on overall implementation goals and objectives, including project scope and duration.

Traditionally, states have issued WIC benefits using paper Food Instruments (FI). To save costs and improve service to participants, the United States Department of Agriculture (USDA) mandated that all states migrate to Electronic Benefits Transfer (EBT) by October 2020. The California Department of Public Health (CDPH) seeks to implement a statewide online, outsourced WIC EBT solution (eWIC EBT) that meets federal mandates and is sustainable for years.

### **Project Scope**

This project seeks to implement an online, outsourced WIC EBT solution in California. Major tasks include procuring a WIC EBT system and services contractor, designing and developing the EBT solution, planning and conducting a localized EBT pilot, evaluating the pilot, and expanding operations statewide.

### **Procurement**

The California WIC Program (CA WIC Program) intends to conduct a joint competitive procurement with the California Department of Social Services' (CDSS) Supplemental Nutrition Assistance Program (SNAP) and the California Office of Systems Integration (OSI) to procure services for an **online, outsourced EBT solution**. CDPH and the CA WIC Program, information technology staff, and CDPH contract management staff will participate in all phases of the competitive procurement. The procurement phase is anticipated to take 27 months.

### **Design and Development**

The selected eWIC EBT service provider, working closely with the CDPH and OSI eWIC EBT project team, will be responsible for the design, development, and implementation of the online EBT solution. Additionally, the CA WIC Program intends to fund three (3) OSI positions dedicated to eWIC EBT contract management and implementation. Implementation also includes testing, retailer enablement, and local agency readiness tasks. This phase of the project is anticipated to take 18 months.

### **Pilot**

CDPH proposes to conduct pilot operations in Solano County, California for five (5) months before statewide expansion and rollout: a three-month EBT pilot, followed by a two-month pilot evaluation. The pilot area is located near the CA WIC Program headquarters for support and has suitable geographic containment. Solano County includes a manageable number of WIC authorized retailers that represent all vendor types, including a military commissary. Solano County WIC program participants are served by a single local agency with large, small, and remote clinic locations with a caseload that provides sufficient participation and stability to assess EBT effectiveness.

### **Statewide Expansion and Rollout**

For the statewide rollout, the CA WIC Program plans to use a phased approach (nine phases) beginning with the north coast and working contiguously south, generally from lower to higher population densities. This will allow California to conduct a controlled EBT rollout, minimizing the impact to participants when addressing issues, refining its approach for subsequent phases, and allowing larger communities more time to certify its vendors. The phases will be generally based on the ten WIC-designated regions. Northern California regions tend to have local agencies that operate only within that region so it will be easy to design rollout phases by WIC region. However, in southern California, which contains a large population base, local agencies support multiple counties that cross regional boundaries, so the regional rollout in the southern portion of the state will be generally based on local agency participation, rather than WIC region. Such an approach will minimize impact on the southern California local agencies by allowing each local agency to rollout to all of its participants simultaneously. The statewide expansion and rollout phase of the project is anticipated to take 22 months.

### **Project Cost and Funding**

The CA WIC Program requests eWIC EBT be fully supported through Federal funds from the USDA Food and Nutrition Service (FNS). The project budget is \$23,952,907, including redirected State staffing. The CA WIC Program plans to use multiple funding sources including Nutrition Services & Administration (NSA) grant, operational adjustment (OA), and ½% spendforward. for one-time, nonrecurring procurement, contract management, project-related travel to the local agencies, and one-time, non-recurring EBT service provider implementation costs. Ongoing EBT service provider costs will be included in the operational Cost Per Case Month (CPCM) fees.

The eWIC EBT services provider will exclusively support CA WIC Program operations. The expenses in the project budget (implementation phase) and in the operations budget (maintenance and operations phase) are all eWIC EBT direct costs.

### **Project Duration**

The CA WIC Program plans to implement eWIC EBT in advance of the October 2020 mandate. CDPH, in partnership with the OSI, plans to procure EBT services for a 10-year contract period. Following the 27-month procurement, the project cycle – from EBT services contract award through statewide rollout – is expected to require approximately 45 months, which includes 18 months for design, development, and implementation; five months for the project pilot and its evaluation; and 22 months for the statewide rollout. Ongoing operations will continue for the remainder of the 10-year contract.

## 2. PROJECT DESCRIPTION

### 2.1. Narrative Statement

Describes the implementation and pilot activities to be undertaken by the State Agency, a description of the WIC EBT automation initiative and specific activities for which funds will be used, the total anticipated funds required for the EBT pilot phase, and the duration, scope (number of participants, clinics, and retailers), and cost evaluation plans. The summary must also describe general plans for statewide expansion, assuming that EBT is affordable within the State agency's NSA grant.

California WIC is the largest WIC program in the nation, providing benefits to approximately 1.43 million participants and 1.09 million families each month. WIC services are provided through 84 contracted local agencies at over 625 clinic sites located throughout the state. The CA WIC Program includes Cash Value Vouchers (CVV) for fresh, canned, and frozen fruits and vegetables. Participants redeem WIC benefits at over 5,000 WIC authorized retail and farmer vendors. In 2012, CA WIC Program participants redeemed 12.6 million CVVs with retail vendors and approximately 4,700 CVVs with farmer vendors. California WIC participants redeemed approximately \$1 billion in food benefits at 5,136 authorized WIC vendor locations throughout the state. Additionally, CA WIC Program participants redeemed approximately \$1.3 million in Farmers' Market Nutritional Program (FMNP) checks at over 500 certified farmers markets across the state. Program operations are funded through a NSA grant of approximately \$322 million annually.

The CA WIC Program began planning for WIC EBT with its application for an EBT Planning Project Grant, which was approved by FNS funding in September 2010. The CA WIC Program contracted with The Highlands Consulting Group, LLC to provide WIC EBT planning services. The eWIC EBT alternatives analysis<sup>1</sup> provided a thorough gap analysis of the viable alternatives and concluded that the best WIC EBT option for California is an **online, outsourced solution**.

Online WIC EBT solutions use magnetic stripe cards and the national debit/credit network infrastructure to process and authorize WIC transactions in real time. The WIC participant's benefits are stored in an electronic benefit account (EBA) maintained by the EBT services provider. When the participant swipes the WIC EBT card at the retail store terminal, communication between the terminal and the WIC EBT host system occurs in real time. As the store clerk scans the food items, the WIC-eligible benefits are validated against the participant's available food benefit balance. Valid food benefits are redeemed and subtracted from the participant's EBA balance. Items that are not WIC-eligible are immediately identified, real-time, so that the participant may choose to return the item or make alternative payment.

Key factors that contributed to the recommendation of online WIC EBT include:

- Real-time transaction processing and data availability.

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<sup>1</sup> The Feasibility Study, Alternatives Analysis and Cost Benefit Analysis document is submitted in conjunction with this IAPD for FNS's review and approval.

- Flexibility and benefits that online WIC EBT will provide to participants.
- Consistency with CalFresh, the statewide EBT solution for SNAP, which will enable a joint procurement for a single statewide EBT services provider, to the State's operational and financial benefit.
- National trends toward online processing solutions.

Given that the CA WIC Program has determined that online technology best meets the needs of the CA WIC Program and its stakeholders, the decision for hosting is clear. The requirement for full-time (24/7) system availability and online processing reliability requirements would stretch the capabilities of Information Technology Services Division (ITSD) and is outside the core business of WIC and CDPH. Outsourcing the WIC EBT benefits processing allows CDPH to implement the eWIC EBT solution more quickly and at a lower cost than processing WIC EBT benefits in-house. Outsourcing also allows California to take advantage of existing proven systems already used successfully in other states and maintained regularly to meet USDA FNS requirements.

## 2.2. eWIC EBT Project Activities

CDPH seeks to implement an **online, outsourced** statewide WIC EBT solution (eWIC EBT) that meets federal mandates and is sustainable in the years to come. CDPH is responsible for coordination of the eWIC EBT Project and for ensuring inclusion of its partners. CDPH is planning to implement an eWIC Management Information System (MIS) approved for transfer by the USDA. The CA WIC Program plans to implement the new eWIC MIS and eWIC EBT systems concurrently and will coordinate test, pilot and statewide rollout activities for the eWIC solution. CDPH will manage the project in four distinct phases:

- **Procurement** – The CA WIC Program will conduct a competitive procurement to select an experienced EBT services provider capable of providing services that meet the needs of the largest WIC program in the nation. The OSI will limit procurement responses to EBT service providers successfully providing services in other states. Key activities include RFP development and issuance, vendor response evaluation, vendor selection and contract award. See Section 2.3 for Procurement Plan details.
- **Design, Develop and Implement (DDI)** – The selected eWIC EBT service provider, working closely with the CDPH and OSI eWIC EBT project team, will be responsible for the design, development, and implementation of the online EBT solution. In addition to the system design, development, and testing, it includes vendor and clinic readiness, WIC Program policy and procedure updates, training, and UPC database maintenance.
- **Pilot** – The CA WIC Program plans to conduct pilot operations in Solano County over a three month period, followed by a two-month evaluation. The CA WIC Program will use its quality assurance (QA) contractor to conduct the pilot evaluation. The state and FNS will review the conclusions of the pilot and provide a go/no go decision to proceed with statewide rollout. See Section 5 for details on the Pilot Retailer Management Plan.
- **Statewide Expansion** - The CA WIC Program plans to use a phased approach (nine phases), beginning with the north coast and working contiguously south, generally from lower to higher population densities. This will allow California to conduct a controlled

EBT rollout, minimizing the impact to participants when addressing issues, refining its approach for subsequent phases, and allowing larger communities more time to certify its vendors. See Sections 10 and 11 for details on the statewide expansion plans for retailers and clinics.

## 2.3. Procurement Plan

Addresses open competition and coordination with State information technology, contracts management, and coordination with the Supplemental Nutrition Assistance Program (SNAP) staff to prevent conflicts of interest. The procurement plan should describe the procurement method to be used (i.e., secure contractor assistance or conduct the project in-house) and the contractor resources to be devoted to the project.

### 2.3.1 Procurement Strategy: OSI / CDPH Partnership

The State's existing EBT services contract supports SNAP/CalFresh, the Temporary Assistance for Needy Families (TANF) Program, and other food and cash programs. The OSI manages the SNAP EBT contract on behalf of the CDSS. The current contract expires March 27, 2015 with three optional one-year extensions. OSI and CDSS have begun the procurement planning process for the replacement contract. This provides the opportunity for CDPH to join this effort and to benefit from shared efficiencies and EBT expertise.

The PMT determined that there are significant advantages for California to pursue a joint EBT services contract for CDSS SNAP/TANF/Cash EBT and CDPH eWIC EBT services through OSI. Advantages include:

- **Centralized Contract Management** – Centralized contract management will allow CDPH to cost-share those services supporting all programs.
- **Experienced EBT Implementation Manager** – OSI's experience in managing statewide EBT implementations and ongoing operations will be beneficial, reducing risk and increasing the likelihood of a successful implementation and conversion to eWIC EBT.
- **Experienced EBT Procurement and Contract Manager** – CDPH will benefit significantly from OSI's experience in procuring statewide EBT implementation services. As CDPH's EBT procurement agent, OSI will assist CDPH to obtain the required eWIC EBT host system processing, installation, integration, and conversion services.
- **Experienced EBT Contract Manager** – CDPH will also benefit from OSI's experience in managing statewide EBT contracts. As CDPH's EBT contract manager, OSI will ensure that the EBT vendor provides all contracted services in a timely and accurate manner.

- **Cost Savings and Efficiencies** – Centralized contract management is expected to achieve cost savings and efficiencies, both for one-time implementation and transition costs and in reduced CPCM pricing, to the CA WIC Program due to its large caseload (EBA) volume.

CDPH will pursue a joint EBT services contract with CDSS for EBT services through the upcoming competitive procurement, referred to as “EBT 3.” CDPH will partner with OSI/CDSS to coordinate EBT 3 contract and procurement management activities and to work jointly to pursue the quickest path for EBT services procurement. CDPH WIC and ITSD will allocate sufficient staffing and other resources to ensure that all WIC functional, technical and service requirements are incorporated within the EBT 3 procurement documents. An interagency agreement with the OSI will require OSI’s commitment to fulfilling its responsibilities and timelines to ensure eWIC milestones and timeline are met and will devote adequate resources to ensure timely completion of OSI procurement documents. Executive level communication across all three agencies (CDPH, CDSS, and OSI) is crucial to ensure mutual success.

Key factors that contributed to the decision to partner with OSI for procurement and contract management include:

- OSI is an experienced EBT procurement and contract manager with a proven track record of implementing EBT statewide in California;
- OSI is an experienced EBT implementation manager and their experience and guidance will be valuable for CDPH to successfully implement eWIC EBT;
- The CA WIC Program participates in a competitive procurement;
- Combined procurement provides opportunities to realize cost savings through shared services, such as Call Center and Automated Response Unit (ARU); and
- Combined procurement will likely allow both Departments to negotiate a lower CPCM due to the large caseload volume<sup>2</sup>.

### **2.3.2 Procurement Timeframe**

In order to move forward with this procurement strategy, CDPH plans to initiate an Inter-Agency Agreement (IAA) to formalize the partnership. The IAA will provide the foundation for joint procurement activities that include procurement planning, federal and state approval, RFP development and release, proposal evaluation, vendor selection, and contract management activities. Based on preliminary estimates from OSI and CDSS, all agencies expect to have an EBT vendor selected and ready to begin work no later than March 2016.

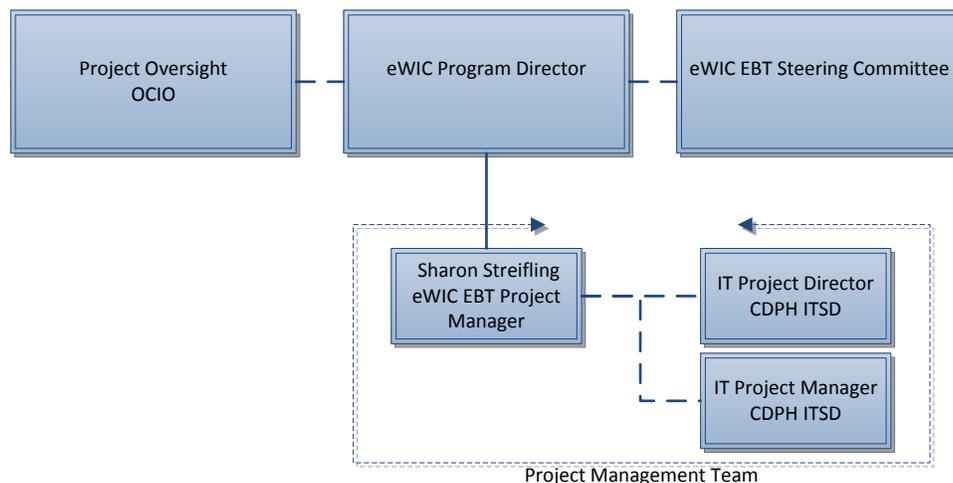
### **2.4. Project Manager**

A project manager must be identified. The project manager must either be a certified project manager or have project management experience.

<sup>2</sup> Florida’s recent FNS-approved WIC EBT procurement used this procurement strategy and successfully negotiated a CPCM of \$0.439. Debbie Eibeck, Chief of the Bureau of WIC Program Services for Florida, reported that the state’s bundling of SNAP, cash aid and WIC in a competitive procurement managed by the Florida Department of Children and Families (DCF) created the combined volume of EBT transactions that was a significant factor in receiving the low rate.

Project management is an important component in the successful implementation of eWIC EBT. The CA WIC Program plans to use a multi-level approach in order to minimize the risks inherent in a large statewide IT implementation. As seen in Figure 1: Project Management Diagram, the California WIC model includes project management, project management support, and project oversight.

Figure 1: Project Management Diagram



### 2.4.1 Project Manager

The **eWIC EBT Project Manager** will be Sharon Streifling, and she will be dedicated full-time to the project. Ms. Streifling has a Master’s degree in Food Service Administration and has over ten years of experience successfully managing projects, consulting to management, facilitating change, and providing leadership. She has eight years of local agency, WIC program management, and IT project experience as well as certification training in California’s Project Management Methodology (PMM). She has led numerous technology and business transformation projects in the public, private, and non-profit sectors including:

- Coordinated \$1.8 million statewide WIC pilot project for non-invasive blood work at WIC clinics.
- Developed a State WIC vendor certification program that met federal requirements and improved WIC customer service and program integrity. The project included a pilot phase that included large corporate stores and small independent stores.
- Advised and provided leadership to 42 WIC local agencies, including oversight of grants, budgets, and procurements.
- Developed the statewide three-year Nutrition Services Plan for WIC local agencies that supported a major change in food benefits.

- Organized and was President of a local WIC health coalition that conducted outreach, including a regional conference for health care professionals.
- Implemented food service operations for a newly built full-service acute care hospital including operations, equipment, staffing, policies and procedures, and disaster planning.

Ms. Streifling will be responsible for the daily operations and coordination of all activities required to ensure the CA WIC Program is prepared for WIC EBT. She will coordinate and direct the activities of the eWIC EBT planning teams and the eWIC EBT Implementation Team. She will also oversee the eWIC EBT Liaison Team to ensure that all procurement and contract management activities are successfully completed. Specific responsibilities assumed by Ms. Streifling will include, but are not limited to, the following:

- Establish project management processes and ensure processes are maintained.
- Ensure that internal activities are completed in accordance with the project schedule.
- Oversee eWIC EBT design, development, and implementation activities.
- Oversee development of the interface between the eWIC MIS and eWIC EBT systems.
- Oversee deliverable reviews.
- Monitor WIC authorized vendor integrated electronic cash register/point of sale (ECR/POS) testing and certification.
- Monitor deployment of stand-beside terminals (WIC only solution).
- Oversee eWIC EBT pilot implementation.
- Oversee eWIC EBT pilot evaluation.
- Oversee eWIC EBT statewide rollout.
- Prepare project status updates and briefings for stakeholders.

#### **2.4.2 Project Management Support**

The CA WIC Program is supported by the **CDPH's Project Management Office (PMO)**, which provides project management services that strengthen the organization's commitment for improved information technology project success. The PMO develops and implements consistent project management competencies aligned with the Project Management Institute (PMI) Project Management Body of Knowledge (PMBOK) and California's PMM.

The PMO will provide a full-time **IT Project Manager** who is a certified Project Management Professional (PMP) and a part-time **IT Project Director**, who is also PMP-certified, to ensure the appropriate processes, services, and tools are in place to support the successful eWIC EBT implementation on time, on budget, and with the expected level of quality. The PMO staff, along with the eWIC EBT Project Manager, will form the project's Project Management Team (PMT).

The **eWIC Program Director** role is filled by the CA WIC Program Deputy Director, who will provide the day to day project sponsor activities including resource allocation, change management assistance, and assistance with interagency coordination. The **eWIC Program**

**Director** has executive level program and budget responsibilities and is firmly vested in the success of the project.

### **2.4.3 Project Oversight**

During the eWIC EBT project planning phase, an **eWIC EBT Steering Committee** was formed. As the project moves forward into the implementation phase, the Steering Committee will provide executive sponsorship, oversight, and strategic direction, monitor the project's progress at the executive perspective, and commit the necessary resources for project success.

The CA WIC Program will partner with OSI for EBT procurement and contract management services. The OSI brings successful EBT implementation experience, which the CA WIC Program will be able to leverage, further strengthening the overall management of the eWIC EBT project.

As noted above, the eWIC EBT Project Team includes at least three key staff with extensive project management experience and expertise, redirected for the project's duration:

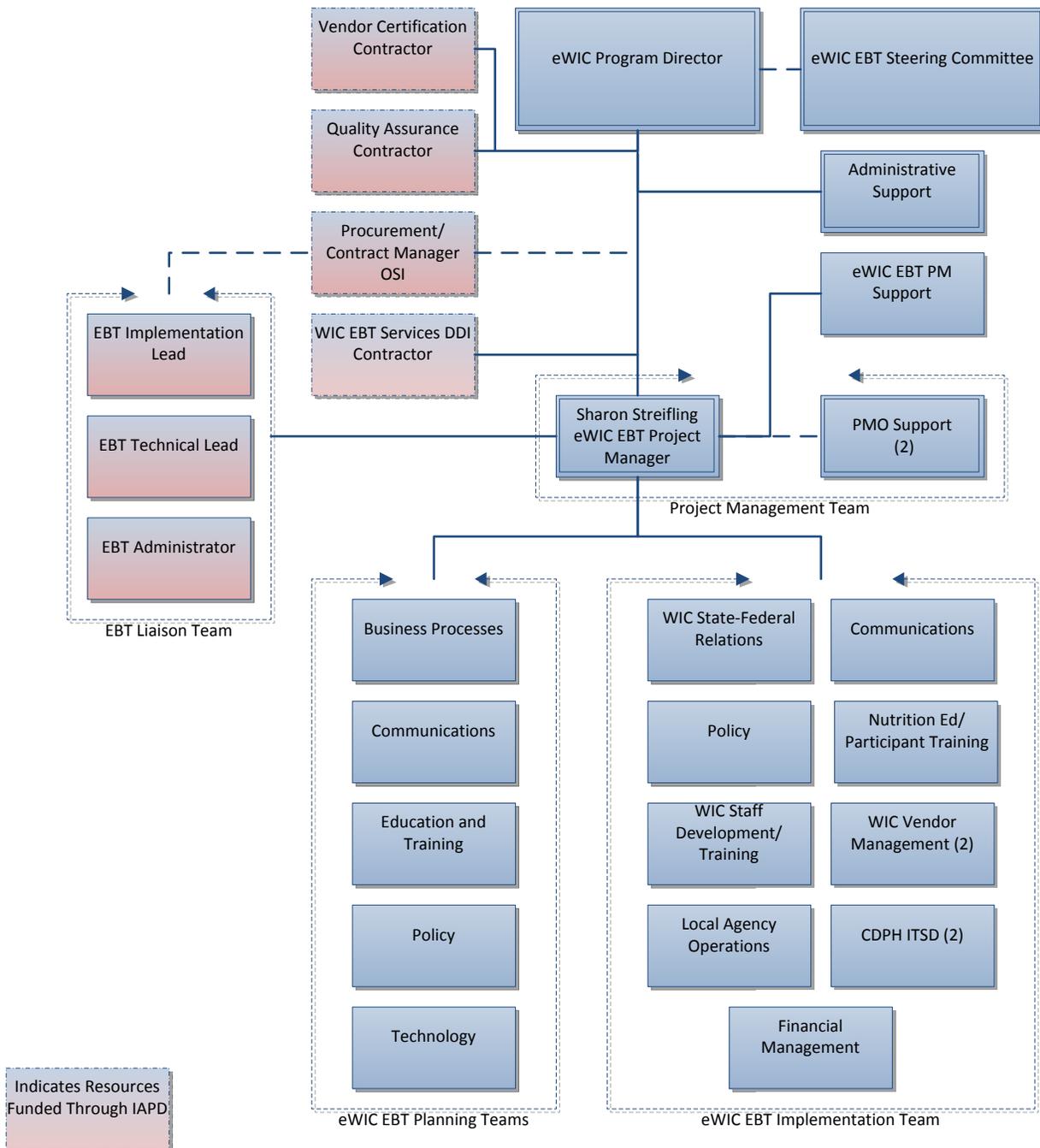
- Health Program Specialist II (100 percent) with 8 years of local agency and WIC program management IT project experience with certification training in California's PMM.
- Data Processing Manager II (100 percent) with over 10 years of experience in IT project management and PMP certification.
- Data Processing Manager III (25 percent) with over 20 years of experience with IT application development, test, and project management.

## **2.5. Staffing and Project Management**

Discusses the State agency's strengths, resources, and experience that indicate the ability to carry out the project. This includes discussion of dedicated State resources available to manage the project and the percent of time key personnel will devote to the project. The requirements should explain the use of existing staff during the implementation phase, and if contractor assistance will be required.

The CA WIC Program understands the significant level of effort that will be required to support the acquisition, design, development, and implementation of the eWIC EBT system. The CA WIC Program established five planning teams each composed of experienced WIC state and local agency staff and CDPH ITSD staff. Members of these planning teams have been participating during the planning phase of the project and will continue to provide subject matter expertise and support throughout implementation. The CA WIC Program plans to redirect eleven staff to become the eWIC EBT Implementation Team to support the implementation and conversion activities. Lastly, the CA WIC Program will fund three OSI positions to provide WIC policy and technical expertise for the implementation phase and to support ongoing eWIC EBT contract management activities. Figure 2 provides the planned project organization structure.

Figure 2: eWIC EBT Project Organization Structure



### **2.5.1 eWIC EBT Implementation Team**

Eleven staff will be redirected full-time to support the project implementation activities. The 11-member eWIC Implementation Team will provide leadership and support for system design, development, testing, implementation and conversion for pilot activities, and statewide rollout. The Implementation Team will coordinate the development of new and/or revised processes for state and federal reporting, financial settlement, program and financial reconciliation, vendor management program integrity, vendor support, and local agency support. The eWIC EBT Planning Team leads and team members will support the Implementation Team to complete all necessary implementation activities.

The CA WIC Program will temporarily redirect staff with the expertise to fill each of these Implementation Team roles. Each role will require at least one full-time staff position, with the exception of WIC vendor management and information technology services, which will each require a minimum of two full-time staff positions:

- WIC State-Federal Relations (program operations and support services).
- Policy (program evaluation and policy).
- Communications (statewide training and resources).
- Nutrition Education and Participant Training (nutrition services).
- WIC Staff Development/Training (statewide training and resources).
- WIC Vendor Management (vendor management), minimum two staff positions.
- Local Agency Operations (local agency support services).
- Financial Management (financial management and reporting).
- Information Technology Services (business analysis and technical analysis), minimum two staff positions.

### **2.5.2 eWIC EBT Planning Teams**

The CA WIC Program established five eWIC EBT Planning Teams, comprised of both state and local agency staff that provides the subject matter expertise for the project. These Planning Teams will support the Implementation Team by ensuring project communication and information-sharing and continuity in WIC benefit access and services. They will provide information and state and local agency program perspective as they participate in project activities such as design sessions, deliverable review, and policy/procedure development, testing, training and communication. The amount of time that Planning Team leads and members will be needed will vary over the life of the project, with heavy involvement during the design sessions and again just prior to and during pilot implementation and through statewide rollout. The CA WIC Program anticipates that the Planning Team leads will allocate 50 percent of their time to the project and Planning Team members will allocate 25 to 50 percent of their time, on average. The Planning Teams' areas of expertise are:

- Business Processes.
- Communications.

- Education & Training.
- Policy.
- Technology.

### **2.5.3 eWIC EBT Liaison Team**

The CA WIC Program plans to partner with OSI for contract management and implementation services. The CA WIC Program will fund three full-time positions within OSI to ensure WIC policy and program requirements and needs are met. The CA WIC Program will allocate positions for an EBT Implementation Lead, an EBT Technical Lead, and an EBT Administrator.

- *EBT Implementation Lead* – The EBT Implementation lead will be a limited term (two-year) Data Processing Manager (DPM) II position that is responsible for overseeing the non-technical implementation activities conducted by the EBT service contractor including retailer implementation, business process analysis, communication, training and non-technical deliverable reviews. The lead will also interface with the eWIC MIS and eWIC EBT vendors and serve as the OSI lead to develop and manage the implementation and oversight strategy.
- *EBT Technical Lead* – The EBT Technical Lead will be a permanent Senior Information Systems Analyst (ISA) position that works directly with the EBT service contractor's technical manager. The lead will manage adherence to technical requirements, review deliverables, manage testing of the interface and data exchanges between the EBT and MIS host systems, and ongoing technical management of the eWIC EBT functionality.
- *EBT Administrator* – The EBT Administrator will be a permanent Staff ISA position that supports contract management and invoicing. The administrator will track and review deliverables, coordinate OSI-WIC communications, provide project support, participate in risk/issue management and resolution, and provide project management support.

### **2.5.4 OSI Support**

Staff from OSI's EBT Project Team (CalFresh EBT) will provide procurement services to the eWIC EBT project and will manage the resulting eWIC EBT services contract. OSI staff involvement and allocation percentages will vary depending on the project phase (e.g., procurement, DDI, M&O). OSI EBT Project Team members that are expected to support the eWIC EBT project include:

- EBT Project Director (10 to 15 percent).
- EBT Assistant Director (20 to 30 percent).
- EBT Operations Manager (10 to 20 percent).
- EBT Contracts Staff (10 to 20 percent).
- EBT Support Staff (20 to 30 percent).
- EBT Librarian (5 to 20 percent).
- EBT Fiscal Staff (5 percent).
- EBT Administrative Staff (5 percent).

- EBT Services Specialist (25 to 30 percent).
- EBT Integration Consultant (30 percent).
- EBT Scheduler (25 to 30 percent).
- EBT Subject Matter Experts (20 to 30 percent).

## **2.6. Schedule/Timeline of Activities, Milestones, and Deliverables**

Includes a project timeline that outlines the key tasks, events, dates, and deliverables for both the pilot and statewide expansion. Milestones with major Go/No-go decisions should be identified within the schedule. The timeline for statewide expansion may need to be adjusted as the project continues.

The CA WIC Program plans to implement eWIC EBT in advance of the October 2020 mandate. The proposed schedule, milestones, and checkpoints are major factors weighed in development of both the joint procurement considerations and the WIC MIS Replacement Project considerations. Table 1 outlines the proposed schedule for the eWIC EBT implementation activities.



Table 1: eWIC EBT Implementation Schedule Overview

<b>eWIC EBT Implementation Schedule Overview</b>				
<b>Milestone</b>	<b>Deliverables / Outcomes</b>	<b>Estimated Start</b>	<b>Estimated Completion</b>	<b>Responsible</b>
<b>Formal Inter-Agency Agreement Established with OSI</b>	Inter-Agency Agreement between CDPH and OSI.	January 2014	March 2014	WIC Program
<b>Procurement Documents Complete</b>	RFP with Model Contract and Evaluation Plan	January 2014	April 2015	OSI and WIC Program
<b>Notice of Intent to Award</b>	RFP Response Bid Evaluations	May 2015	October 2015	OSI, CDSS, and WIC Program
<b>eWIC EBT Quality Assurance (QA) Contractor Procurement</b>	<ul style="list-style-type: none"> <li>• RFO</li> <li>• Contract</li> </ul>	November 2014	February 2016	WIC Program
<b>Award and Execute new EBT Services Contract</b>	EBT Services Contract	Late 2015	Spring 2016	OSI
<b>System Design Complete</b>	<ul style="list-style-type: none"> <li>• Project Work Plan</li> <li>• Implementation Plan</li> <li>• Functional Design Document</li> <li>• Detailed Design Document</li> <li>• Backup and Contingency Plan</li> <li>• System Security Plan</li> <li>• Change Management Plan</li> </ul>	Spring 2016	October 2016	eWIC EBT Contractor



<b>eWIC EBT Implementation Schedule Overview</b>				
<b>Milestone</b>	<b>Deliverables / Outcomes</b>	<b>Estimated Start</b>	<b>Estimated Completion</b>	<b>Responsible</b>
<b>System Development Complete</b>	<ul style="list-style-type: none"> <li>• Test Plan and Scripts</li> <li>• Training Plan</li> <li>• Training Materials</li> <li>• Operations and Interface Procedures Manual</li> <li>• Administrative Functions Manual</li> <li>• Reports Manual</li> <li>• Clinic Policies and Procedures for eWIC EBT</li> <li>• New Retailer Agreements</li> <li>• Interface Testing Results</li> </ul>	October 2016	April 2017	eWIC EBT Contractor
<b>Ready for UAT</b>	Fully Functional EBT System and all Documentation	April 2017	April 2017	eWIC EBT Contractor
<b>UAT Completed</b>	UAT Test results	April 2017	June 2017	eWIC EBT Team / eWIC EBT Contractor



<b>eWIC EBT Implementation Schedule Overview</b>				
<b>Milestone</b>	<b>Deliverables / Outcomes</b>	<b>Estimated Start</b>	<b>Estimated Completion</b>	<b>Responsible</b>
<b>Pilot Go/No Go Decision (State Readiness)</b>	<ul style="list-style-type: none"> <li>• Updated Manuals</li> <li>• State Staff Trained</li> <li>• New Policies and Procedures Initiated</li> <li>• UPC Database Updated</li> <li>• Retailer Enablement Completed</li> <li>• Clinic Readiness Achieved</li> </ul>	July 2017	September 2017	eWIC EBT Team / eWIC EBT Contractor
<b>Pilot Project Completed</b>	Complete Pilot Project	October 2017	December 2017	eWIC EBT Contractor
<b>Post-Pilot Evaluation</b>	Post-Pilot Evaluation Report	January 2018	February 2018	eWIC EBT QA Consultant
<b>Statewide Rollout Go/No Go Decision</b>	Statewide Rollout Plan	March 2018	March 2018	eWIC EBT Team
<b>Statewide Rollout Complete</b>	Statewide EBT Functional	March 2018	December 2019	eWIC EBT Contractor

## 2.7. Proposed Budget / Budget Narrative

Identifies estimated WIC SA and contractor costs associated with the pilot phase. A budget narrative must explain how the estimated costs were derived, including salary information for State staff that will be utilized, and information in support of State travel, if applicable. Details are provided in Section 7.5. A budget associated with the statewide expansion phase must also be included, with a narrative description of each cost area and the basis for the estimated costs. Budgets must be broken out by Federal fiscal year and by quarter. Source of funding must also be addressed. Since these costs may be difficult to accurately estimate at the time the IAPD is submitted, an updated budget may need to be submitted at a later date.



### **2.7.1 Implementation Budget Overview**

The overall budget is \$23,952,907 including State staffing. CDPH plans to use multiple funding sources including Nutrition Services & Administration (NSA) grant, operational adjustment (OA), and ½% spendforward money to cover the project costs. The \$10,438,469 one-time, non-recurring costs for EBT implementation, OSI procurement management, support personnel based on time dedicated to the project, the QA contractor, the Retailer Enablement contractor, materials, and travel will be allocated as shown in Table 2: Requested Funds Summary.



Table 2: Requested Funds Summary

<b>Service or Materials</b>	<b>Description of Cost Elements</b>	<b>Estimated Subtotals</b>	<b>Estimated Total Costs</b>
<b>Procurement and Contract Management</b>	OSI resources (salary, overhead, staff benefits)	\$2,032,894	<b>\$2,032,894</b>
<b>WIC Program Costs</b>	Three funded positions for implementation support and contract management support.	\$1,160,600	
	Travel	\$260,000	
	Training Materials	\$135,500	
	Miscellaneous Supplies	\$9,000	
	Card Acceptor Devices	\$556,500	
	<b>Subtotal</b>		
<b>EBT Vendor Implementation</b>	Milestone payments for DDI and statewide rollout	\$2,000,000	<b>\$2,000,000</b>
<b>Quality Assurance Contractor</b>	QA Oversight, Monitoring, Testing, Pilot Evaluation	\$1,403,730	<b>\$1,403,730</b>
<b>Retailer Enablement Contractor</b>	Verify vendor system modifications and certify EBT readiness	\$2,412,336	<b>\$2,412,336</b>
<b>Independent Verification &amp; Validation (IV&amp;V) Contractor</b>	Verify that system meets requirements and specifications and fulfills its intended purpose	\$467,910	<b>\$467,910</b>
<b>Total</b>			<b>\$10,438,469</b>

### 2.7.2 Budget Narrative

The eWIC EBT Implementation Budget, including the cost of redirected staff funded through the current NSA grant, totals \$23,952,907. Budget information by fiscal year and quarter is provided in **Appendix A – Budget Details**. The overall budget includes the following requested funds and redirected staff cost elements.

- **Procurement and Contract Management.** OSI will provide procurement and contract management services for the eWIC EBT implementation. Staffing requirements are detailed in Section 2.5.4. The total cost for OSI services is estimated at \$2,032,894, including benefits and overhead.
- **CA WIC Program Costs**
  - **Implementation Support and Contract Administration.** CDPH will fund three (3) positions to support OSI implementation and contract management activities: an EBT Implementation Lead, an EBT Technical Lead, and an EBT Administrator. Staffing requirements are detailed in Section 2.5.3. The CA WIC Program anticipates that the resource requirements for the OSI support will be greater than staff on-hand. The total cost for additional staff labor is estimated at \$1,160,600 including benefits and overhead.
  - **Travel.** Travel costs during implementation are estimated at \$260,000 and include state agency travel to pilot and rollout locations and travel required to collect UPC data from retail locations. It also includes state agency travel to participate in retailer enablement.
  - **Training Materials.** California WIC estimates that it will need \$135,500 to produce its own participant training materials.
  - **Miscellaneous Supplies.** California WIC anticipates additional materials and supplies to implement the program to cost approximately \$9,000.
- **EBT Vendor Implementation.** The CA WIC Program anticipates one-time implementation costs for the EBT vendor to design, develop, and implement the EBT solution. CDPH will develop a deliverables-based milestone payment schedule as part of the procurement and contract negotiation. CDPH has included a budget estimate totaling \$2,000,000, but the budgeted amount may be adjusted pending the outcome of the procurement and contract negotiations.
- **Quality Assurance Contractor.** The CA WIC Program anticipates it will need the services of a Quality Assurance contractor that specializes in providing WIC EBT subject matter expertise and implementation support. The contractor will complete the pilot evaluation prior to statewide rollout. The cost for the QA Contractor is estimated at \$1,403,730.
- **Retailer Enablement Contractor.** The CA WIC Program has approximately 2,200 vendors with approximately 5,150 retail locations, including farms. Based on vendor survey results, CDPH estimates that approximately 2,750 retail locations will update or enhance their existing ECR/POS systems in readiness for transition to eWIC EBT. The WIC Program must certify the retail location systems, as the USDA/FNS is no longer conducting the certifications. Because of the large volume of retail locations operating commercial ECR/POS systems that are not EBT certified in another state, the CA WIC Program anticipates using a Retailer Enablement Contractor to help minimize the number of stores requiring state deployed equipment. The Retailer Enablement Contractor will provide technical design, pre-certification testing and integration support to commercial ECR/POS system technicians, integrators and manufacturers so that

existing commercial ECR/POS systems can be modified and enhanced to achieve “EBT readiness”, prior to the WIC EBT pilot and throughout statewide rollout. Because vendor readiness is a critical component for timely pilot and statewide rollout activities, the CA WIC Program anticipates utilizing two teams of two Retailer Enablement contractors to minimize risk to the planned implementation plan and schedule. The cost is estimated at \$2,412,336.

- **IV&V.** The CA WIC Program anticipates that it will need the services of an IV&V Contractor to satisfy requirements for projects that are reportable to the California Technology Agency. The contractor will provide independent review of project activities and progress to verify that the system and services meets requirements and specifications and that it fulfills its intended purpose. The cost is estimated at \$467,910.
- **Implementation Staffing (Redirected).** The CA WIC Program understands the significant level of effort that will be required to support the acquisition, design, development, and implementation of the eWIC EBT system. As presented in Sections 2.4 and 2.5, the CA WIC Program plans to redirect experienced staff to the eWIC EBT Project Team. The total cost for the existing state staff is estimated at \$13,514,437 and is included in the detailed budget, demonstrating the CA WIC Program’s understanding of this level of effort. The cost for the redirected existing staff is not included in the request for funding, but is provided for informational purposes only per guidance provided by the FNS Western Regional Office.

### 2.7.3 Funding Source

Table 3: Funding Source

Project Funding Sources: CA Department of Public Health CA WIC Program					
Source of Funding	Source year	Amount	Received (✓)	Spent (✓)	Requesting (✓)
Nutrition Services & Administration (NSA)	2014	\$656,307	✓		
NSA	2015	893,455			✓
NSA	2016	1,167,148			✓
OA/½ % Spendforward/Nat'l Tech Funds	2016	1,923,325			✓
OA/½ % Spendforward/Nat'l Tech Funds	2017	6,491,831			✓
OA/ ½ % Spendforward/Nat'l Tech Funds	2018	5,880,889			✓
OA/ ½ % Spendforward/Nat'l Tech Funds	2019	5,452,141			✓
OA/ ½ % Spendforward/Nat'l Tech Funds	2020	1,487,811			✓
NSA, <i>Subtotal</i>		\$ 2,716,910			
OA/½% Spendforward/Nat'l Tech funds, <i>Subtotal</i>		<u>21,235,997</u>			
<b>Total eWIC EBT Project Budget**</b>		<b>\$23,952,907</b>			

\*\*CDPH proposes to use ½% Spendforward funding as long as there are no reductions due to sequestration or other reductions.

### 3. COST ALLOCATION PLAN

Describes the methodology used to determine the share each entity will pay in a joint project effort.

According to the USDA FNS Handbook 901, cost allocation is a procedure that State agencies use to identify, measure, and equitably distribute costs for systems among the various programs and their funding sources that will both use and benefit from the system. Cost allocation requires the identification of two types of costs – *program-specific costs* (costs for system functions or activities benefiting only one State or Federal program) and *shared costs* (costs for system functions or activities that benefit two or more state or federal programs).

The funding and staffing approach undertaken by the CA WIC Program will ensure that the level of effort and resources redirected within WIC, the methodology used to fund WIC-related costs within the OSI, and one-time and ongoing operational costs for WIC EBT services provided by the selected EBT services provider are WIC program-specific (100%). The costs are not shared or subject to allocation across multiple programs. For this reason, a Cost Allocation Plan is not required.

A Cost Allocation Plan also identifies the anticipated expenditures by Federal Fiscal Quarter. The Cost Allocation Table below presents the anticipated project costs (100% WIC) by federal year. Budget information by fiscal year and quarter is provided in **Appendix A – Budget Details**.



Table 4: Cost Allocation Plan (100% WIC)

	FFY 2013/ 2014	FFY 2014/ 2015	FFY 2015/ 2016	FFY 2016/ 2017	FFY 2017/ 2018	FFY 2018/ 2019	FFY 2019/ 2020	TOTAL
State Staff - Grant Funded	\$0	\$0	\$185,450	\$370,900	\$297,630	\$245,295	\$61,324	\$1,162,613
State Staff - Existing NSA	\$455,252	\$607,002	\$1,923,325	\$3,239,649	\$3,239,649	\$3,239,649	\$809,912	\$13,514,437
Contract/Support Staff	\$201,055	\$286,453	\$580,498	\$1,371,882	\$1,725,414	\$1,621,434	\$530,134	\$6,316,870
Materials and Services	\$0	\$0	\$1,200	\$694,400	\$2,400	\$2,400	\$600	\$701,000
EBT Processor	\$0	\$0	\$400,000	\$800,000	\$527,273	\$218,182	\$54,545	\$2,000,000
Travel	\$0	\$0	\$0	\$15,000	\$88,523	\$125,182	\$31,295	\$260,000
Sub-Total Grant Funded	\$201,055	\$286,453	\$1,167,148	\$3,252,182	\$2,641,240	\$2,212,492	\$677,899	<b>\$10,438,469</b>
Sub-Total Existing NSA	\$455,252	\$607,002	\$1,923,325	\$3,239,649	\$3,239,649	\$3,239,649	\$809,912	\$13,514,437
<b>TOTAL</b>	<b>\$656,307</b>	<b>\$893,455</b>	<b>\$3,090,473</b>	<b>\$6,491,831</b>	<b>\$5,880,888</b>	<b>\$5,452,141</b>	<b>\$1,487,811</b>	<b>\$23,952,907</b>

## 4. STATE AGENCY / CONTRACTOR ASSURANCES

In the IAPD, the SA should provide assurances that the EBT system will be in compliance with all FNS standards, including:

1. National Universal Product Code (UPC) Database Interface. If the IAPD is for development of the capability to utilize UPC data downloaded from the National UPC Database, the IAPD must include State agency assurances that the SA's information system will adopt the UPC Category/Subcategory coding scheme developed by FNS.
2. Technical Standards. The SA must agree to use the ASC X9, Inc. standards for EBT, commonly known as ANSI X9.93 standard message and batch formats for electronic transaction processing. Formats must conform to those currently in use by other SA's. The SA must also agree to use the ANSI X9.108 retailer interface specifications for smartcards. Cards must be consistent with industry card standards for magnetic stripe cards and smartcards used in financial payment systems.
3. Standard Business Practices. The SA must agree to use the standard business practices and/or technical specifications developed for WIC EBT (see [http://www.fns.usda.gov/apd/Library/WIC\\_EBt\\_docs.htm](http://www.fns.usda.gov/apd/Library/WIC_EBt_docs.htm) for more information).

The CA WIC Program assures that its eWIC EBT system will comply with all applicable FNS policy and technical standards and guidelines. The CA WIC Program will incorporate FNS performance, integrity, and accuracy standards compliance into its EBT service provider contract and WIC retailer agreements.

### 4.1. National Universal Product Code (NUPC) Database Interface

The CA WIC Program assures that its eWIC EBT system will adhere to NUPC WIC Food Category/Subcategory guidelines developed by FNS. When the NUPC is fully operational, the CA WIC Program will utilize the NUPC database, as applicable.

### 4.2. Technical Standards

The CA WIC Program will require its eWIC EBT service provider to comply with all policy and technical standards and guidelines as promulgated and updated by the FNS, including:

- ANSI X9.93 2008, Part 1 (online), as amended.
- Operating Rules for WIC EBT systems (12/21/2010).
- WIC EBT Technical Implementation Guide (TIG, March 9, 2012).
- WIC Universal MIS – EBT Interface (WUMEI, June 2012).

The CA WIC Program will require its eWIC EBT service provider to produce and distribute WIC EBT cards that meet current and evolving electronic payment and EBT industry standards and specifications.

### **4.3. Standard Business Practices**

The CA WIC Program agrees to use the standard business practices and/or the technical specifications developed for WIC EBT by FNS. The state agency commits to comply with standard business practices established by FNS and other state agencies with operational WIC EBT systems.

Over the life cycle of the project, the CA WIC Program will ensure that the selected eWIC EBT service provider adheres to FNS policy guidelines and project management best practices that include, but are not limited to:

- Status reporting.
- Deliverable and document management.
- Risk management.
- Issue management.
- Configuration management.
- Scope management.
- Cost management.
- Schedule management.
- Quality management.
- Resource management.
- Communication and stakeholder management.

## 5. PILOT PROJECT RETAILER MANAGEMENT PLAN

The pilot project retailer management plan should elaborate on the pilot project scope and must address each of the following:

- Identification of clinics and retailers in the pilot area and reason for their selection
- Number of participants to be issued EBT benefits in the pilot area
- Timeline for achieving retailer integration
- Number of lanes to be equipped in each pilot grocery store
- Prepare retailer integration requirements documentation and certification criteria
- Use of SA and contractor resources for retailer management
- Retailer training for stand-beside and integrated systems
- Equipment deployment for non-integrated food vendors, including associated costs for this as either an up-front investment and/or as an ongoing expense under the SA's NSA grant

### 5.1. Introduction

The USDA/FNS requires states planning their conversion from paper to EBT to submit a Pilot Project Retailer Management Plan and a Statewide Expansion Retailer Management Plan. This Implementation Plan presents an overall retailer management approach, including strategies and methodologies for the pilot, post-pilot evaluation, and statewide expansion.

### 5.2. Purpose

The purpose of the eWIC Retailer Management Plan is to outline the proposed approach, strategies, and methodologies the CA WIC Program will use to ensure the WIC vendor community, a key eWIC stakeholder group, is certified as EBT ready and capable of initiating online eWIC EBT transactions in lane prior to the scheduled pilot start date.

### 5.3. Approach

The approach for managing retailers' EBT-readiness will emphasize strong collaboration and communication between the eWIC EBT and eWIC MIS project management teams, the Vendor Enablement contractor, and OSI, which will manage the EBT contract. Effective and constant coordination of these closely interrelated projects and teams will be pivotal to the WIC retailers' ability to successfully convert from paper WIC to eWIC.

In paper and in eWIC, the role of the WIC authorized vendors is to provide WIC participants adequate and uninterrupted access to authorized foods. WIC Retailer Management Plan objectives include:

- Facilitate two-way information sharing between The CA WIC Program and its WIC authorized retailers to minimize the risks that would interrupt or otherwise negatively impact WIC participants' access to authorized foods.

- Encourage retailers whose ECR/POS systems are not EBT-certified to either purchase new, commercial ECR/POS systems or upgrade their existing systems to be EBT ready in accordance with FNS policy and online eWIC standards and guidelines.
- Ensure WIC retailers and their staff are familiar with WIC policy changes specific to eWIC.
- Ensure WIC retailer staff are trained in new or enhanced system operations and understand the responsibilities of ECR/POS system technicians/integrators, store managers, and others related to initial ECR/POS setup of the CA WIC Program's post-pilot rollout strategy.
- Facilitate retail chain and independent stores' timely conversion from paper WIC to eWIC statewide using a pilot and statewide expansion strategy based on store presence and the advantages of having converted one or more stores previously, either in another state or in an earlier California expansion stage. Retail vendor "lessons learned" and established and online certified hardware/software configurations make such efficiencies possible.

Following its pilot project, the CA WIC Program intends to evaluate its stakeholder eWIC pilot data and experiences to determine what changes, if any, will be made to the WIC Retailer Management Plan. The evaluation ensures a successful and orderly eWIC rollout statewide, without undue hardship or costs to WIC authorized vendors and without interruption or hardship to WIC participants and families.

#### **5.4. eWIC Pilot Project**

The USDA/FNS requires that EBT implementation occur in phases, beginning with a pilot and ending with an orderly, planned post-pilot expansion phase that begins after pilot evaluation and continues through statewide expansion. The minimum pilot duration is three months. The CA WIC Program has determined it will conduct a three-month pilot, followed by two months of sustained pilot area operations, during which it will evaluate the pilot, make any necessary modifications for statewide rollout, and submit its Pilot Evaluation Report to the Steering Committee for review and approval.

#### **5.5. Pilot Scope**

The CA WIC Program has selected Solano County as the location for its combined CA eWIC MIS and eWIC EBT pilot. Solano County's selection was the result of an analysis of selected, geographical and organizational jurisdictions against a list of pilot selection criteria established by the CA WIC Program staff and following input from CA WIC Program staff, WIC Vendor Management, ITSD, and others. The pilot selection criteria were based on critical success factors gleaned from research and best practices from other state EBT and similar implementations, identified in Table 5.

Table 5: eWIC EBT Pilot Critical Success Factors

<b>eWIC EBT Pilot Critical Success Factors</b>
<ul style="list-style-type: none"> <li>● <b>Coordinate with eWIC MIS Pilot</b></li> <li>● <b>Geographical Location</b> <ul style="list-style-type: none"> <li>✓ Contained region - where participants live and shop in the same area</li> <li>✓ Reasonably accessible from State WIC offices</li> <li>✓ Entire pilot region is contiguous</li> <li>✓ Served by a single power company</li> </ul> </li> <li>● <b>Local Agency Inclusion</b> <ul style="list-style-type: none"> <li>✓ Pilot area served by one and only one Local Agency</li> <li>✓ Diversity in clinics size and flow</li> <li>✓ Strong WIC Coordinators with good leadership and organizational skills</li> <li>✓ Competent and motivated clinic staff with low turnover</li> <li>✓ Strong participant training capabilities</li> <li>✓ Ability to control the physical space</li> <li>✓ Includes a satellite clinic</li> </ul> </li> <li>● <b>Participant Population</b> <ul style="list-style-type: none"> <li>✓ Minimum of 2,000 participants</li> <li>✓ Language and cultural diversity</li> <li>✓ Stable – minimal transfers out of clinic</li> </ul> </li> <li>● <b>Retailer Population</b> <ul style="list-style-type: none"> <li>✓ Variety of retailer types – large, small, chain, independent, military commissary, farms/farmers’ markets; PWIC/WIC-only; non-California</li> <li>✓ Variety in equipment – integrated and stand-beside; state-deployed and retailer-owned</li> <li>✓ Includes reliable, long-term WIC program retailers</li> </ul> </li> <li>● <b>Timing</b> <ul style="list-style-type: none"> <li>✓ Supports a 3-month Pilot followed by a 2-month evaluation period</li> <li>✓ Avoid holidays and known commitments (Nov, Dec, Jan, July)</li> </ul> </li> </ul>

The CA WIC Program representatives used these criteria to identify four potential pilot county candidates that met most, if not all, of the critical success factors. Each county was evaluated in further detail, as shown in Table 6. The CA WIC Program management subsequently selected Solano County as the pilot area of choice.



Table 6: eWIC Pilot County Candidates Assessment

Evaluation Criteria <sup>3</sup>	Solano County	Napa County	Stanislaus County	Sonoma County
<b>● Demographics</b>				
County #	48	28	50	49
# Local Agencies	1	1	1	3
# Clinics in permanent (hard wall) space	4	1	3	3
# Itinerant/Satellite Clinics	3	3	3	5
<b>● Retailers</b>				
# WIC Only Retailers	4	1	8	7
# Independent Retailers	4	1	13	9
# Neighborhood Retailers	3	5	37	12
# Chain Retailers	29	12	48	29
<i>Total # Retailers</i>	40	19	106	57
# Commissaries	1	0	0	0
# Year-round Farmer's Markets	2	0	0	5
# Seasonal Farmer's Markets	3	3	12	16
<b>● Participants</b>				
Languages spoken (for training material needs)	English, Spanish, & Vietnamese	English & Spanish	English & Spanish	English & Spanish
Approximate Caseload	11,200	4,100	22,200	12,725
<b>● Geographical Location</b>				
Contained region	Yes	Yes	Yes	Yes
Reasonably accessible from State WIC offices	Yes	Yes	Yes	Yes
Entire pilot region is contiguous	Yes	Yes	Yes	Yes

<sup>3</sup> Baseline data as of June 2012



Evaluation Criteria <sup>3</sup>	Solano County	Napa County	Stanislaus County	Sonoma County
● Local Agency Characteristics				
Diversity in clinic size and flow	Yes	Yes	Yes	Yes
Ability to control the physical space	No	No	No	Varies - 3 local agencies
Includes Indian Tribal Organizations	No	No	No	Yes

### 5.5.1 WIC Authorized Vendors

Solano County currently 40 WIC authorized retail vendor outlets (stores), and 37 farmer vendors that operate within 5 farmers’ markets.

#### Retail Vendors

Solano’s 40 WIC authorized retail stores are a good representative sample because they include at least one store from each WIC designated vendor peer group as well as one Defense Commissary Agency (DeCA) Commissary, located at Travis Air Force Base, near Fairfield. The distribution of Solano County retail vendors is provided in Table 7.

Table 7: Solano County Retail Vendors

Vendor Type	Description	#
Chain (*)	7 or more stores	29
Independent	2-6 stores	4
Neighborhood	1 store	3
WIC Only/Predominantly WIC	51 percent or more WIC food sales	4
Total		40

(\*) Includes one DeCA commissary, Travis Air Force Base Commissary.

#### Farm Vendors

FMNP authorized farmer vendors and farmers’ markets are summarized in Table 8: FMNP Authorized Farmer Vendors. There are 37 farmer vendors authorized to accept the WIC FMNP checks at farmers’ markets in Solano County. There are 5 farmers’ markets in Solano County that are authorized by WIC to participate in FMNP; 3 of the farmers’ markets are seasonal (May through November) and 2 are year-round.

In 2013, none of the farmer vendors that participated in the Solano County markets had been authorized to accept the WIC CVVs. USDA published the final WIC Food Package Rule in Volume 79, Number 42 of the Federal Register dated March 4, 2014 that allows state agencies to authorize farmers’ markets to accept CVVs:

Farmers’ markets, in addition to individual farmers, may be authorized to accept WIC CVVs. As a result of the addition of farmers’ markets, conforming amendments have been made in 7 CFR 246.2, 246.4, 246.18, and 246.23.

In preparation for the pilot, the CA WIC Program will authorize farmers’ markets to accept CVV prior to starting pilot operations.

Table 8: FMNP Authorized Farmer Vendors

<b>Farmers' Market Nutrition Program (FMNP) Authorized Farmer Vendors</b>				
<b>Seasonal Markets (May - October)</b>			<b>Year Round Markets</b>	
<b>Benicia Market</b>	<b>Fairfield Market</b>	<b>Kaiser Market</b>	<b>Vacaville Market</b>	<b>Vallejo Market</b>
<b>Unduplicated Farms (Seasonal Markets) = 24</b>			<b>Unduplicated Farms (Year Round Markets) = 22</b>	
<b>Total Unduplicated Farmer Vendors (All Markets) = 37</b>				

## 5.5.2 Resources

### 5.5.2.1 Staff

Management and oversight of the eWIC pilot will be an interagency effort, led and coordinated by the eWIC EBT Project Team. The eWIC EBT Project Team is made up of WIC and CDPH ITSD personnel temporarily repositioned from their normal duties, either part-time or full-time, to ensure the successful conversion of WIC benefit delivery from paper checks to EBT. WIC staff resources include personnel from fiscal, vendor management, policy, and operations teams. CDPH ITSD staff resources include personnel from the PMO and IT professionals most knowledgeable of current WIC MIS system design and operations. Project sponsorship and executive oversight are the responsibility of CDPH ITSD and WIC senior management, respectively.

Following contractor selection and contract award, the CDPH will fund one limited term and two permanent eWIC staff positions to work within the OSI to support the eWIC EBT services contract.

Finally, the CA WIC Program has assurances from the CDPH ITSD that additional contract resources will be available, if necessary, to ensure an orderly and successful transition to eWIC, without interruption in service to WIC participants. See Section 2.5 for detailed staffing information.

### 5.5.2.2 Equipment

The CA WIC Program will require the EBT contractor to provide the hardware, software, and services necessary to initiate eWIC transactions to the WIC authorized retail and farmer vendors at no cost, in accordance with WIC regulations published by the U.S. Department of Agriculture, Food and Nutrition Service, in the Code of Federal Regulations, 7 C.F.R. Part 246. These requirements will include:

- An in-lane eWIC solution, including hardware, software and UPC barcode scanner, installed either “stand-alone” or “stand-beside” at the POS, to initiate eWIC transactions in the checkout lane and communicate online, real time through secure messaging with the EBT host system at sites with landline Internet access or telephone service.
- A wireless in-lane eWIC solution, including hardware, software and UPC barcode scanner, to initiate eWIC transactions in the checkout lane and communicate online, real time through secure messaging with the EBT host at sites without landline Internet access or telephone service.

The CA WIC Program, in accordance with FNS policy, will encourage authorized vendors to integrate eWIC EBT transactions into their store ECR/POS systems to increase efficiency and lower costs, while improving overall WIC benefit delivery. The CA WIC Program will stress the importance of a “return on investment” analysis that compares the costs of upgrading or even replacing an existing ECR/POS system with the stand-beside system costs that are best avoided and/or saved. Among the many advantages of an integrated system that will be emphasized are:

- **Mixed Basket.** A WIC participant must separate WIC and non-WIC foods in lane, prior to or at the time of purchase, which increases the complexity of the WIC transaction, increases the risk of “sorting” mistakes by the participant or cashier, and increases the start-to-finish time in-lane required to complete the purchase. With an integrated system, there is no need to separate WIC and non-WIC foods; they can be mixed and scanned by the cashier in any order.
- **Single Scan.** The cashier operating a stand-beside, WIC-only system must scan each WIC food item twice, once to record the item sold within the store system and once to record the item as redeemed with WIC, for presentation to the EBT host system for processing, approval and settlement. The clerk must be trained and remain knowledgeable about which food items are WIC and which food items are not WIC. In an integrated system, the item is scanned once. The integrated ECR/POS system automatically parses data for WIC and non-WIC food items and sends only WIC food item data to the EBT host system for processing, approval, and payment.
- **Single Inventory Management.** The manager or supplier must enter and maintain WIC and non-WIC food identifiers (Uniform Product Codes or UPCs, and Price Look Up codes or PLUs) and pricing into the store system for inventory management (i.e., inventory on hand, stocking, ordering, and fulfillment). If operating a WIC-only system stand-beside, the manager must also enter and maintain WIC food identifiers within the WIC-only system, making sure the pricing in both systems are in synch, to avoid out-of-balance conditions in the store’s daily sales register, bank settlement and reconciliation,

store profit and loss accounting and related reporting. An integrated system eliminates the need for vendors to enter and maintain duplicative WIC food identifier data in the WIC-only system.

- **Lower Overhead Costs.** Generally, a store with an integrated system has considerably lower overhead costs than a similar store operating a stand-beside system, even when the stand-beside system is state-deployed, provided at no cost to the vendor. Such costs include manager and cashier training, bookkeeping/accounting, inventory and financial audits, records retention and storage, photocopying, mail postage and delivery, and utilities.

The CA WIC Program will not reimburse or share in the costs to upgrade or replace ECR/POS systems. Instead, in accordance with the proposed WIC regulations published on February 28, 2013 (78 FR 13549), the CA WIC Program will provide a WIC-only tender, eWIC solution to authorized vendors without any means of initiating eWIC transactions. Such a solution will include one or more POS terminals that can be installed and operated either stand-beside, in addition to an existing ECR/POS system, or stand-beside where no ECR/POS system exists today.

The CA WIC Program will ensure the EBT contractor follows FNS guidelines outlined in 78 FR 13549 when determining “when” and “how much” state-deployed equipment will be provided. The proposed regulations at § 246.12(z)(2)(i)–(ii) require an EBT equipment installation formula similar to the SNAP equipment installation requirements, based on store type and sales volume, defined as the average WIC foods redeemed over a period of time up to 12 months.<sup>4</sup> Summarized, these guidelines provide for:

- Superstores and supermarkets. One POS terminal for every \$11,000 in monthly WIC redemption up to a total of four POS terminals or the number of lanes in the location, whichever is less.
  - One terminal for \$0 – \$11,000 monthly.
  - Two terminals for \$11,001 to \$22,000.
  - Three terminals for \$22,001 to \$33,000.
  - Four terminals for \$33,001 and above.
- All other stores. One POS terminal for every \$8,000 in monthly redemption up to a total of four POS terminals, or the number of lanes in the location, whichever is less.
  - One terminal for \$0 to \$8,000.
  - Two terminals for \$8,001 to \$16,000.
  - Three terminals for \$16,001 to \$24,000.
  - Four terminals for \$24,001 and above.

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<sup>4</sup> For the EBT services RFP, California WIC will include as an appendix to its SOW the WIC food redemption totals for authorized retail and farmer vendors for FFY 2013 for proposer’s reference and use in eWIC pricing.



In order to estimate the number of pilot area stores and store lanes that might require the state-provided eWIC solution, the CA WIC Program first determined the maximum number of lanes authorized for lane equipment and then adjusted the number downward, based on information provided in response to the WIC vendor survey, as shown in Table 9. Using WIC food sales reported during the baseline period by WIC authorized retail stores the CA WIC Program determined the state would need to provide a eWIC solution to an estimated maximum of 70 lanes for the pilot project.



Table 9: Solano County Retail Vendors – Lane Equipage

<b>Solano County Retail Vendors – Lane Equipage</b>			
<b>Type</b>	<b>Baseline Sales</b>	<b>Actual # Lanes</b>	<b>Authorized Lanes</b>
C	\$ 188,681	36	2
W	\$ 309,619	3	3
W	\$ 870,955	2	2
W	\$ 1,308,419	2	2
C	\$ 441,047	13	4
C	\$ 99,443	16	1
C	\$ 117,762	17	1
C	\$ 134,474	16	2
C	\$ 368,651	12	3
C	\$ 50,138	17	1
C	\$ 238,679	16	2
C	\$ 106,579	13	1
C	\$ 31,260	21	1
C	\$ 91,238	15	1
C	\$ 64,501	20	1
N	\$ 7,054	5	1
I	\$ 13,307	14	1
I	\$ 273,047	13	3
I	\$ 63,231	8	1
C	\$ 49,429	15	1
C	\$ 107,209	20	1
C	\$ 86,983	19	1
C	\$ 72,560	33	1
C	\$ 112,080	19	1
C	\$ 48,022	16	1
C	\$ 223,451	13	2
C	\$ 126,981	17	1
C	\$ 257,586	21	2
W	Not Available	1	1
C	\$ 128,728	19	2
W	\$ 138,036	2	2
C	\$ 360,301	43	3



Solano County Retail Vendors – Lane Equipage			
Type	Baseline Sales	Actual # Lanes	Authorized Lanes
C	\$ 142,836	32	2
C	\$ 197,732	45	2
N	\$ 4,182	2	1
C	\$ 33,191	27	1
C	\$ 107,431	26	1
C	\$ 29,321	25	1
C	\$ 6,553	4	1
N	\$ 4,458	1	1
N	\$ 112,525	2	2
I	\$ 17,702	5	1
N	Not Available	2	1
N	\$ 57,136	3	1
N	\$ 4,103	2	1
N	\$ 11,737	2	1
<b>TOTAL</b>			<b>70</b>

To refine this estimate further, the CA WIC Program next analyzed the information provided by WIC authorized retail and farmer vendors in response to the online WIC vendor survey:

**Chains (Type “C”).** The majority of WIC authorized chain stores are EBT capable, i.e., the store ECR/POS system is online certified in other eWIC states, supported by private intranet or with Internet access.

- **Independents (Type “I”).** A smaller but significant percentage of independents operate ECR/POS systems that are online certified in other eWIC states, but a majority has UPC bar code scanners and Internet access or dedicated landline telephone service.
- **Neighborhood Stores (Type “N”).** The majority of neighborhood stores operate ECR/POS systems that are not online certified in other eWIC states; some operate ECR/POS systems shown in other eWIC states to be incapable of becoming online certified and many do not have UPC barcode scanners, Internet access or landline telephone service dedicated to business operations.
- **WIC Only/Predominantly WIC (Type “W”).** While some of the largest stores operate ECR/POS systems that are online certified in other eWIC states, others operate ECR/POS systems that are not online certified in other eWIC states and some operate ECR/POS systems incapable of becoming online certified. Additionally, many stores do not have UPC barcode scanners and some reported no Internet access or landline telephone service dedicated to business operations.

This analysis led the CA WIC Program to reduce the number of store lanes requiring equipage by eliminating from consideration those stores whose ECR/POS systems are “EBT ready,” those certified in one or more online WIC EBT states, and those whose ECR/POS systems are “EBT capable,” meaning they have ECR/POS software certified for online WIC EBT, but require an upgrade to software and/or hardware to be certified as EBT ready. Additionally, lane equipage was assumed to be 100 percent for the current farmer vendors and the 37 FMNP authorized farmer vendors. After applying those factors, the CA WIC Program determined a preliminary estimate of lane equipage for all WIC authorized vendors operating within the Solano County pilot, shown in Table 10.

Table 10: Estimated Lane Equipage for Pilot Project

<b>Estimated Lane Equipage for Pilot Project</b>			
<b>Vendor Type</b>	<b># Stores</b>	<b>Authorized Lanes</b>	<b>WIC Only Equipage</b>
Chain	29	31	13
Independent	4	6	6
Neighborhood (*)	3	3	3
WIC Only/Predominantly WIC (**)	4	11	11
Farmer (***)	5	5	5
<b>TOTAL</b>	<b>84</b>	<b>95</b>	<b>77</b>
<p>* Updated count, a reduction from 9 (baseline) to 3 (current).</p> <p>** Updated count, a reduction from 5 (baseline) to 4 (current).</p> <p>***Reflects the successful recruitment and authorization of 37 FMNP farmer vendors to accept WIC CVVs or USDA granting a waiver to authorize the Farmers’ Markets to accept CVVs..</p>			

### 5.5.2.3 Funding

WIC funds will be used to equip WIC authorized retail and farmer vendors who have no ECR/POS system and who have ECR/POS systems unable to support online eWIC EBT transactions, but are unable to afford to purchase a new or replacement system or to purchase the required upgrade to software and/or hardware.

The CA WIC Program has agreed with the OSI recommendation that the cost of WIC lane equipage be included (bundled) in the monthly “per account” rate charged for active accounts maintained at the EBT host system, in the same manner as is done for CalFresh, TANF, and other EBT programs.

### 5.5.3 Vendor Requirements and Certification

Solano County retail and farmer vendors will be the first group of California WIC authorized vendors required to comply with FNS policy standards and requirements for vendors participating in WIC EBT published within the **WIC EBT Operating Rules** and the **WIC EBT Technical Implementation Guide (TIG)** documents. These documents are available for public

access, view and download at the FNS website: <http://www.fns.usda.gov/wic/EBT/guidance.htm>.

For the pilot and for all subsequent rollout areas, the CA WIC Program will prepare an amendment to the current WIC Vendor Agreement that includes all WIC vendor requirements – including policy, operations, and technical (systems). Only those vendors with a fully executed Amendment will be allowed to participate in the eWIC pilot and, ongoing, to either initiate eWIC transactions at the POS using their EBT-enabled commercial ECR/POS systems or request installation of the eWIC solution and equipment from the state’s selected EBT vendor. Once eWIC has expanded statewide and all paper checks have expired, vendors refusing to sign the Amendment will be eliminated because they will be technologically incapable of participating in the CA WIC Program.

#### **5.5.4 Vendor Training**

For the Solano County eWIC pilot and for all post-pilot expansion areas statewide, the CA WIC Program will comply with the FNS rules for WIC vendor training in the **WIC EBT Operating Rules**, Section 4.9, which state:

- The WIC State Agency shall incorporate EBT specific materials in all mandatory training for WIC Vendors.
- WIC EBT specific training may be provided at initial implementation or as needed by WIC State agencies.
- WIC EBT specific training shall include use of WIC EBT cards, policy and procedural steps, daily settlement and reconciliation, and file handling requirements (e.g., periodic downloads of APL, Hot Card List (HCL) or other files).

The EBT contractor, with input from the CA WIC Program, will develop a Comprehensive Training Plan that includes statements of purpose and scope for WIC Vendor training, and a high level summary of vendor training curriculum requirements and methodologies, at a minimum. Conversion to eWIC will be conditional upon (1) a WIC vendor having been trained in WIC Program policy and procedures for eWIC EBT and (2) the WIC vendor’s management, cashier, and other store personnel receiving training in the setup, use, maintenance, and ongoing support of its WIC EBT-enabled ECR/POS system. Vendor training will be a coordinated effort involving the California WIC State Agency, the EBT contractor, corporate retail and supermarket training staff and their commercial ECR/POS system manufacturers, and integrator and installer personnel. Generally, the WIC Vendor training schedule will reflect the following “best practices” considerations:

- Vendor manager and bookkeeper training in eWIC policy and procedures, eWIC roles and responsibilities, changes in the WIC Vendor Agreement and changes in store operations, etc., no more than one month in advance of conversion; and
- Vendor cashier “hands on” ECR/POS system training, no more than three weeks in advance of conversion, with continued access to “training mode” refresher training, where possible.

#### **5.5.4.1 California WIC State Agency**

The eWIC EBT Implementation Team will work with the EBT contractor, and the CDPH WIC trainers and communications specialists to identify an optimum strategy, methodology, and curriculum for WIC vendor training in eWIC policy and procedures, as required by FNS. The purpose of the training will be to educate and inform WIC authorized vendors about how the change from paper checks to EBT will affect their business; the advantages and the challenges of converting to EBT; changes in WIC policy and procedures; changes in roles and responsibilities; and the resources available to assist WIC Vendors in planning and executing the change from paper checks to EBT.

Only those WIC vendors who receive the required EBT training will be authorized to redeem WIC benefits electronically. Since a vendor's participation in eWIC will be conditional upon its demonstrated understanding and proficiency in changes in WIC policy and in-store operations, the CA WIC Program will use its many available training resources and methodologies to ensure the "WIC EBT message" gets out immediately, intensifies prior to the pilot and during post-pilot expansion, and is maintained at an operational level following statewide rollout. In order to reach its diverse vendor population, the CA WIC Program will offer a variety of training offerings, including but not limited to webinars, face-to-face classroom style briefings, online education, "train the trainers" offerings, printed and online training brochures, checklists, and other tools.

With input from WIC staff, the EBT contractor will develop and maintain the WIC Vendor Training portion of the eWIC Project Plan and Schedule. With input from WIC staff, the EBT contractor will use the information shared by other states, including "lessons learned," to develop a California WIC Vendor Training Model, with major tasks, milestones, and deliverables, which can be incorporated within the eWIC Project Management Plan for the Solano County pilot, modified as necessary following the pilot evaluation, and then replicated for each subsequent area of the state through statewide rollout.

#### **5.5.4.2 EBT Contractor**

The EBT contractor will develop and submit a Training Plan to the CA WIC Program that outlines the major training tasks and milestones, scheduled events, roles and responsibilities, recommended curricula, and methodologies for each stakeholder group. The purpose of the Training Plan is to provide the CA WIC Program a framework to plan, develop and execute effective events and resources. This will enable WIC authorized vendors to make informed decisions, take action, and be certified as "EBT ready" and authorized to initiate eWIC transactions in a timely manner.

The EBT contractor will provide its proprietary WIC-only tender eWIC solution, including POS application and terminals, for use by those WIC vendors who do not have or cannot afford a commercial ECR/POS system with integrated WIC EBT functionality. Lane equipment will be limited, with the number of lanes determined by FNS rule and based on WIC sales volume over time. In most instances, training in the use and care of the equipment will be done at the time of installation. The installer will train the manager, the bookkeeper and the lead cashier(s) using a demonstration and "hands on" approach and leaving behind printed training materials and "how to" guides, along with contact information for technical and other support. The EBT contractor

will be required to certify to the WIC State Agency that store personnel participating in the training demonstrated their proficiency in eWIC transaction processing and store system operations.

Finally, as part of its Training Plan, the EBT contractor will provide information and model training materials, including web and camera-ready art and specifications, to California WIC. The materials will be related to WIC vendor services and support provided to all WIC vendors, including the vendor telephone helpline and vendor web portal through which all WIC authorized vendors may request telephone and online support related to store disputes, ACH payments, declined WIC redemptions/transactions and more.

#### **5.5.4.3 Corporate Vendor Trainers**

The majority of corporate retail and supermarket chains employ corporate trainers who are responsible for training store managers, bookkeepers, customer service representatives, front-end managers, and cashiers in store policy, procedures, and store system operations and maintenance. In addition, many of these stores maintain regional training facilities that they use to introduce widespread change and special, high priority initiatives.

The CA WIC Program will work with the corporate trainers for its largest national and regional chains to schedule and conduct the required training in eWIC policy and store operations as well as training in the new eWIC EBT functionality integrated within the store ECR/POS system software. California WIC Vendor Management personnel will monitor all pilot area training sessions and, following pilot evaluation, work with corporate trainers to modify the training curriculum and materials, as necessary, and finalize plans for corporate training for the remaining stores statewide.

#### **5.5.4.4 ECR/POS Manufacturers, Integrators, and Installers**

For stores other than corporate retail and supermarket chains and those stores accepting the state-deployed WIC-only eWIC solution and equipment, WIC Vendor training will consist of California WIC Vendor Management training and training provided by their ECR/POS systems manufacturer, integrator or installer. It will be the responsibility of each WIC authorized vendor that upgrades or replaces their existing ECR/POS to integrate online WIC EBT functionality to request and obtain initial and ongoing training in its use, care, and maintenance. Generally, training in the use of upgraded and new systems will occur at the time of installation and setup. However, if the installation is well in advance of the pilot or rollout area converting to EBT, the store should request refresher training for the owner, manager, bookkeeper, and cashiers two to three weeks prior to rollout.

### **5.6. Timeline**

Once the EBT services contract has been executed, the CA WIC Program will assist the EBT contractor to finalize its detailed project plan and corresponding schedule for the pilot and for post-pilot expansion and statewide rollout, including tasks to:

- Confirm vendor status.
- Confirm most recent 12 months of vendor redemptions.

- Confirm or update technical capabilities, namely ECR/POS system hardware and software configuration, Internet and/or telephone service, handheld or in-bed UPC scanning device, presence or not of third party processor, and name and contact information for store system technical support.
- Confirm risk and risk management assessment from eWIC MIS perspective.
- Confirm risk and risk management assessment from the EBT contractor perspective.

### **5.6.1 Pilot Evaluation**

The pilot is an important first step to conversion, in that it provides an opportunity to test the EBT system in a limited implementation in order to:

- Identify and remedy any system “bugs” or issues.
- Evaluate state policies and procedures.
- Assess the effectiveness of planning and preparation activities.
- Evaluate new policies, processes, and procedures.
- Confirm the accuracy and quality of financial settlement, reconciliation, and reporting.
- Assess the scope and effectiveness of intra-agency and interagency coordination and support.
- Make any necessary adjustments for an orderly, well-managed, and efficient post-pilot expansion and statewide rollout.

Following its three-month pilot, the CA WIC Program intends to use the subsequent two-month period of sustained pilot operations in Solano County to conduct the pilot evaluation with the assistance of the Quality Assurance Contractor. Based on a comparison of expected and actual data and experiences, the Pilot Evaluation Report may recommend adjusting expansion resources, materials, planned tasks, schedule, or even strategy to ensure a successful statewide rollout.

Upon completion of the pilot evaluation, the CA WIC Program will submit an IAPD update to FNS that includes an updated project plan, including any revisions to eWIC EBT costs, Training, Clinic, and Retail Management plans, or the Post-Pilot Expansion and Statewide Rollout Plan and Schedule that will identifies the scheduled completion dates of all retail readiness tasks and milestone for each post-pilot expansion area through statewide rollout.

## 6. REQUEST FOR WAIVER OF DEPRECIATION

Provides a means for expensing capital expenditures, rather than depreciating them, to financial benefit the Federal Government. Refer to Section 7.2.7 of Handbook 901 for details or consult with FNS to determine whether this component is necessary.

The eWIC EBT service provider contract will be a services contract. Implementation and operations of the WIC EBT system will not involve the acquisition of any capital equipment or buildings by the State of California. Therefore, the CA WIC Program is not seeking a waiver of depreciation related to this project.

## 7. SECURITY PLANNING

Describes the approach for ensuring the physical, electronic, and operational security of the system including hardware, software, data, communications, facilities, and so forth. This encompasses business continuity and disaster recovery planning. Security for selection and use of Personal Identification Numbers (PINs) by WIC participants must adhere to FNS guidelines and industry standards such as 3DES or higher encryption methods. Refer to Section 8.7 of Handbook 901 for details.

The CA WIC Program plans to implement an outsourced EBT solution. The selected EBT provider will be required to maintain the physical, electronic, and operational security of the system and develop disaster recovery and operational continuity plans, as required by the FNS and by the State of California.

The CA WIC Program will require the selected EBT provider to meet all FNS, state, and applicable industry standards for its internal security. The selected EBT provider will be required to remain in compliance with all applicable federal and state regulations regarding security throughout the life of the contract. As part of its contract, the eWIC EBT provider will be required to prepare an EBT Systems Security Plan during the design phase of the project. The plan will include, but not be limited to:

- Physical site security.
- System data security.
- System application security.
- Cooperation in inspections and audits.

The CA WIC Program will also require that the selected EBT contractor comply with the current version of published FNS standards, guidelines and policies including, but not limited to:

- Functional Requirements Document for a Model WIC System (FReD).
- WUMEI, Functional Requirements.
- WIC EBT TIG.
- Operating Rules, WIC EBT.
- ANSI X9.93:2008, Part 1 (online), as amended.

The CA WIC Program will require the eWIC EBT contractor to follow EBT industry standards published by FNS on the USDA partnerweb (<https://partnerweb.usda.gov>), including, but not limited to:

- Security of data exchange and interface between the eWIC EBT system and the eWIC MIS.
- Encryption of PINs.
- Secure maintenance of PIN data.

- Secure access to eWIC EBT data.
  - Via the interface with the eWIC MIS.
  - Via the EBT provider's administrative access.
  - Via cardholder web portal and customer services.
  - Via retailer web portal and customer services.
- Secure messaging between the WIC authorized vendor ECR/POS systems and the eWIC EBT system.
- Secure transaction processing.
- eWIC EBT user access roles and authentication methods.
- Secure facilities housing the eWIC EBT system and the fail over system.
- Secure maintenance of data.

The CA WIC Program will require the selected EBT provider to develop a Business Continuity or Disaster Recovery Plan (DRP) that meets or exceeds CDPH ITSD's Backup and Recovery plan. The plan must include procedures to restore lost data in the event of hardware or software failure. Such procedures must include portable media data backup, stored offsite, and provisions for alternate hardware, facilities, and telecommunications to ensure uninterrupted eWIC EBT services in the event of a system failure or disaster situation.

## 8. TRAINING PLAN

Describes how all system users, including technical, SA, end users, and clients, as applicable, will be provided with training on the application. See Section 2.3.2.1 of Handbook 901 for a detailed definition.

The successful implementation of eWIC requires that stakeholders with a role in the new system and processes possess the knowledge, skills, and abilities to perform their roles in the new environment. The CA WIC Program will require its EBT contractor to develop and submit for approval a comprehensive EBT Training Plan that would address training all system user audiences, the method(s) of training, hard-copy or electronic materials to be developed and used, a training schedule, and plans for assessing and modifying training as needed.

Because the CA WIC Program expects to implement the eWIC MIS transfer and eWIC EBT systems concurrently, the CA WIC Program intends to coordinate and combine, to the degree possible, training for both projects to maximize efficiency and minimize disruption to state and local agency clinic staff. The eWIC EBT contractor will support all required EBT-related training activities and services, some of which may entail onsite representation at planned eWIC MIS training events, during which EBT training may also be delivered.

The eWIC EBT services contract will include the cost of all training services and support, including the costs of any instructor-led classes and any materials and media to be provided to WIC Participants. The CA WIC Program will ensure that the quality of training materials meets the high quality standards of existing materials. The eWIC EBT contractor will provide training and/or training materials for WIC authorized vendors.

### 8.1. Training Methods and Materials

The CA WIC Program expects that the eWIC EBT contractor will deliver training using a combination of self-directed and face-to-face methods of training, depending on the audience and training topic.

Self-directed training allows the user to receive training based on their availability and schedule and to proceed through training modules at their own pace. Self-directed training may include a combination of written or pre-recorded materials, such as a webinar or computer assisted instruction manuals. This type of training has a number of benefits, such as ensuring training consistency across audiences, reducing training and travel costs, providing flexibility, and promoting personal responsibility for learning the material. Self-directed training is a cost- and time-efficient way to provide the same training to multiple groups or to geographically dispersed audiences. Some shortcomings include the lack of hands-on activity and interaction with instructors and/or other students, and the inability to ask unanticipated questions. Self-directed training may also be used in conjunction with or in preparation for hands-on training, to maximize efficiency of the trainer's time and minimize costs for the training and associated travel.

Hands-on training provides recipients direct experience with using a system and its tools to perform actual business activities and functions, under the direction of an onsite trainer. The

benefits of hands-on training include better material comprehension and retention, interaction with instructors and other students, and the ability to ask questions, engage in dialog, and get clarifying information that might not be covered in written materials. Hands-on training opportunities are often limited because of scheduling challenges, facility and equipment setup and configuration and cost for the trainer's time and travel for the trainer and/or recipients.

The CA WIC Program will work with the eWIC EBT contractor to develop all training and materials and to determine the optimum combination of methods, materials, and schedule for California's training recipients. Regardless of the training methods employed, the pilot and its subsequent evaluation will provide the CA WIC Program with information concerning the effectiveness of the pilot training and the areas that may need to be modified, enhanced, or added to the original training program. These updates will be provided to State trainers and incorporated into subsequent training sessions.

The eWIC EBT contractor will provide all training materials, including web and camera-ready art and specifications that the CA WIC Program and/or local agencies may subsequently use in their own literature and written materials.

## **8.2. eWIC EBT Training Needs**

Table 11 presents a summary of anticipated EBT-related training needs including users to be trained, training topics, and training staff. The CA WIC Program anticipates that the eWIC MIS contractor will incorporate EBT-related training for end users into the eWIC MIS training since EBT is a small function accessed by a small subset of authorized staff via the MIS system screens.

Table 11: Summary of EBT Training Needs

<b>Users to be Trained</b>	<b>EBT Training Topics</b>	<b>Training Responsibility</b>
UAT Team	UAT Protocols System Operations	eWIC EBT contractor and CDPH ITSD staff
CDPH WIC Staff	System Operations Security Administration Settlement and Reconciliation Reports and Data Analysis Fraud Investigation Clinic EBT Operations Vendor Management (EBT Ready Certification) Frequently Asked Questions (FAQs)	eWIC EBT contractor
State Trainers (Train-the-Trainer)	Clinic EBT Operations PIN Terminal Operation Card Security and Tracking FAQs	eWIC MIS contractor with support from the eWIC EBT contractor
Local Agency Clinic Staff	Clinic EBT Operations, including card stock ordering, receipt, and security. FAQs	eWIC MIS contractor with support from the eWIC EBT contractor
WIC Retailers with EBT-only terminals	POS Operations Settlement & Reconciliation	eWIC EBT contractor
WIC EBT Contractor Customer Service Representatives	Help Desk Services	eWIC EBT contractor
WIC Participants	WIC EBT Card use WIC EBT Points of Customer Service (Clinic, Phone, Web) FAQs	Local Agency Clinic Staff

### **8.3. User Acceptance Test Training**

In order to participate in the UAT, members of the UAT Team will need to understand the end-to-end operations and functions of the eWIC EBT system and the UAT protocols. Prior to UAT, the eWIC EBT Contractor will have prepared a Test Plan and associated test scripts, with input from the CA WIC Program, for training purposes. The eWIC EBT contractor, or designated trainer, will provide UAT training on using the test scripts and other specific materials for the UAT training session a week prior to the UAT implementation.

The State will develop its own UAT test scripts that CDPH staff and clinic users will use to perform their UAT. The intent will be to identify and test as many scenarios and activities as possible to confirm proper system function prior to system rollout.

### **8.4. CDPH Staff Training**

Prior to the pilot, the eWIC EBT contractor will provide specific CDPH staff with training in the following areas:

- eWIC EBT system operations.
- Security administration.
- Settlement and reconciliation.
- Reports and data analysis.
- Fraud investigation.
- Any relevant eWIC EBT operations at the clinic level.

To support ongoing operations, the eWIC EBT contractor will be required to provide and maintain the following:

- User Manual for WIC staff.
- Administrative Functions Manual.
- Reports Manual.
- Settlement & Reconciliation Manual.

The CA WIC Program expects the eWIC EBT contractor to use a train-the-trainer approach, whereby the contractor trains a group of State staff who are then positioned to provide the training to others, which is cost-effective for the State.

### **8.5. WIC Local Agency Staff Training**

Local Agency staff EBT training is expected to be delivered as a subset of the eWIC MIS training. The eWIC EBT Contractor will support state trainers and the eWIC MIS contractor's training team by providing any relevant EBT information and training materials, modified based on pilot results, to be included with the eWIC MIS training, such as:

- Card inventory control/card audit procedures.
- PIN selection.
- PIN unlock.

- Card status monitoring.
- Access to transaction data.

Following the post-pilot evaluation, training plans and materials may be modified for the statewide rollout, depending on the pilot evaluation results. Clinic staff will be trained within one week prior to the system rollout for that clinic. If multiple clinics are implemented in one area, clinic staff will be trained in a central location in one training session to minimize training costs.

### **8.6. Retailer Training**

CDPH is committed to keeping its WIC authorized vendors informed of the status of the eWIC EBT initiative and providing its retailers with appropriate education on eWIC, including changes in policies and procedures. CDPH has already begun retailer outreach and will continue communicating with retailers throughout the eWIC EBT implementation. The CA WIC Program will communicate with its retailer community through various means, such as articles in newsletters, WIC retailer conference calls, retailer webinars, mailings, forming and coordinating with a Vendor Advisory Group, and placing news items, reports, and links on its WIC retailer web site. Retailer training is addressed specifically in Section 5 and Section 10.

### **8.7. eWIC EBT Contractor Help Desk Training**

The eWIC EBT contractor will provide training for its own customer service staff to ensure access to cardholder data is secure, cardholder questions or requests are answered correctly, and cardholders are treated with respect. As part of its deliverables, the eWIC EBT contractor will be required to provide for state approval a Customer Service Manual. This manual will support customer service operations and will also provide the state agency with guidelines to support its ongoing assessment of the quality of customer service. The manual will be updated after the pilot and again following statewide rollout to reflect lessons learned and specifically to address WIC participant complaints. The eWIC EBT contractor will also be required to submit ARU scripts and recorded ARU prompts, in all required languages, for state approval.

### **8.8. eWIC Participant Training**

Local agency staff will train WIC participants when they are issued their initial eWIC EBT card. Training will include how to conduct an eWIC EBT transaction, how to care for an eWIC EBT card and PIN, how to determine an account balance, and how to get information and assistance by telephone and on the Internet. Participants will be provided with written or other training material to help them with eWIC EBT once they leave the clinic. One such source of information will be the participant web site maintained by the eWIC EBT contractor and linked to the CA WIC Program website. Other sources may include an informational video that may be played in the clinic waiting area and posted to the eWIC EBT contractor's participant web portal or other social media sites such as YouTube.

The CA WIC Program nutrition education services staff must approve all participant education material. All written materials must be translated into six core languages by a certified translator and reviewed by the CA WIC Program for accuracy.

Participant training will include, but will not be limited to:

- Caring for the eWIC EBT card.
- Setting and resetting a PIN.
- Reporting and replacing lost, stolen, or damaged cards.
- Conducting grocery store transactions, such as WIC-only and mixed basket purchases and balance inquiries.
- Requesting support and seeking information on eWIC EBT.
- Using the eWIC EBT card, including rights, responsibilities, and consequences for card or benefit misuse.

### **8.9. Ongoing Training**

Ongoing training will consist of the same basic training audiences, topics, training methods, and materials as will be used for the initial rollout, with modifications as needed, based on lessons learned from the pilot and statewide rollout.

## 9. COST EVALUATION

A cost evaluation must be submitted following the pilot project and before statewide expansion. FNS will determine the scope of the evaluation on a case-by-case basis. The National Cost Evaluation tool developed by FNS or a similar tool approved by FNS can be used for this cost assessment. The National Cost Evaluation tool compares paper costs to EBT pilot project operating costs and projects a statewide cost, which is essential to ensure that EBT is affordable within the SA's NSA grant once statewide EBT operations are achieved. Cost data obtained during the EBT planning phase may be used as a starting point for this evaluation.

Congress has mandated State WIC Authorities to convert from paper-based benefit issuance to EBT by October 1, 2020. Realizing the cost of EBT may be higher than current paper costs, USDA policy requires that EBT operations be "affordable" within an agency's Nutrition Services Administrative grant, excluding one-time, non-recurring costs for conversion. One-time, non-recurring costs have been identified so the CA WIC Program can either redirect existing funds or request additional Federal funds, if available.

Cost analysis is an iterative, ongoing process throughout the planning and implementation phases.

The CA WIC Program used the USDA FNS WIC EBT Cost Analysis Model<sup>5</sup> and FNS Handbook 901 Cost Benefit Analysis Worksheets<sup>6</sup>, adjusted to meet California's needs, to collect the estimates in this document.

### 9.1. Approach

The starting point for the cost evaluation is identification of the costs from the paper-based benefit distribution that can be diverted due to EBT. It is expected that these costs will be reduced or eliminated as a result of the transition to EBT.

The second phase of the analysis was estimation of the operational cost of EBT. The WIC Program documented new costs or costs that are likely to increase as a result of EBT. Following are three key assertions that formed the foundation of the analysis:

- The baseline costs reflected in the assessment are only those costs related to the current methods and processes of paper benefit issuance that will be directly or indirectly impacted by the conversion to EBT. In other words, the baseline costs reflected in the cost analysis are those costs that will be reduced or eliminated.
- The assessment excludes baseline costs expected to continue or be redirected without a projected increase/decrease. For example, local agency, clinic and WIC headquarters personnel costs are not expected to decrease, so they are not included in the analysis.

<sup>5</sup> USDA FNS, WIC EBT Cost Analysis Model, March 2009,  
[http://www.fns.usda.gov/apd/library/WIC\\_EBT/Model\\_Instructions.pdf](http://www.fns.usda.gov/apd/library/WIC_EBT/Model_Instructions.pdf)

<sup>6</sup> USDA, FNS Handbook 901, Appendix D, Cost-Benefit Analysis Checklist,  
[http://www.fns.usda.gov/apd/Handbook\\_901/V\\_1-4/Appendix\\_D-CBA\\_Worksheet.pdf](http://www.fns.usda.gov/apd/Handbook_901/V_1-4/Appendix_D-CBA_Worksheet.pdf).

- Estimated EBT costs are either increases to baseline costs or new costs that are directly/indirectly attributable to the conversion to and the ongoing maintenance and operations of an EBT system. For example, EBT contract costs are a new, ongoing cost.

## 9.2. Cost Analysis Assumptions

One of the key assumptions for completing the cost benefit analysis is that staffing levels at the State, local agencies, and clinics remain the same. Existing staff whose jobs are impacted by the conversion from paper to EBT will be trained to perform similar level EBT related tasks within their existing or a new organizational unit. Based on this assumption, following are baseline costs considered but excluded from the analysis:

- State labor for the current paper process – There are labor costs associated with tasks such as ordering FI stock, providing local agency clinic Help Desk support related to FIs and printers, and supporting printer purchases and replacements. These staff will transition to support similar tasks in EBT. There will not be a reduction in staff, only a transition to the specific tasks they are performing.
- Clinic labor for the current paper process – There are local agency costs associated with tasks such as issuing FIs, voiding FIs, training participants on use of FIs, securing and distributing FIs, etc. Again, there will not be a reduction in staff, only a transition to similar level EBT related tasks.
- Retailer costs – There are costs associated with retailer activities such as conducting a purchase transaction, depositing FIs, handling rejected FIs, training personnel, etc. However, these are not costs borne by CA WIC, and are not included in the analysis. Retailer costs are likely to decline with the transition to EBT. However, retailers are not expected to decrease their staffing levels as a result of transitioning to EBT.

Other key assumptions and constraints include:

- The EBT solution will include one-time non-recurring implementation costs and bundled CPCM costs for ongoing operations, including the state-deployed retail EBT terminals and EBT cards.
- The WIC MIS replacement project will provide clinic equipment, including card acceptance devices (CAD) and card readers.
- The eWIC EBT project team will be staffed with existing CDPH WIC staff who are temporarily assigned to the project.
- Data from federal fiscal year 2012 was used as the basis of the analysis.

### 9.2.1 Quantity Assumptions

The following baseline quantities were provided by CDPH ITSD for federal fiscal year 2012 and used for this analysis:

- 1,472,347 average monthly participants
- 1,089,484 average monthly families

- 1.5 average participants per household
- 761,620 new participants added annually
- 174,792 new families added annually

### 9.3. Description of Cost Factors

Table 12: Cost Evaluation Factors presents a description of the cost factors included in the analysis.

Table 12: Cost Evaluation Factors

Cost Factor	Description
<b>Paper Environment</b>	
Data Center Processing	Portion of data center processing costs attributable to FI issuance, processing, and settlement.
Printers	Hardware required to produce paper FIs.
Printer Maintenance	Both the State agency and the local agencies maintain printers in an operational state.
Printer Ribbons	Printer ribbons required to print FIs.
FI ID Folders	Folders used for WIC identification and to hold the printed FIs.
FI Processing and Settlement	Fees for processing and managing FIs.
Voucher Stock	Paper stock required for FIs.
Shipping charges	Costs to distribute voucher stock to the clinic locations.
<b>EBT Environment</b>	
EBT Contractor Bundled CPCM	Cost per case (household) per month for contracted EBT services.
Contract Management Services	Monitor and administer the EBT contract.

### 9.4. Cost Summary

The analysis shows that California is spending \$757,586 per month in State agency operational costs related to FI issuance and processing that will be eliminated with the transition to EBT. The analysis estimates that EBT will have an estimated operational cost of \$537,263 per month. The largest component of the ongoing EBT operational costs is anticipated CPCM payments to the selected EBT vendor.

## 9.5. Summary Comparison

The analysis shows that conversion from paper WIC benefit issuance to EBT will be affordable in California. The State Agency will be able to operationally sustain the online outsourced solution within its current NSA grant. It is anticipated that WIC EBT will be less costly to the CA WIC Program than the existing paper processes. The following table provides a comparison of the baseline and WIC EBT operations and implementation costs.

Table 13: Summary Implementation and Operations Costs

<b>Estimated Total Costs</b>	<b>Implement</b>	<b>Annual Maintenance and Operations</b>
Baseline (Current Environment)	N/A	\$9,091,026
Online, Outsourced	\$10,438,469 <sup>7</sup>	\$6,447,152

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<sup>7</sup> Total estimated project cost, including redirected staff funded through the current NSA grant, is \$23,952,907.

## 10. STATEWIDE EXPANSION RETAILER MANAGEMENT PLAN

Once the State agency cost evaluation has been approved, a retailer management plan for statewide expansion must be submitted and approved before rolling out beyond pilot. The State agency may want to modify the Plan developed during the pilot to reflect the changes needed for statewide expansion. The Plan should address each of the following:

- A timeline reflecting a phased approach to statewide implementation with identification of clinics and retailers to be covered in each phase
- Timelines for achieving retailer integration in relation to conversion of the clinic locations to EBT implementation
- Number of lanes to be equipped in each grocery store
- Prepare retailer integration requirements documentation and certification criteria
- Use of SA and contractor resources for retailer management
- Retailer training for stand-beside and integrated systems
- Equipment deployment for non-integrated food vendors, including associated costs for this as either an up-front investment and/or as an ongoing expense under the SA's NSA grant

### 10.1. Post-Pilot, eWIC EBT Statewide Expansion

Upon receipt of FNS approval following its post-pilot evaluation, the CA WIC Program will continue its coordinated joint expansion of the eWIC MIS and eWIC EBT in local agencies and clinics and in WIC authorized retail and farmer vendor outlets statewide.

#### 10.1.1 Phases

The phased expansion of eWIC EBT will occur concurrently with the phased rollout of the eWIC MIS. The CA WIC Program plans to complete the statewide expansion in nine phases. Each phase is expected to roll out for all of the counties within the WIC region. To maximize the success of the rollout, the primary criteria for California's EBT statewide rollout methodology are:

- **Begin with one or more regions near WIC Headquarters in Sacramento.** Typically, more problems are identified and addressed in the early phases of the expansion. By expanding first to counties near Sacramento, it supports faster and simpler resolution of those problems, which will bring greater benefit to more distant counties in later phases.
- **Expand first to smaller regions then larger regions.** By starting with the smaller regions problems can be addressed early on when they impact fewer people. It also allows a lot of the stores within the larger regions more time to get certified, particularly the chains, which, when certified in a smaller region, will be automatically certified for the larger region. This will facilitate a smoother and faster rollout in the larger regions.
- **Expand by contiguous counties.** Some WIC participants may live in one county and shop in another. Once a participant's home clinic moves to EBT and the participant accesses and redeems their benefits via an EBT card, those participants will no longer

have the ability to make their WIC purchases at retail locations not yet EBT-certified. To minimize the impact of this reality, the CA WIC Program will rollout EBT using a methodology that expands to counties contiguous to one or more counties already converted to EBT.

- **Expand to Los Angeles area counties as soon as practicable.** More than half of all WIC participants statewide reside in the three major metropolitan counties in the Los Angeles area – Los Angeles, San Bernardino, and Orange Counties. Expansion to those counties will allow more people to benefit from EBT so the sooner those counties are converted successfully, the more positive impact the state achieves from the entire EBT conversion effort. However, the key to success in these major metropolitan areas is being able to convert successfully and quickly. So the challenge in expanding to those counties is that should there be problems in the rollout, they will negatively impact the most people, and the program as a whole. Therefore, the CA WIC Program is selecting a strategy designed to identify and address the majority of problems early on by converting first smaller and mid-sized counties and then expanding to first the San Francisco Bay area and then the greater Los Angeles area.

The CA WIC Program proposes the rollout follow the phased approach identified in Table 14. The timing and duration of each phased rollout will be determined in conjunction with the eWIC MIS project schedule.

Table 14: California WIC Proposed Statewide Rollout Methodology

<b>California WIC Proposed Statewide Rollout Methodology<sup>8</sup></b>		
<b>Phase</b>	<b>WIC Region</b>	<b>Counties</b>
<b><i>Pilot Phase</i></b>		
Pilot	North Coast	Solano
<b><i>Post-Pilot, Statewide Expansion Phase</i></b>		
1	North Coast	Del Norte, Humboldt, Mendocino, Sonoma, Lake, Napa, Marin
2	Sacramento Delta	Colusa, Sacramento, San Joaquin, Stanislaus, Sutter, Yolo, Yuba
3	East Bay	Alameda, Contra Costa
4	South Bay	Monterey, San Francisco, San Mateo, Santa Clara, San Benito, Santa Cruz
5	LA Basin/Orange	Los Angeles, Santa Barbara, Ventura, Orange
6	Great South	San Bernardino, Riverside, San Diego, Imperial
7	Central Valley	Fresno, Kings, Madera, Merced, San Luis Obispo, Tulare, Mariposa, Kern
8	Sierra Gold	Sierra, Nevada, El Dorado, Amador, Calaveras, Inyo, Mono, Placer, Tuolumne, Alpine
9	Sierra Cascade	Butte, Glenn, Plumas, Shasta, Tehama, Siskiyou, Modoc, Lassen, Trinity

### 10.1.2 WIC Authorized Vendors

The CA WIC Program anticipates that all WIC authorized retail vendors electing to operate a commercial ECR/POS system, with integrated WIC EBT functionality, will move immediately to

<sup>8</sup> The rollout phases will be reviewed and finalized as part of the project implementation activities when the EBT and MIS contractors are onboard.

upgrade their hardware and software or replace their existing ECR/POS systems. They will do so as quickly as they can, either operationally or financially. If a store(s) is located adjacent to the pilot or an early rollout area, they do not want to be forced to turn away an existing or a prospective WIC customer if an EBT card is presented in lane. Early installation and certification does create a risk if training is provided at the time of installation rather than just prior to conversion. If no EBT cards are presented in lane during this time, providing retailer staff the opportunity to put their training into practice, there is a high probability store managers and cashiers will need to be retrained, within the optimum two to three weeks prior to local area conversion.

In addition to managing the certification of third party and commercial ECR/POS systems with integrated WIC EBT functionality, the selected EBT contractor will also be responsible for the managed deployment of the eWIC solution and in-lane equipment to the remaining WIC retail vendors and farmer vendors. The EBT contractor will be required to equip stores with executed WIC Vendor Agreements and eWIC Amendments within the CA WIC Program approved and CDSS OSI directed timeframes, all identified within the detailed Project Management Plan and Schedule.

Finally, under OSI direction, the EBT contractor will manage the scheduled certification of third party and store “direct connect” interfaces, to ensure all stores within a designated rollout area are EBT capable, trained, and certified as EBT ready prior to the scheduled conversion date.

### **10.1.3 Vendor Management Resources**

Participation in the eWIC rollout provides the best opportunity for CA WIC Program Vendor Management personnel to learn through “hands on” training about the practical application of new and revised policy and procedures and the efficiencies and changes to day-to-day management tasks and reporting afforded by EBT. Therefore, the CA WIC Program will continue to reposition selected Vendor Management resources to eWIC EBT implementation and planning teams, as needed, through statewide rollout.

Vendor management functions within WIC will be supplemented by the new WIC-funded positions within the OSI, which will be responsible for the management and oversight of the state’s EBT contractor’s delivery of WIC retail and farmer vendor services and support. Such activity includes, but is not limited to, deployment of the eWIC solution and equipment and the certification of the interfaces between vendor outlets and third party systems to the EBT host system.

Finally, resource augmentation through short-term, temporary service contracts remains an option, if necessary.

### **10.1.4 Vendor Training**

Unless pilot evaluation results indicate a need for change, WIC vendor training for all stores within each post-pilot expansion area and statewide rollout will occur as in the pilot, scheduled the optimum two to three weeks prior to conversion:

- The EBT contractor will train retail and farm personnel in system use, care, maintenance, and support at the time of installation.

- Corporate retail and supermarket chains will ensure corporate training staff understand the changes to California WIC policy and procedures, changes to the WIC Vendor Agreement, and changes to store ECR/POS system functionality specific to the eWIC upgrade. The CA WIC Program will hold corporate stores responsible for the quality and timeliness of their training, attending and monitoring sessions at the state’s option and participating in training on a store-by-store basis if necessary.
- ECR/POS system manufacturers, integrators, and installers will provide training to stores that choose to upgrade or replace their existing ECR/POS to integrate online WIC EBT functionality. Generally, training will occur at the time of upgrade/installation. A store may require initial as well as ongoing, refresh training, through its private business agreement with the manufacturer, integrator, or installer at retailer cost.

### 10.1.5 Equipment Deployment

The CA WIC Program developed a statewide estimate of lane equipage based on an analysis of WIC vendor responses to the online retail survey about existing ECR/POS hardware and software, store system certification for online WIC in other states, and estimated purchases of new/upgraded systems in the future. The analysis also took into consideration WIC vendor outlets and redemptions reported over the baseline period and updated 2013 outlet status provided by WIC Vendor Management and guidance provided in the proposed rules<sup>9</sup>. Table 15 represents the estimated lane equipage for corporate and supermarket chains and Table 16 represents the lane equipage for all other retail vendor sites.

Table 15: Corporate Stand-Beside Systems Needed Statewide

<b>Corporate Stores – Estimate of State Lane Equipage</b>			
<b># Lanes</b>	<b>Annual WIC Food Sales</b>	<b># Stores</b>	<b>Authorized Lanes</b>
1	\$ 0 - \$ 132,000	37	37
2	\$ 132,001 - \$ 264,000	5	10
3	\$ 264,001 - \$ 396,000	17	51
4	\$ 396,001 and above	36	144
<b>TOTAL</b>		<b>95</b>	<b>242</b>

<sup>9</sup> Federal Register Proposed Rules, Vol. 78, No. 40, Thursday, February 23, 2013, 7 CFR § 246, Special Supplemental Nutrition Program for Women, Infants and Children (WIC): Implementation of the Electronic Benefit Transfer-Related provisions of Public Law 111-296.

Table 16: Other Retail Stores Stand-Beside Systems Needed Statewide

<b>Other Retail Stores – Estimate of State Lane Equipage</b>			
<b># Lanes</b>	<b>Annual WIC Food Sales</b>	<b># Stores</b>	<b>Authorized Lanes</b>
1	\$ 0 - \$ 96,000	1,341	1,341
2	\$ 96,001 - \$ 192,000	356	712
3	\$ 192,001 - \$ 288,000	174	522
4	\$ 288,001 and above	437	1,748
<b>TOTAL</b>		<b>2,308</b>	<b>4,323</b>

Adding to these numbers the lane equipage estimate for 100 percent of WIC authorized farmer vendors, the number of lanes to be equipped statewide is 4,791 lanes at 2,660 WIC authorized retail outlets and farmers’ markets.<sup>10</sup> These numbers may change if USDA/FNS grants California a waiver to authorize farmers’ markets for CVVs.

**10.1.6 Vendor Requirements, Certification, and Cutover**

Unless pilot evaluation results indicate a need for changes in state requirements for eWIC or FNS announces changes to its vendor management rules or policies, the requirements for WIC authorized vendors in the post-pilot expansion areas for phased implementation certification and cutover will be identical to those for Solano County pilot vendors.

**10.1.7 Timeline**

The timeline for eWIC EBT will mirror the statewide rollout of the eWIC MIS system and will be developed in conjunction with that project schedule and milestones. The CA WIC Program has determined that California statewide rollout, beginning with the first post-pilot expansion area and ending with statewide conversion, will take approximately 22 months.

<sup>10</sup> The estimate assumes FMNP-only farms are successfully recruited and subsequently authorized by WIC.

## 11. STATEWIDE EXPANSION CLINIC MANAGEMENT PLAN

A Clinic Management Plan must be submitted and approved before rolling out beyond pilot. This Plan should address each of the following:

- Installation of equipment – card readers, PIN pads, printers
- Training on cards
- New or revised clinic procedures and policies, including participant transfers
- Clinic workflow analysis, such as separation of duties – certification from card issuance
- Assessment of clinic office set-up to determine if modifications are necessary
- Clinic conversion schedule to coincide with client training and EBT card issuance

### 11.1. Introduction

The CA WIC Program will develop and submit a comprehensive Statewide Expansion Clinic Management Plan to FNS for approval. The plan will be developed by the eWIC EBT and eWIC MIS project management teams, (collectively, the “eWIC PMT”) with input from the eWIC MIS contractor, the eWIC EBT contractor, and the CDPH ITSD. For the pilot, post-pilot expansion, and statewide rollout of the new eWIC MIS and eWIC EBT systems, the plan will address:

- Hardware and software upgrades or replacements required for the eWIC MIS for both local agency and clinic sites, including desktop and laptop computers and CADs for PIN selection.
- Clinic workflow analysis, including modified clinic workflows and any necessary modifications to the physical site and furnishings (i.e., furniture, electric outlets, security, wiring).
- Local agency and clinic staff training in new and modified MIS and EBT processes, such as card (inventory) management and over-the-counter (OTC) card issuance.
- Proposed timeline for local agency and clinic conversion.

### 11.2. Purpose

The purpose of the Local Agency Site Management Plan is to provide the framework and methodology to transition local agency and clinic operations from the current paper-based benefit issuance and delivery system to EBT without interruption to clinic services to WIC participants and families.

### 11.3. Approach

The eWIC PMT will oversee the development and distribution of a pre-conversion packet to the pilot area local agency and clinics composed of a detailed task plan, schedule, and readiness checklists to assist local agencies and clinics in their pre-conversion preparations. Following the post-pilot evaluation, the eWIC PMT will examine the effectiveness of this approach and update materials and procedures as needed for statewide rollout. The packets will then be distributed statewide to all local agencies for their use in becoming “conversion ready” well in advance of

the scheduled post-pilot expansion and statewide rollout of the new eWIC MIS and eWIC EBT systems.

#### **11.4. Baseline Assessment**

The eWIC PMT will oversee an assessment of local agency and clinic baseline environments to determine the “gap” between current operations, infrastructure, and other resources and those required to support the new eWIC MIS and eWIC EBT systems.

##### **11.4.1 Workflow**

The current WIC workflow in local agencies and clinics will be documented and analyzed to determine what changes will be necessary to support the new eWIC MIS and eWIC EBT systems. The workflow analysis will examine the following:

- Clinic flow, beginning at clinic entry and continuing through clinic exit, for new applicants, current participants requiring nutrition education and benefits only, and current participants requiring follow-on services, including but not limited to recertification.
- Local agency policies and procedures.
- Staff roles and responsibilities.
- Reported problems and inefficiencies.

The eWIC PMT will ensure that the information obtained about the current workflow and environment will be used to develop a model work flow for optimal efficiency in the new eWIC environment. As part of the pilot evaluation, eWIC PMT will oversee a follow-up analysis to determine the degree to which the revised workflow, local agency policies and procedures, staff roles and responsibilities, and other changes have improved WIC service delivery and facilitated system and card security.

##### **11.4.2 Facility Review**

The CA WIC Program will request all local agencies to conduct a review of their clinic facilities to assess physical facility readiness in terms of such things as number and proximity of electric outlets to WIC staff desks, security window, and counter areas. Physical modifications may be required to accommodate increased numbers of installed MIS equipment and the need for CADs with installed keypads for PIN selection. Local agencies will use a survey instrument or other information gathering exercise and tool to compile this information.

##### **11.4.3 Policies and Procedures**

The eWIC Policy Team has reviewed the current relevant policies and procedures to determine which policies will become obsolete and which will require update to reflect the change in benefit issuance from paper to EBT. The eWIC Policy Team will work with the State WIC Policy and Program Evaluation Branch to revise and implement the revised policies in advance of the eWIC pilot.

## **11.5. Site Requirements**

The eWIC PMT will oversee development of “model” site requirements with input from the eWIC MIS and eWIC EBT contractors and from state and local agency staff. These requirements will be distributed to all local agencies as part of a pre-conversion information packet developed and provided to assist local agencies to conduct a needs assessment for each facility. At a minimum, site requirements will address:

- Electrical outlets.
- Network access.
- Equipment “footprint” and space requirements.
- Physical site security and secure storage (i.e., equipment, cards, etc.)
- Privacy (i.e., participant PIN selection).
- Handicap accessibility (i.e., participant PIN selection, desk and counter bracket mounts, and other relevant accommodations).

## **11.6. Needs Assessment**

### ***11.6.1 Facility Modifications***

Each local agency will be responsible for ensuring that any required facility modifications are completed in advance of the scheduled conversion of its office and clinics. The CA WIC Program will ensure the rollout plan takes into consideration the time and resources required to complete necessary facility modifications.

### ***11.6.2 New and Revised Procedures***

With input from California state and local agency staff, the eWIC PMT will oversee the development of new local agency and clinic policies and procedures that support the conversion from paper benefit issuance to eWIC, including:

- eWIC MIS and eWIC EBT hardware and software configuration and minimum technical specifications.
- Inventory and secure return and/or destruction of paper check stock.
- Discontinued use of clinic brochures, posters, and other materials that refer to paper checks and paper processes.
- Removal and disposal of check printers.
- Minimum secure storage requirements for EBT cards.
- PIN selection and CAD care and maintenance.
- Participant training.
- Issuance of EBT cards to WIC participants and cardholders.
- Separation of duties.

- Inventory and physical site security for EBT card stock.

### **11.6.3 Training**

The CA WIC Program will ensure local agency and clinic staff are informed of the new policies and trained in new clinic workflows and procedures prior to installation and conversion. The CA WIC Program will also ensure WIC participants and other authorized cardholders are trained in card use and care and replacement, should cards be lost, stolen, or become inoperable.

#### **11.6.3.1 WIC Local Agency Staff Training**

The CA WIC Program will coordinate with the selected eWIC MIS service provider to ensure staff training includes the following WIC EBT policies and procedures, in conjunction with training in the use of the new eWIC MIS:

- Ordering cards when inventory is near depletion.
- Card inventory management and security (i.e., receipt, transfer, audit, reports.)
- Procedures for removing card stock from secure storage for remote clinic activities.
- Card issuance, replacement, and returns, including card qualification and distribution methods.
- Participant PIN selection and reselection.
- MIS equipment care and maintenance.
- Aggregation of household benefits.
- Printing a household shopping list.
- Acquiring a transaction record.
- Adjustment of current month benefits within an aggregated household account.
- Void and replace of future month benefits.
- Transfer of participants and households into and out of EBT areas.
- Transfer of participants into and out of EBT households.
- Access to the EBT system.
- Access to the EBT service provider website.
- Equipment and card care, packaging and security during and after transit to remote sites.

#### **11.6.3.2 WIC Participant and Other Authorized Cardholder Training**

The CA WIC Program will ensure clinic staff receive training in the policy and procedures and in the methods for providing EBT card related education to participants and other authorized cardholders, namely:

- Cardholder authorization.
- Cardholder privilege assignment and removal (i.e., proxy).
- Cardholder PIN selection and reselection.
- PIN security.
- Proper card care and storage.
- Account balance access.
- Card replacement, i.e., lost, stolen, damaged after issuance.
- How to report a card as lost or stolen.
- How to use EBT cards at WIC authorized retail stores and farmers' markets.
- Food benefit redemption during a disaster.
- Receipt and disposal of returned cards.

### **11.7. Implementation and Conversion Schedule**

The eWIC EBT Implementation Team will monitor local agency and clinic progress in achieving conversion-readiness. The pre-conversion package provided to each local agency will include a checklist each WIC clinic can use as it prepares for installation of the new eWIC MIS and its interface with the eWIC EBT system. Based on its analysis of the experiences in other EBT states, the CA WIC Program believes its clinics will be able to complete the required clinic EBT readiness tasks with existing local agency and clinic resources. Table 17 represents the CA WIC Program's expected pre-conversion activities and schedule.

Table 17: Pre-Conversion Clinic Activities and Schedule

<b>Pre-Conversion Clinic Activities and Schedule</b>
<b><i>6 Months Prior to Conversion</i></b>
<ul style="list-style-type: none"> <li>• Complete facility needs assessment and initiate acquisition of site modification services.</li> <li>• Confirm necessary equipment is available and operational for eWIC training.</li> <li>• Review check stock and printer supplies on hand and reduce reorder frequency and/or quantity accordingly.</li> <li>• Review stock of brochures, printed materials, posters, etc., and reduce reorder frequency and/or quantity of those referencing paper checks, policies, and processes.</li> <li>• Initiate order of new brochures and other printed materials that reflect EBT policy and processes.</li> <li>• Order eWIC MIS hardware and software upgrades or replacements.</li> <li>• Order safe or secure cabinetry, if necessary, for card storage.</li> <li>• Reserve training site location for training dates during the week prior to conversion.</li> <li>• Communicate necessary information to staff, such as vacation policy during conversion.</li> </ul>
<b><i>5 Months Prior to Conversion</i></b>
<ul style="list-style-type: none"> <li>• Schedule clinic activities:               <ul style="list-style-type: none"> <li>○ One week downtime prior to cutover - no services for data conversion, training, cutover, and mock clinic (training mode) walk-through.</li> <li>○ Schedule clinic activities for week #1 “light traffic” for certifications, re-certifications, and nutrition education classes.</li> <li>○ Schedule clinic activities for month #1, progressively increasing after week #1 to include walk-ins.</li> </ul> </li> <li>• Determine quantity needed and order DVDs and other electronic media required for participant training.</li> </ul>
<b><i>4 Months Prior to Conversion</i></b>
<ul style="list-style-type: none"> <li>• Determine quantity of and order education materials needed for environmental messaging and direct client education.</li> <li>• Receive and label “EBT” ordered printed materials.</li> <li>• Oversee completion of site modifications.</li> <li>• Receive safe or other secure storage unit.</li> <li>• Modify clinic schedule in eWIC MIS to reflect shutdown week and light service week.</li> <li>• Train staff on strategy for scheduling appointments around conversion dates.</li> </ul>
<b><i>3 Months Prior to Conversion</i></b>
<ul style="list-style-type: none"> <li>• Display clinic schedule showing the week the clinic will be closed.</li> <li>• Display EBT posters.</li> <li>• Begin EBT education in waiting rooms.</li> <li>• Begin to distribute EBT materials to WIC participants.</li> <li>• Receive and securely store CADs from eWIC MIS contractor.</li> </ul>



<b>Pre-Conversion Clinic Activities and Schedule</b>
<ul style="list-style-type: none"> <li>Continue to oversee completion of site modifications.</li> </ul>
<b>2 Months Prior to Conversion</b>
<ul style="list-style-type: none"> <li>Reconfirm scheduling for one week of downtime, followed by one week of light activity that progressively increases over month #1.</li> <li>Confirm no staff on leave/vacation for one week's downtime and month #1.</li> <li>Receive and securely store cards.</li> </ul>
<b>1 Month Prior to Conversion</b>
<ul style="list-style-type: none"> <li>Work with eWIC MIS contractor to ensure CADs are installed and operational.</li> <li>Confirm all EBT printed materials are received and onsite.</li> <li>Begin eWIC MIS hardware and software installation and data conversion.</li> </ul>
<b>1 Week Prior to Conversion</b>
<ul style="list-style-type: none"> <li>Close the clinic to support at least these activities: <ul style="list-style-type: none"> <li>Office furnishings and equipment move.</li> <li>Finalize eWIC MIS hardware and software installation and data conversion.</li> <li>Uninstall printers and remove check stock, materials, and AV media referencing paper checks and paper benefit issuance processes.</li> <li>Test contact numbers, audio voice response (AVR), and website support for retailers, participants and clinic staff.</li> <li>Test eWIC MIS and eWIC EBT system functionality.</li> </ul> </li> <li>Perform mock clinic operations (in training mode) for the final two days.</li> </ul>
<b>Day #1</b>
<ul style="list-style-type: none"> <li>Issue food packages in new eWIC MIS.<sup>11</sup></li> <li>Issue EBT cards to new and returning participants.</li> <li>Schedule and hold clinic visits.</li> <li>Resume 'business as usual' with new eWIC MIS and interface to eWIC EBT system.</li> </ul>

<sup>11</sup> Paper checks will continue to be accepted by WIC vendor retail stores and farmers' markets until they are expired.



## APPENDIX A – eWIC EBT IMPLEMENTATION BUDGET DETAILS

### 12.1. Baseline Costs Associated with Paper Voucher (FI) Processing

Cost Element	Per Month	Per Year
Printers		
Equipment	\$57,582	\$690,987
Maintenance and Support	\$18,000	\$216,000
<b>Subtotal</b>	<b>\$75,582</b>	<b>\$906,987</b>
Printing Supplies		
Check Stock	\$42,874	\$514,487
Ribbons	\$18,237	\$218,840
Shipping	\$4,474	\$53,687
<b>Subtotal</b>	<b>\$65,585</b>	<b>\$787,015</b>
Banking Charges		
Check Processing Fees	\$345,153	\$4,141,836
<b>Subtotal</b>	<b>\$345,153</b>	<b>\$4,141,836</b>
Data Processing		
Data Center Costs	\$262,500	\$3,150,000
<b>Subtotal</b>	<b>\$262,500</b>	<b>\$3,150,000</b>
Miscellaneous		
WIC ID Folders	\$8,766	\$105,189
<b>Subtotal</b>	<b>\$8,766</b>	<b>\$105,189</b>
<b>Total Costs</b>	<b>\$757,586</b>	<b>\$9,091,026</b>



## 12.2. Costs Associated with Ongoing EBT Operations

<b>Cost Element</b>	<b>Per Month</b>	<b>Per Year</b>
EBT Contractor		
CPCM	\$501,163	\$6,013,952
<b>Subtotal</b>	<b>\$501,163</b>	<b>\$6,013,952</b>
EBT Management and Administration		
Contract Management	\$11,683	\$140,201
EBT Management	\$24,417	\$293,000
<b>Subtotal</b>	<b>\$36,100</b>	<b>\$433,200</b>
<b>Total Costs</b>	<b>\$537,263</b>	<b>\$6,447,152</b>



### 12.3. eWIC Cost Summary

Categories	Online, Outsourced EBT					Maintenance & Operations	
	Procurement	DDI	Pilot	Statewide	TOTAL	As-Is Paper	Online Outsourced
<b>Labor Costs</b>	<b>1,997,372</b>	<b>7,224,094</b>	<b>2,283,973</b>	<b>9,486,468</b>	<b>20,991,907</b>	<b>3,150,000</b>	<b>433,200</b>
State Level Labor (Grant)	631,617	2,364,621	934,119	3,547,112	7,477,469	N/A	N/A
State Level Labor (NSA)	1,365,755	4,859,473	1,349,854	5,939,356	13,514,437	3,150,000	433,200
<b>Materials &amp; Services</b>	<b>0</b>	<b>1,895,600</b>	<b>401,000</b>	<b>404,400</b>	<b>2,701,000</b>	<b>1,799,190</b>	<b>6,013,952</b>
Materials & Services	0	695,600	1,000	4,400	701,000	1,799,190	0
EBT Processor Fees	0	1,200,000	400,000	400,000	2,000,000	N/A	6,013,952
<b>Travel</b>	<b>0</b>	<b>15,000</b>	<b>15,500</b>	<b>229,500</b>	<b>260,000</b>	<b>0</b>	
<b>Banking Contractor Costs</b>	<b>0</b>					<b>4,141,836</b>	
<b>TOTAL COST TO STATE</b>	<b>1,997,372</b>	<b>9,134,694</b>	<b>2,700,473</b>	<b>10,120,368</b>	<b>23,952,907</b>	<b>9,091,026</b>	<b>6,447,152</b>
Grant Fund Total	631,617	4,275,221	1,350,619	4,181,012	<b>10,438,469</b>		
Existing NSA Total	1,365,755	4,859,473	1,349,854	5,939,356	<b>13,514,437</b>		



**12.4. eWIC Costs by Federal Fiscal Quarter and Year for Procurement Phase**

	PROCUREMENT								
	FFY 2013/2014			FFY 2014/2015				FFY 2015/2016	
	Jan-Mar QTR 2	Apr-Jun QTR 3	Jul-Sep QTR 4	Oct-Dec QTR 1	Jan-Mar QTR 2	Apr-Jun QTR 3	Jul-Sep QTR 4	Oct-Dec QTR 1	Jan-Mar QTR 2
State Staff - Grant Funded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Staff - Existing NSA	\$151,751	\$151,751	\$151,751	\$151,751	\$151,751	\$151,751	\$151,751	\$151,751	\$151,751
Contract/Support Staff	\$58,585	\$71,005	\$71,466	\$71,466	\$71,466	\$71,466	\$72,054	\$72,054	\$72,054
Materials and Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EBT Processor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-Total Grant Funded	\$58,585	\$71,005	\$71,466	\$71,466	\$71,466	\$71,466	\$72,054	\$72,054	\$72,054
Sub-Total Existing NSA	\$151,751	\$151,751	\$151,751	\$151,751	\$151,751	\$151,751	\$151,751	\$151,751	\$151,751
<b>QUARTERLY TOTAL</b>	<b>\$210,335</b>	<b>\$222,755</b>	<b>\$223,217</b>	<b>\$223,217</b>	<b>\$223,217</b>	<b>\$223,217</b>	<b>\$223,805</b>	<b>\$223,805</b>	<b>\$223,805</b>
<b>Fiscal Year Total - Grant Fund Only</b>			<b>\$201,055</b>				<b>\$286,453</b>		<b>\$144,109</b>



**12.5. eWIC Costs by Federal Fiscal Quarter and Year for Design, Develop and Implement (DDI) Phase**

	DESIGN, DEVELOP AND IMPLEMENT					
	FFY 2015/2016		Oct-Dec QTR 1	FFY 2016/2017		Jul-Sep QTR 4
	Apr-Jun QTR 3	Jul-Sep QTR 4		Jan-Mar QTR 2	Apr-Jun QTR 3	
State Staff - Grant Funded	\$92,725	\$92,725	\$92,725	\$92,725	\$92,725	\$92,725
State Staff - Existing NSA	\$809,912	\$809,912	\$809,912	\$809,912	\$809,912	\$809,912
Contract/Support Staff	\$218,194	\$218,194	\$218,194	\$218,194	\$467,746	\$467,746
Materials and Services	\$600	\$600	\$600	\$600	\$600	\$692,600
EBT Processor	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Travel	\$0	\$0	\$0	\$0	\$0	\$15,000
Sub-Total Grant Funded	\$511,520	\$511,520	\$511,520	\$511,520	\$761,072	\$1,468,072
Sub-Total Existing NSA	\$809,912	\$809,912	\$809,912	\$809,912	\$809,912	\$809,912
<b>QUARTERLY TOTAL</b>	<b>\$1,321,432</b>	<b>\$1,321,432</b>	<b>\$1,321,432</b>	<b>\$1,321,432</b>	<b>\$1,570,984</b>	<b>\$2,277,984</b>
<b>Fiscal Year Total - Grant Fund Only</b>		<b>\$1,023,039</b>				<b>\$3,252,182</b>



**12.6. eWIC Costs by Federal Fiscal Quarter and Year for Pilot and Statewide Rollout**

	PILOT (Oct-Feb)				STATEWIDE IMPLEMENTATION						
	FFY 2017/2018				FFY 2018/2019				FFY 2019/2020		
	Oct-Dec QTR 1	Jan-Mar QTR 2	Apr-Jun QTR 3	Jul-Sep QTR 4	Oct-Dec QTR 1	Jan-Mar QTR 2	Apr-Jun QTR 3	Jul-Sep QTR 4	Oct-Dec QTR 1	Jan-Mar QTR 2	
State Staff - Grant Funded	\$92,725	\$82,258	\$61,324	\$61,324	\$61,324	\$61,324	\$61,324	\$61,324	\$61,324		
State Staff - Existing NSA	\$809,912	\$809,912	\$809,912	\$809,912	\$809,912	\$809,912	\$809,912	\$809,912	\$809,912		
Contract/Support Staff	\$467,746	\$446,950	\$405,358	\$405,358	\$405,358	\$405,358	\$405,358	\$405,358	\$405,358	\$124,776	
Materials and Services	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600		
EBT Processor	\$240,000	\$178,182	\$54,545	\$54,545	\$54,545	\$54,545	\$54,545	\$54,545	\$54,545		
Travel	\$9,300	\$16,632	\$31,295	\$31,295	\$31,295	\$31,295	\$31,295	\$31,295	\$31,295		
Sub-Total Grant Funded	\$810,372	\$724,622	\$553,123	\$553,123	\$553,123	\$553,123	\$553,123	\$553,123	\$553,123	\$124,776	
Sub-Total Existing NSA	\$809,912	\$809,912	\$809,912	\$809,912	\$809,912	\$809,912	\$809,912	\$809,912	\$809,912	\$0	
<b>QUARTERLY TOTAL</b>	<b>\$1,620,284</b>	<b>\$1,534,534</b>	<b>\$1,363,035</b>	<b>\$1,363,035</b>	<b>\$1,363,035</b>	<b>\$1,363,035</b>	<b>\$1,363,035</b>	<b>\$1,363,035</b>	<b>\$1,363,035</b>	<b>\$124,776</b>	
<b>Fiscal Year Total - Grant Fund Only</b>	<b>\$2,641,240</b>				<b>\$2,212,492</b>				<b>\$677,899</b>		
EBT Processor – CPCM (Maintenance & Operations)	\$11,040	\$11,040	\$197,596	\$384,152	\$570,708	\$757,264	\$943,820	\$1,130,376	\$1,316,932	\$1,503,488	



## **APPENDIX B – eWIC COST ANALYSIS SHEETS**

**DETAILED COST SUMMARY: DESIGN, DEVELOPMENT, IMPLEMENTATION & FIVE YEARS OF OPERATIONS**

Categories	BASELINE	Online, Outsourced EBT					Maintenance & Operations		FIVE-YEAR OPERATION PERIOD										5-YEAR OPERATION TOTAL	
		Inflation:					Inflation:		Inflation:			Inflation:			Inflation:			Inflation:		
		100.0%	Procurement	DDI	Pilot	Statewide	TOTAL		100.00%	As-Is Paper	Online Outsourced	As-Is Paper								
<b>Labor Costs</b>	<b>3,150,000</b>	<b>1,997,372</b>	<b>7,224,094</b>	<b>2,283,973</b>	<b>9,486,468</b>	<b>20,991,907</b>	<b>3,150,000</b>	<b>433,200</b>	<b>3,244,500</b>	<b>446,196</b>	<b>3,341,835</b>	<b>459,582</b>	<b>3,442,090</b>	<b>473,370</b>	<b>3,545,353</b>	<b>487,571</b>	<b>3,651,713</b>	<b>502,198</b>	<b>17,225,491</b>	<b>2,368,916</b>
State Level Labor (Grant)	N/A	631,617	2,364,621	934,119	3,547,112	7,477,469	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State Level Labor (NSA)	3,150,000	1,365,755	4,859,473	1,349,854	5,939,356	13,514,437	3,150,000	433,200	3,244,500	446,196	3,341,835	459,582	3,442,090	473,370	3,545,353	487,571	3,651,713	502,198	17,225,491	2,368,916
<b>Materials &amp; Services</b>	<b>1,799,190</b>	<b>0</b>	<b>1,895,600</b>	<b>401,000</b>	<b>404,400</b>	<b>2,701,000</b>	<b>1,799,190</b>	<b>6,013,952</b>	<b>1,853,166</b>	<b>6,013,952</b>	<b>1,896,463</b>	<b>6,013,952</b>	<b>1,940,771</b>	<b>6,013,952</b>	<b>1,986,114</b>	<b>6,013,952</b>	<b>2,032,517</b>	<b>6,013,952</b>	<b>9,709,031</b>	<b>30,069,758</b>
Materials & Services	1,799,190	0	695,600	1,000	4,400	701,000	1,799,190	0	1,853,166	0	1,896,463	0	1,940,771	0	1,986,114	0	2,032,517	0	9,709,031	0
EBT Processor Fees	N/A	0	1,200,000	400,000	400,000	2,000,000	N/A	6,013,952	N/A	6,013,952	N/A	6,013,952	N/A	6,013,952	N/A	6,013,952	N/A	6,013,952	N/A	30,069,758
<b>Travel</b>		<b>0</b>	<b>15,000</b>	<b>15,500</b>	<b>229,500</b>	<b>260,000</b>	<b>0</b>												<b>0</b>	<b>0</b>
<b>Banking Contractor Costs</b>	<b>4,141,836</b>	<b>0</b>					<b>4,141,836</b>		<b>4,141,836</b>		<b>4,141,836</b>		<b>4,141,836</b>		<b>4,141,836</b>		<b>4,141,836</b>		<b>20,709,180</b>	<b>0</b>
<b>TOTAL COST TO STATE</b>	<b>9,091,026</b>	<b>1,997,372</b>	<b>9,134,694</b>	<b>2,700,473</b>	<b>10,120,368</b>	<b>23,952,907</b>	<b>9,091,026</b>	<b>6,447,152</b>	<b>9,239,502</b>	<b>6,460,148</b>	<b>9,380,134</b>	<b>6,473,534</b>	<b>9,524,697</b>	<b>6,487,321</b>	<b>9,673,303</b>	<b>6,501,522</b>	<b>9,826,067</b>	<b>6,516,149</b>	<b>47,643,702</b>	<b>32,438,675</b>
Grant Fund Total	N/A	631,617	4,275,221	1,350,619	4,181,012	<b>10,438,469</b>														
Existing NSA Total	9,091,026	1,365,755	4,859,473	1,349,854	5,939,356	<b>13,514,437</b>														



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**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH  
eWIC EBT PLANNING PROJECT**

**FEASIBILITY STUDY, ALTERNATIVES ANALYSIS, AND  
COST BENEFIT  
v1.0**

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**January 28, 2014**





## Document History

<b>Version #</b>	<b>Revision</b>	<b>Date</b>	<b>Author</b>	<b>Description of Change</b>
1.0	Final	1/28/14	CA WIC	Final submitted to USDA



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## 1. EXECUTIVE SUMMARY

The United States Department of Agriculture (USDA) funds the Women, Infants, and Children (WIC) Program to deliver nutrition education and supplemental food programs within every state. Traditionally, states have issued these benefits using paper Food Instruments (FI). California WIC issues approximately 4.5 million food benefit checks each month, making it the largest state WIC Program in the nation. The California WIC Program includes Cash Value Vouchers (CVV) for fresh, canned, and frozen fruits and vegetables. In 2012, California WIC participants redeemed 12.6 million cash value vouchers with retail vendors and approximately 4,700 CVV vouchers with farm vendors. Additionally, California WIC participates in the Farmers' Market Nutritional Program (FMNP).

To save costs and improve service to participants, the USDA mandated that all states migrate to Electronic Benefits Transfer (EBT) by October 2020. EBT will replace paper benefits, as well as paper-based technology and processes, with electronic benefits on a plastic debit-like card. The California Department of Public Health (CDPH) seeks to implement a statewide WIC EBT solution (eWIC EBT) that meets federal mandates and is sustainable in the years to come. CDPH is responsible for coordination of the eWIC EBT Project and for ensuring inclusion of its partners.

### 1.1. Purpose

The USDA requires submission of a complete Feasibility Study prior to submission of the Implementation Advanced Planning Document (IAPD), in order to receive Federal funding for an EBT system. In accordance with Federal guidelines<sup>1</sup>, The CA WIC Program conducted an analysis of WIC EBT alternatives to determine which solution would best provide accessible and high quality services to WIC families that is affordable to operate within the current nutrition services and administration (NSA) grant funding. The alternatives include two key decisions: 1) online or offline technology, and 2) in-house or outsourced benefits processing.

### 1.2. Approach

The CA WIC Program first identified viable alternatives, then examined and analyzed the technical, financial, operational, and functional differences between them. The alternatives analysis focused on three major components: processing technology, hosting, and card technology. The planning team used qualitative as well as quantitative measures to evaluate how well each alternative met California WIC's (CA WIC) business needs and operating environment. The planning team also estimated the one-time and ongoing costs, benefits, and savings associated with the recommended solution. This Feasibility Study summarizes the findings and provides a recommended solution.

### 1.3. Recommended Solution

A thorough gap analysis of the viable alternatives revealed that the best WIC EBT option for California is an **online, outsourced solution**.

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<sup>1</sup> USDA, FNS Handbook 901, [http://www.fns.usda.gov/apd/Handbook\\_901/V\\_1-4/2011-10-28\\_FNS\\_HB901\\_v1-4-nf.pdf](http://www.fns.usda.gov/apd/Handbook_901/V_1-4/2011-10-28_FNS_HB901_v1-4-nf.pdf).

Online WIC EBT solutions use magnetic stripe cards and the national debit/credit network infrastructure to process and authorize WIC transactions in real time. WIC stores the participant's benefits in an online "account." When the participant swipes the WIC EBT card at the retail store terminal, communication between the terminal and the WIC EBT host system occurs in real time. As the store clerk scans the food items, the WIC-eligible benefits are validated against the participant's available food benefit balance. Valid food benefits are redeemed and subtracted from the participant's available benefit balance immediately. Items that are not WIC-eligible are immediately identified so that the participant may choose to return the item or make alternative payment.

Key factors that contributed to the recommendation of online WIC EBT include:

- Real-time transaction processing and data availability;
- Flexibility and benefits that online WIC EBT will provide to participants;
- Consistency with the statewide EBT solution for Supplemental Nutrition Assistance Program (SNAP), also called "CalFresh";
- National trends toward online processing solutions; and
- Faster settlement time for vendors.

Given that online technology best meets the needs of CA WIC and its stakeholders, the decision for hosting becomes clearer. The requirement for 24x7 availability and online processing reliability requirements would stretch the capabilities of Information Technology Services Division (ITSD) and is outside the core business of WIC and CDPH. Outsourcing the WIC EBT benefits processing allows CDPH to implement the eWIC EBT solution more quickly and at a lower cost than processing WIC EBT benefits in-house. If the solution is not out-sourced California would have to develop a custom EBT system or transfer and customize a system from another state, which would be time-consuming and costly for both one-time and ongoing costs. It would be extremely high risk to bring this technical solution in-house, especially given CA WIC's preference to implement WIC EBT concurrently with replacing their WIC Management Information System (MIS). Outsourcing allows California to take advantage of existing proven systems already used successfully in other states and maintained regularly to meet USDA Food and Nutrition Service (FNS) requirements.

The California Department of Social Services (CDSS) and the California Office of Systems Integration (OSI) have successfully implemented EBT technology for CalFresh, and are preparing to procure a new CalFresh and cash EBT processing service contract. This provides the opportunity for CDPH to join this effort to share efficiencies and EBT expertise. Key factors that contributed to the recommendation to partner with OSI for procurement and contract management include:

- OSI is an experienced EBT procurement and contract manager with a proven track record of implementing EBT statewide in California;
- OSI is an experienced EBT implementation manager and their experience and guidance will be valuable for CDPH to successfully implement WIC EBT;
- CA WIC participates in a competitive procurement;



- Combined procurement provides opportunities to realize cost savings through shared services, such as Call Center and Automated Response Unit (ARU); and
- Combined procurement will likely allow both Departments to negotiate a lower Cost per Case Month (CPCM) due to the large caseload volume.

The transition from paper-based benefits to EBT will also require adjustments to the financial settlement and reconciliation processes. The planning team and WIC Financial Management staff evaluated three financial settlement and reconciliation models:

- California WIC Settlement Agent
- EBT Provider Settlement Agent
- STO Settlement Agent

The third model, the STO Settlement Agent, is not under consideration because STO indicates that they do not have or plan to acquire Automated Clearing House (ACH) tools and expertise. For both the California WIC Settlement Agent model and the EBT Provider Settlement Agent model, WIC staff that currently conducts paper-based settlement and reconciliation activities will be trained to conduct corresponding EBT settlement and reconciliation tasks. The CA WIC Program will continue to discuss the settlement and reconciliation models to finalize prior to procurement activities.

## 2. APPROACH

### 2.1. Objectives

The California WIC Program will continue to make a positive difference in the nutrition and health of families and individuals in California by implementing a WIC EBT system that delivers benefits efficiently, reconciles payments, operates affordably, enhances client services by improving access to prescribed WIC foods, and simplifies the retail point-of-sale transaction to reduce participation stigma and improve shopping convenience.

Measurable Objectives<sup>2</sup>:

- The California WIC Program distributes WIC benefits to participants electronically.
- WIC local agency staff, WIC participants, cash register clerks, vendor accounting staff, the financial processor, WIC state staff, CDPH accounting staff conduct and manage the WIC reimbursement process electronically.
- California implements an EBT system by the Federal deadline of October 1, 2020, and USDA WIC program funding continues.
- WIC is able to fund ongoing (post-implementation) EBT costs from the annual Nutrition Services Administration Grant.

### 2.2. Methodology

The CA WIC Program contracted with The Highlands Consulting Group LLC (Highlands Consulting) to examine the technical, financial, operational, and functional differences among the following alternatives:

- Online EBT System, In-House Processing
- Online EBT System, Outsourced Processing
- Offline EBT System (Smartcard), In-House Processing
- Offline EBT System (Smartcard), Outsourced Processing

The methodology included the following tasks, reviewed and approved by the eWIC EBT Project Management Team:

- Assessed California's current WIC environment (Information Technology, Program, Local Agencies, Vendors, and Participants).
- Conducted WIC EBT market research:
  - Interviewed representatives from five states including Kentucky, Oregon, New Mexico, Texas, and Washington to understand their current status, the WIC EBT approach they selected, relevant factors that led to those decisions, and lessons learned.

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<sup>2</sup> eWIC Project Charter, *eWIC\_Charter\_Draft\_2013-02-28.docx*, February 2013

- Participated in demonstrations for three systems currently in use: an offline State Agency Model (SAM) system; an online SAM system; and a non-SAM system compliant with the WIC Universal MIS – EBT Interface (WUMEI) to assess how functions were distributed between the WIC MIS and the EBT systems.
- Participated in WIC EBT host processor and services demonstrations by USDA/FNS-approved WIC EBT services providers, J.P. Morgan Chase and Xerox State & Local Solutions, Inc. (Xerox).
- Prepared criteria to evaluate and compare alternatives and select a recommended solution:
  - Identified and evaluated the range of available EBT technologies and eligible EBT providers, including solutions used by other states.
  - Prepared a list of the range of options available for consideration.
  - Evaluated the feasibility of each option interfacing with WIC MIS system configuration.
- Prepared a narrative description and high-level functional diagram for the processing technology alternatives:
  - Provided diagrams depicting the proposed eWIC food distribution and payment process as well as interfaces and data exchanges with the WIC MIS system.
  - Identified gaps between the current system and processes and those for WIC EBT.
- Proposed a strategy for interfacing with the WIC MIS.
- Identified the procurement strategy and timeframe for each alternative.

The outcomes of these activities were documented as Highlands Consulting project deliverables. In many cases, these deliverables supported the FNS feasibility study requirements, as identified in **Table 1: FNS Handbook 901 Feasibility Study Requirements**.



**Table 1: FNS Handbook 901 Feasibility Study Requirements**

FNS Handbook 901 Requirement	Highlands Consulting Deliverable #	Deliverable Title
<b>WIC Information System (IS) Capability</b> – Assess the readiness and practicality of adapting the WIC IS to electronically issue and track benefits.	5	WIC Existing MIS Readiness Assessment
<b>WIC Business Capacity</b> – Assess the skills and abilities and organizational impact an EBT system will have on WIC Program and IS staff and services.	2	Information Gathering Results
<b>Retailer Technical Capabilities</b> – Survey a sample of WIC-approved retailers for their readiness for EBT. Assess their ability, readiness and desire to integrate EBT in their Electronic Cash Register (ECR) system.	2	Information Gathering Results, Appendix A
<b>Retailer Equipage</b> – Analyze and plan for retailer equipage strategies – integrated and stand-beside.	2	Information Gathering Results, Appendix A
<b>Financial Considerations</b> – Assess EBT effects on financial payments to vendors – through the State agency or a bank. Assess whether on-going EBT needs are best handled by internal state agency staff or by an EBT processor.	6	eWIC Feasibility Study Alternative and Cost Benefit Analysis
<b>Infrastructure Considerations</b> – Assess WIC clinic telecommunications capabilities and any other operational issues.	N/A	WIC MIS Replacement IAPD (2013)
<b>Electronic Card Options</b> – Examine the choices of cards for the development, testing, and evaluation of integrated EBT solutions.	2	Information Gathering Results
<b>Recommend a Technical Solution</b> – Analyze the state of the available EBT technologies and vendors and assess whether EBT can be a cost-effective solution. Both technologies must be considered in the assessment.	6	eWIC Feasibility Study Alternative and Cost Benefit Analysis
<b>Recommend a Plan</b> – Based on pertinent data, recommend a 2 to 5 year plan for the State to pursue WIC EBT.	6	eWIC Feasibility Study Alternative and Cost Benefit Analysis



FNS Handbook 901 Requirement	Highlands Consulting Deliverable #	Deliverable Title

### 2.3. Evaluation Criteria

The USDA mandated that all states migrate to EBT by October 2020, but allows each state to determine their implementation approach and strategy that best meets their technical, fiscal, and operational needs. California has several important decisions to make regarding how it will implement WIC EBT, including processing technology, hosting considerations, and card technology. To facilitate the decision making process, CA WIC developed a prioritized list of decision criteria based on the impacts to the key WIC stakeholders:

- WIC Participants
- WIC Local Agencies and Clinics
- WIC Authorized Vendors
- WIC State Administration

**Table 2: EBT System Evaluation Criteria** presents the California overall WIC EBT evaluation criteria developed by workshop participants, in priority order. The first two priorities reflect the importance of selecting a solution that meets the needs of WIC participants and that is also seamless to clinics and retailers.

**Table 2: EBT System Evaluation Criteria**

Priority	Criterion
1.	Supports participant-centered interaction that is positive and user-friendly
2.	Provides uninterrupted service to WIC participants, clinic staff, and retailers
3.	Long-term sustainability that supports phasing in additional functionality over time and adapts to technology changes
4.	Streamlines clinic operations
5.	Good stewardship in cost and planning choices that promotes ability to obtain funding
6.	Impacts on vendor community
7.	Efficiencies for State staff
8.	Proven implementation record



Priority	Criterion
9.	Integration with WIC MIS replacement system that also meets the WIC MIS replacement schedule
10.	Consistency with Statewide EBT implementation for other programs

The analysis and conclusions presented in this feasibility study are based on these evaluation criteria.

## 2.4. Assumptions and Constraints

### 2.4.1 System Life

It is assumed that the WIC EBT system will have an operational life of at least ten years, the anticipated duration of the EBT provider contract.

### 2.4.2 Information and Resources

California WIC has relied on information provided from other states as well as material published by FNS. The planning team conducted informal market research on available outsourced EBT systems to obtain information on EBT functionality as well as interaction with existing WIC MIS systems available for transfer. In addition, California WIC conducted a survey of the WIC authorized vendors, including farmers and farmers' markets, to gauge the technical readiness of the vendor community.

### 2.4.3 Financial Constraints

The availability of federal funding could affect the acquisition and implementation of WIC EBT. The outlook for federal funding in 2013 and beyond is uncertain. FNS has mandated the transition to EBT by October 2020 and has imposed a financial constraint for California to maintain and operate EBT within its current level of NSA grant funding.

### 2.4.4 Legislative and Policy Constraints

There are no legislative or policy constraints relevant to WIC EBT implementation, outside of the FNS mandate to implement WIC EBT by October 2020.

### 2.4.5 Technical Constraints

CDPH determined that the current MIS does not meet requirements for EBT-readiness; it does not meet the requirements to integrate with a WIC EBT system. CA WIC has submitted an IAPD to replace the existing MIS with a USDA-approved transfer system that is EBT-ready. This alternatives analysis assumes that the new WIC MIS will be fully compliant with all USDA requirements, policies, standards, and guidelines. Further, it is assumed that the new WIC MIS will be implemented in time to allow for concurrent testing, pilot activities and statewide rollout with WIC EBT.



CDPH ITSD has not defined technical or equipment standards for Local Agencies. As a result, there is a wide variety of hardware in use in the 84 Local Agencies.

#### **2.4.6 Operational Constraints**

There are no known constraints at this time, but constraints could be imposed by outside agencies as a condition of interfacing with WIC.

### **3. CURRENT ENVIRONMENT (BASELINE)**

The CA WIC Program currently distributes food benefits using paper FIs. Local agency clinic staff issue FIs to the participants, who in turn redeem them for WIC-allowable food items at their local retail vendor. The vendors request payment by submitting a list of redeemed FIs serial numbers to CDPH and depositing the physical FIs in their bank. The State Treasurer's Office (STO) processes and authorizes vendor payment, based on information provided by CDPH and its automation processing business rules.

#### **3.1. WIC Information System Capability**

##### **3.1.1 The Current WIC MIS**

The current California WIC MIS includes three critical subsystems:

- Integrated Statewide Information System (ISIS) mainframe
- WIC Extranet (WIX)
- Vendor WIC Information Exchange (VWIX)

##### **3.1.1.1 ISIS**

ISIS, the core MIS application, is a centralized, real-time mainframe DB2 system. CDPH transferred this system from Florida WIC, extensively modified it, and implemented it in California in 1996. State, local agency, and clinic staff use ISIS to store and maintain demographic and eligibility data, plan nutrition education, prescribe food benefits and print FIs, and schedule participant appointments. ISIS also stores vendor information such as authorized and terminated vendors and those under sanctions or disqualified. ISIS is fully operational in all 84 Local Agencies at over 650 sites throughout California, with approximately 5,000 users statewide. ISIS processes over 2.6 million transactions a day, generating approximately 4.5 million food benefit checks each month. ISIS interfaces with Medi-Cal's (California's version of Medicaid) eligibility database and its online component has a 0.034 second average response time. Further details about the ISIS database environment, reporting databases, and architecture and network hardware/software are provided in Deliverable 5 – WIC Program Existing MIS Readiness Assessment.

##### **3.1.1.2 WIX**

The WIX system is the primary interface for local agency and CDPH WIC Branch staff and is the business intelligence reporting engine for the CA WIC Program. Data in WIX comes from data tables used to support ISIS. WIX allows staff to securely access data for caseload management, participation, appointment, and outreach. WIX also creates a secure repository for source code and reports. There are approximately 500 WIX users.

Local agency staff access WIX through a web browser and use SAP Business Objects (BO) to run reports populated with data supplied by database queries. IBM's Query Management Facility (QMF) is also used to supplement this reporting environment by allowing advanced users to write their own SQL queries and execute them directly, avoiding the BO interface.

### 3.1.1.3 VWIX

WIC vendors use the VWIX system to electronically submit redeemed FIs serial numbers for validation prior to reimbursement. Vendors may submit File Transfer Protocol (FTP) files or may enter the serial numbers using the VWIX web interface. VWIX was developed using Microsoft's Internet Information Server (IIS) platform and was written in ASP.NET and VB.NET programming languages. System features include the ability to create FI status reports, view, and download Maximum Allowable Departmental Rates (MADRs). There are approximately 2,900 VWIX users throughout California.

### 3.1.1.4 Supplemental Technical Tools

CDPH uses the following additional technical tools to support WIC Program processes and activities:

- KATE, a telephone reporting system for vendors to submit FI serial numbers, in lieu of submission through VWIX.
- WICWorks Website.
- WIC Mobile, a free mobile application that allows WIC participants to access WIC information from their smart phone or personal computer to view benefit balances, appointment dates and instructions, WIC clinic locations, authorized WIC retail vendors, and a shopping guide. The CDPH ITSD team developed and maintains WIC Mobile. It is available for download to smart phones or personal computers at <https://m.wic.ca.gov>. The application is in process for marketing and deployment.
- Numerous non-integrated supplemental technical tools such as Microsoft Excel and Microsoft Access.

## 3.1.2 System Integration

The existing WIC MIS would be unable to integrate with an EBT solution. The WIC MIS is not EBT-ready and does not comply with FNS requirements, standards, and guidelines such as the WUMEI. The existing WIC MIS also interfaces with the California Department of Health Care Services Medi-Cal management information system (MEDS) to determine adjunctive eligibility

## 3.1.3 System Limitations

The current WIC MIS lacks the following core requirements:

- Integrated system ability to provide access to historical data for all users.
- 100 percent EBT readiness. An earlier phase of this project estimated it would take approximately 23,560 programming hours at a cost of between \$1 million and \$1.5 million to modify the current WIC MIS to be EBT ready.<sup>3</sup>

In addition, the existing WIC information system(s) have the following limitations:

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<sup>3</sup> WIC Program Existing Management Information Systems EBT-Readiness Assessment, June 2013 (Deliverable 5)

- System-wide adaptation challenges.
- Not web-enabled.
- Not a single, integrated system.
- Limited electronic counseling protocols, automated dietary assessments, or care plans.
- The systems support only 37% to 60% of business processes.
- Lack of system documentation and declining knowledge base.

### 3.1.4 System Costs

**Table 3: CA WIC Current Annual System Costs** provides the estimated costs to maintain the current WIC MIS.

**Table 3: CA WIC Current Annual System Costs**

CA WIC MIS	Annual Cost <sup>4</sup>
Mainframe Costs	\$7,907,000
WIC Extranet Reporting Costs	\$625,812
VWIX Costs	\$903,748
Salaries and Benefits	\$3,993,000
Miscellaneous Expense	\$230,000
Banking Costs	\$3,700,000
Department Overhead	\$1,367,000
<b>Total Annual Costs<sup>5</sup></b>	<b>\$18,726,560</b>

### 3.1.5 Primary Responsibility

The CA WIC Program is responsible for business program operations. CDPH ITSD is responsible for maintaining and providing technical support for the WIC MIS system. The eWIC EBT Project

<sup>4</sup> Approved *California WIC Feasibility Study Alternatives Analysis version 1 4 3-2902913.doc*

<sup>5</sup> IT consolidation efforts are currently underway. At the completion of the consolidation effort (late 2012), a minimum of technical staff will remain at WIC while most staff will join a pool of CDPH IT staff. IT support will be allocated based on prioritization and therefore the resources for ongoing maintenance and development will change. The annual system cost will change due to the reallocation of overhead expenses (across most categories) and staffing. The change in annual system costs will not be stable and therefore not able to be estimated until the conclusion of Federal Fiscal Year 2013-2014 or calendar year 2013.

Management Team is comprised of California WIC and ITSD management staff and is responsible for the WIC EBT Project.

### **3.1.6 Roles of Other California State Offices**

The California Technology Agency (CalTech) datacenter (OTech) hosts the WIC MIS. The STO processes and documents FI redemption. The State Controller's Office (SCO) performs audits and settles vendor disputes.

### **3.1.7 WIC MIS Expectations**

CDPH has initiated a parallel effort to replace its existing WIC MIS systems in order to be EBT-ready. Section 5.5 discusses this effort in detail.

## **3.2. WIC Business Capability**

The WIC business stakeholders (both WIC Program and ITSD resources) have the capacity to participate in the implementation of an EBT solution.

### **3.2.1 WIC Program Capability**

The CA WIC Program is well-prepared and capable of adapting to an eWIC EBT solution. The CA WIC Program has five eWIC EBT Planning Teams, each comprised of 8 to 12 members that will oversee every aspect of implementing EBT, from planning through implementation. The five Planning Teams are organized into the following functional areas: Business Processes, Communications, Education & Training, Policy, and Technology. Organizationally, each team includes a representative from each CDPH WIC Program Branch and Section as well as representatives from local agencies throughout the state.

If a team member departs, there is a policy to identify and incorporate replacements to maintain institutional knowledge of all aspects of the eWIC EBT Project as well as balance between State and local agency representation.

The Planning Teams operate with project schedules, produces deliverables, and requires the commitment of 25 percent to 50 percent of each team member's time, depending on the stage of the project and team member role. WIC Program management is briefed regularly on the eWIC EBT Project and consequently, management support for the teams and the project is high.

WIC Program capability with regard to specific functions is as follows:

- **Policy Changes** – Implementing eWIC EBT will require the CA WIC Program to create new policies or modify existing policies. The Policy Planning Team will work closely with the Policy Section to ensure that needed policies are identified and developed.
- **Staffing** – Workload will decrease for some functions, such as calls to the Help Desk for assistance with printer problems. Other functional areas may see increased activity, such as in the Policy Section where new policies are developed and technical assistance provided to local agencies. Overall, the change to duties is expected to be slight and is not expected to require a change in WIC Program staffing levels.

- **Universal Product Code (UPC) Database** – The Food Package Policy Section has one staff member that currently maintains the UPC Database, which will be integrated with eWIC EBT. Once the National UPC Database (NUPC) is implemented it is expected that the current or another staff member will integrate necessary information for use by eWIC EBT, as needed.

### **3.2.2 ITSD Capability**

CDPH ITSD is committed to provide necessary support for the eWIC EBT Project. The EBT processor system will interface with the new eWIC MIS, which will be implemented separately. A team has been assigned to manage the implementation of the eWIC MIS component. However, several of the eWIC MIS team members will also participate on the eWIC EBT implementation team. If needed, contract staff may be procured to help with the temporary increase in workload.

### **3.2.3 Local Agency Clinics Capability**

California WIC contracts with 84 local agencies, composed of approximately 650 service sites, to determine participant program eligibility and deliver program benefits. Local agencies appreciate how EBT would help them improve customer service. By making the program more attractive to eligible people, participation may increase.

In an EBT system, FI printers, mismatches, and check stock are no longer issues. More time can be dedicated to activities such as participant education and outreach instead of the FI paper process. Staff levels should not be affected.

Numerous local agency desktop computers are approaching the end of their lifespan and are not EBT ready. As part of the WIC MIS replacement project, these systems will be replaced by WIC with machines that will fully support both the new WIC MIS and EBT regardless of which EBT option is chosen. The replacements are expected to be complete before EBT implementation begins. Local agencies also recognize that clinic flow, processes, and other equipment will change but are eager to support the move to EBT.

## **3.3. California WIC Retailers Capability**

### **3.3.1 Retailer General Capability**

The vendor population in California would like to move to EBT as soon as possible. California WIC conducted a survey to determine current retail and farm vendor EBT-readiness, from both a business and technical perspective. The results of that survey indicate that many of the vendors are either ready or could become EBT-ready with no significant risk. The State will provide a vendor-deployed EBT solution to those vendors who are not or are unable to become EBT-ready.

There is general support and enthusiasm for WIC EBT, although vendors have plenty of questions and unknowns. Training and outreach will figure importantly in vendor understanding, participation, support for, and resources needs associated with WIC EBT. The most common method and preferred method of training, across all vendor groups, is “hands on.” The more knowledgeable the vendor staff is, the fewer errors and frustrations there are, and the more benefit WIC participants and vendors alike will reap from the program.

Vendors electing to use Third-Party Processors (TPP) to forward transactions to the EBT host will rightly be concerned about added costs, such as increased ACH fees. In general, vendors have good familiarity with using TPPs, though California WIC will want to ensure sufficient time for vendors to negotiate contracts and understand the equipment. Vendors who opt to utilize an integrated ECR/POS system will be concerned about system upgrades or purchase, certification testing, and ongoing maintenance costs. Sufficient planning will allow vendors the opportunity to seek out economical options, particularly those with “no cost.”

Some vendors will require more time to install and introduce new technology, train staff, and fully deploy the WIC EBT system. This is particularly true for those stores with multiple locations, such as corporate chains and independents. California WIC will want to carefully consider the vendors when planning the pilot and its participants.

Farm vendors will require the most support because many lack technical equipment, access to phone lines, and a financial account. Past experience with California CalFresh indicates that more intensive training will be required to overcome the perception that WIC EBT will pose a hardship on individual farm vendors. California WIC may be able to overcome challenges facing authorized WIC farm vendors with technology already in use in California and other states.

### **3.3.2 Retailer EBT Technical Readiness**

A WIC authorized vendor will be considered “EBT Ready” only if the necessary ECR/POS hardware, software, and communications services are present in-lane/in-store and capable of initiating a WIC EBT food purchase transaction. At a high level, the following requirements must be met:

- The store must be equipped with an ECR/POS system.
- The store must have intranet/internet access (preferred) or telephone service capable of supporting secure data transmissions, messaging (online), or file transfer (offline), from vendor host to EBT host.
- In-lane, the store must have a CAD that will support the required WIC EBT application, in addition to non-WIC tenders, and initiate the WIC EBT transaction in accordance with USDA/FNS standards and guidelines.
- In-lane, the CAD must contain an integrated keypad that allows the authorized cardholder to enter his/her personal identification number (PIN) securely.
- In-lane, the store ECR/POS system must distinguish between WIC- and non-WIC authorized food products based on Universal Product Code (UPC) or Price Look-Up (PLU) code, which the clerk either key-enters or scans.
- The store ECR/POS system must transmit WIC food purchase transaction data to the WIC EBT host for processing, approval, pre-settlement adjustments, if applicable, and settlement.

A state, territory, or Indian Tribal Organization (ITO) is EBT ready when the WIC MIS, WIC EBT system, and WIC authorized vendor ECR/POS systems are tested and certified as EBT ready. In order to be certified, the ECR/POS system must have all interfaces present and functioning. In

addition, the ECR/POS system must conform to the following Federal and industry retail system design and performance standards:

- ANSI X9.93:2008, Part 1 (online) or Part 2 (offline), as amended
- Operating Rules, WIC EBT (12/21/2010)
- WUMEI Functional Requirements (June 2012)
- WIC EBT Technical Implementation Guide (March 9, 2012)

With conversion from paper to EBT, a WIC authorized vendor without a WIC EBT ready ECR/POS has four options: 1) purchase a replacement or upgraded system; 2) modify the existing ECR/POS system to become “EBT ready”; 3) request the store use a WIC EBT ready ECR/POS application or system that can be installed stand-beside or stand-alone; or 4) discontinue participation in the CA WIC Program.

### 3.3.3 Retailer Equipage

The vendor survey responses provided insight into whether the current WIC authorized vendors have systems that will already support WIC EBT, will need to be updated and integrate their existing systems, or will require state-deployed stand-beside systems. CDPH projects that California WIC will need to provide 4,565 stand-beside systems to support the transition to WIC EBT. FNS provides guidelines for how many WIC-equipped lanes are needed, based on the retail sales volume. **Table 4: Corporate Stand-Beside Systems Needed** and **Table 5: Other Retail Stores Stand-Beside Systems Needed** provides a summary of the needed lane equipage, based on FFY 2012 retail sales volume.

Many of California’s larger chains and independent stores have ECR and/or integrated systems. CA WIC does not anticipate that these stores will want to have a secondary, stand-alone terminal for WIC purchases. This is consistent with information received from other states implementing EBT that such vendors opt to upgrade or enhance their existing systems to be EBT-certified. California WIC does not plan to provide funds to vendors to assist with updates or integration efforts with their existing store systems. Costs for the state-deployed stand-beside systems are typically included in the CPCM for an outsourced online system.

**Table 4: Corporate Stand-Beside Systems Needed**

<b>Corporate Stores – Estimate of State Lane Equipage</b>			
# Lanes	Annual WIC Food Sales	# Stores	Authorized Lanes
1	\$ 0 - \$ 132,000	37	37
2	\$ 132,001 - \$ 264,000	5	10
3	\$ 264,001 - \$ 396,000	17	51
4	\$ 396,001 and above	36	144
<b>TOTAL</b>		<b>95</b>	<b>242</b>



**Table 5: Other Retail Stores Stand-Beside Systems Needed**

<b>Other Retail Stores – Estimate of State Lane Equipage</b>			
<b># Lanes</b>	<b>Annual WIC Food Sales</b>	<b># Stores</b>	<b>Authorized Lanes</b>
1	\$ 0 - \$ 96,000	1,341	1,341
2	\$ 96,001 - \$ 192,000	356	712
3	\$ 192,001 - \$ 288,000	174	522
4	\$ 288,001 and above	437	1,748
<b>TOTAL</b>		<b>2,308</b>	<b>4,323</b>

## 4. FINANCIAL SETTLEMENT CONSIDERATIONS

### 4.1. Existing Vendor Settlement and Reconciliation

California WIC partners with the STO for vendor settlement and reconciliation services. Retail vendors must validate each FI redeemed at their retail locations prior to depositing it in their bank for financial settlement. Vendors may enter their FI serial numbers in VWIX by either going online to enter them manually, or by using FTP to transfer a file for ITSD processing. In addition, vendors may utilize the KATE telephone system to enter FI information. ISIS uses this information to transmit a file of valid FI serial numbers, along with the MADR for each FI, to the STO.

ITSD sends a daily file of all issued FIs (STO10 file) and a daily file of all FIs that have been reported as redeemed by vendors (STO12 file). ITSD provides two additional files to report other FI activity such as “no pays” and compliance buys (STO50 and STO11 files, respectively). The STO uses these files to validate and authorize payment to retail vendors.

After the vendor submits the FI serial numbers in VWIX and subsequently deposits the physical FIs in its bank, they are processed by the STO for payment. The FIs flow from the individual vendor’s bank to either the Federal Reserve or one of the eight authorized presenting banks. The STO uses an automated process to verify that each FI is valid for processing based on information provided from ISIS and VWIX. It also validates that the payment amount on each FI is less than or equal to the MADR for the FI. For FIs that are successfully processed, the STO authorizes reimbursement to the presenting banks. The STO retains images of all FIs processed.

The STO provides two daily files back to ITSD containing a list of the serial numbers of all FIs that were paid (STO20 file), rejected, along with the reason for rejection, or unknown (STO30 file). The STO returns rejected FIs to the presenting bank and the vendor is charged a return fee. Vendors may send rejected FIs to CA WIC for reconsideration of payment. If approved by CA WIC, they are paid through the State Controller’s Office (SCO).

### 4.2. EBT Vendor Settlement and Reconciliation

As California WIC transitions from paper-based benefit issuance and redemption to EBT, the vendor settlement and reconciliation processes will change. Most, if not all, of WIC activities currently performed by the STO or the SCO are expected to be either included in the EBT system or no longer necessary by virtue of EBT processing. A small subset of existing settlement and reconciliation activities will be easily supportable by the respective offices, the EBT service provider, or CDPH WIC staff.

The planning team identified and evaluated three vendor settlement and reconciliation models:

- 1) CA WIC Settlement Agent Model – The EBT provider presents the daily settlement file to WIC, who conducts a pre-payment review and initiates settlement to the WIC authorized vendors.
- 2) EBT Provider Settlement Agent Model – The EBT provider initiates daily settlement to the authorized WIC vendors.

- 3) STO Settlement Agent Model – The EBT provider presents the daily settlement file to the STO, who conducts a pre-payment review and initiates settlement to the WIC authorized vendors.

**Table 6: EBT Vendor Settlement and Reconciliation Model Comparison** summarizes each of the three models and presents the benefits and risks of each. Because of the long-term relationship with STO and the business expertise that they have acquired, CA WIC wants to clearly articulate the benefits and risks for each model, not only to CA WIC, but also to STO.

**Table 6: EBT Vendor Settlement and Reconciliation Model Comparison**

Settlement Option Models	Pros	Cons
<p><b><u>Option 1: CA WIC Settlement Agent</u></b></p> <ul style="list-style-type: none"> <li>• WIC EBT provider presents ACH settlement file to WIC.</li> <li>• WIC initiates drawdown of Federal funds.</li> <li>• WIC initiates payments to authorized vendors.</li> <li>• STO performs pre/post payment reviews (reconciles ACH file and ACH payments made by the bank).</li> </ul>	<ul style="list-style-type: none"> <li>• Significantly reduces STO-related costs.</li> <li>• CDPH audit staff provides oversight and has visibility into accounting.</li> <li>• Supports CA WIC cost containment efforts.</li> </ul>	<ul style="list-style-type: none"> <li>• WIC is responsible for Originating Depository Financial Institution (ODFI) clearing account – would need to redirect and train existing staff.</li> <li>• No independent State oversight.</li> <li>• State assumes all the risk involved with settlement.</li> </ul>
<p><b><u>Option 2: EBT Provider Settlement Agent</u></b></p> <ul style="list-style-type: none"> <li>• WIC EBT provider initiates payments.</li> <li>• WIC EBT provider draws funds from a state account established with state bank authorized by STO (“Day of Draw” account approach).</li> <li>• State pays WIC EBT provider to handle any Automated Clearing House (ACH) payments returned.</li> <li>• Provider retains interest accrued on payments returned through ACH until final settlement.</li> <li>• STO provides no oversight of vendor activities.</li> <li>• WIC requests Federal drawdown.</li> </ul>	<ul style="list-style-type: none"> <li>• Eliminates STO-related costs.</li> <li>• CDPH does not need to maintain vendor banking information.</li> <li>• EBT provider will be responsible for correcting settlement errors.</li> </ul>	<ul style="list-style-type: none"> <li>• State has little or no visibility between vendors, the EBT host, and the State bank (an issue other states are experiencing).</li> <li>• Provider is able to collect any accrued interest during settlement.</li> <li>• No independent State management oversight.</li> <li>• The state would have to recoup erroneous costs discovered after the fact, via audit, rather than prevent erroneous payment.</li> </ul>



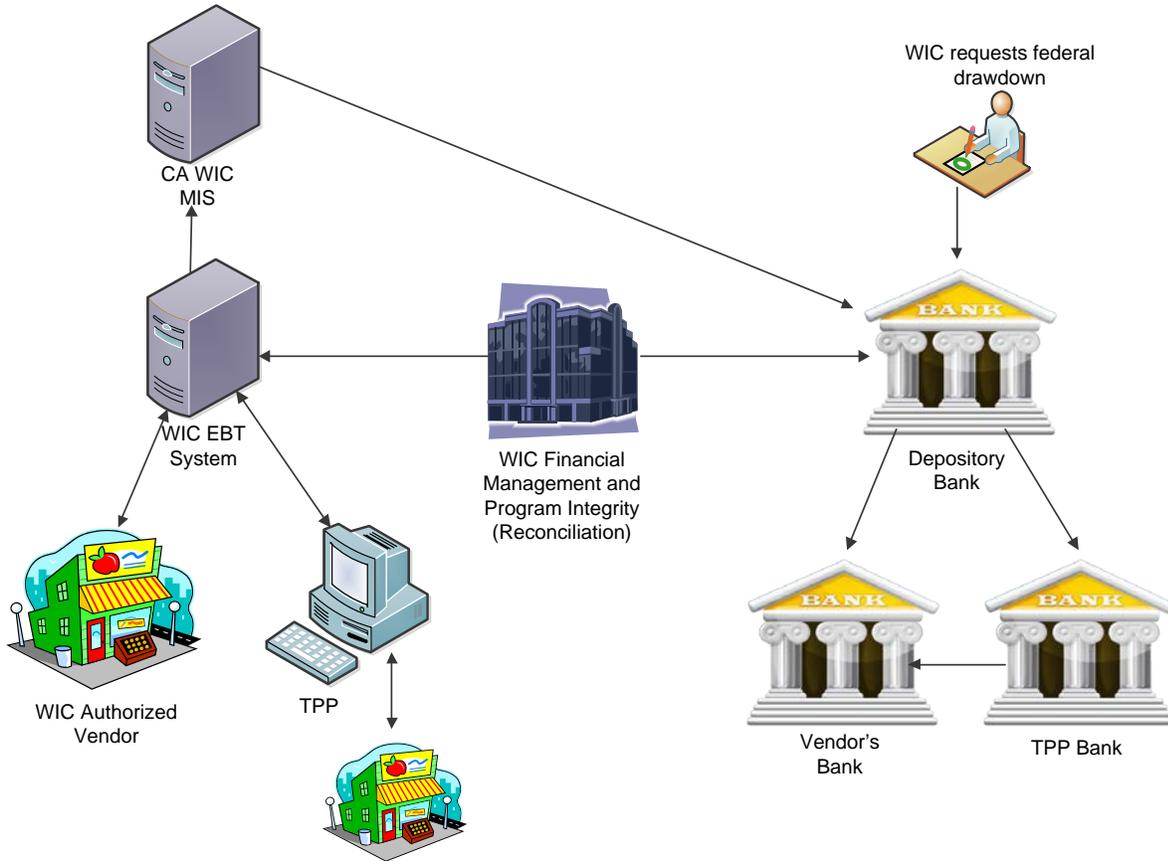
Settlement Option Models	Pros	Cons
		<ul style="list-style-type: none"> <li>CDPH will still need to perform independent reconciliation with the MIS system.</li> </ul>
<p><b>Option 3: STO Settlement Agent</b></p> <ul style="list-style-type: none"> <li>WIC EBT provider presents ACH settlement file to STO.</li> <li>STO performs automated ACH file and state bank ACH payment reconciliation review.</li> <li>STO has read-only security access to WIC EBT admin terminal to confirm ACH file values and EBT host system daily settlement values.</li> <li>STO handles any ACH payments returned, etc. (payment of this service generally included in Statewide Cost Allocation Plan – SWCAP).</li> <li>WIC requests Federal drawdown.</li> </ul>	<ul style="list-style-type: none"> <li>WIC benefits from STO's expertise in ODFI clearing account management.</li> <li>Credible, neutral state entity (STO) has visibility into WIC accounting and oversight of vendor activities.</li> <li>WIC benefits from STO's bargaining power.</li> <li>Provider doesn't collect accrued interest.</li> <li>Reduces STO-related costs.</li> </ul>	<ul style="list-style-type: none"> <li>WIC continues to pay STO for services.</li> <li>STO does not have ACH expertise.</li> </ul>

**4.2.1 CA Settlement Agent Model Options: Considerations**

STO has indicated that they do not have ACH expertise and would be unable to fulfill the responsibilities required under the WIC Settlement Agent model. However, allowing the EBT provider to initiate settlement directly, as required by the EBT Vendor Settlement Agent model, would put CDPH in the position of doing “after the fact” reviews and audits that could result in additional recoupment activities for any findings.

The WIC Settlement Agent model would require CDPH Financial Management Unit and the Program Integrity Unit staff to develop settlement and reconciliation processes, procedures, and staffing assignments. WIC does not anticipate that additional staff would be needed to perform the settlement and reconciliation tasks. Instead, staff that currently process, audit, and research issues with the current paper FI process would transition to perform these activities. The CA WIC Program will continue to discuss the alternatives and finalize the selected model prior to procurement activities.

**Figure 1: California WIC Settlement Agent Model**



## 5. ALTERNATIVES ANALYSIS

Seven states and the Indian Tribal Organizations (ITOs) are fully operational statewide with a WIC EBT system. Most other states are in some stage of either planning for, implementing, or piloting their WIC EBT projects. The fully operational states have chosen differing implementation models and vary primarily by:

- EBT Processing Technology – Online processing supported by a magnetic stripe versus offline processing supported by a “smart card” with an integrated chip embedded in the card.
- Hosting – Processing transactions in-house versus outsourcing processing services to a service provider.

In theory, there are four EBT technologies available. However, only two of the alternatives are currently in use by other states and permitted for transfer by USDA FNS.

### 5.1. Solution Alternatives

#### 5.1.1 Viable Solutions

The following solutions are in use in other states and are **viable** for California:

- **Online, Outsourced:** Four states and one ITO are currently using online, outsourced solutions successfully. Such solutions offer standardized, proven technology that is low risk. They meet Federal requirements, have demonstrated capability to incorporate State-specific requirements, and are compatible with CalFresh. **Table 7 States with Online, Outsourced Solutions** identifies those States that have implemented online, outsourced solutions.
- **Offline, In-House:** Three states and one ITO are currently using offline, in-house solutions successfully. Such solutions also offer standardized, proven technology that is low risk. Like the online, outsourced solutions, offline in-house solutions meet Federal and State requirements, and can be implemented within three years. However, these solutions are not compatible with CalFresh. **Table 8: Offline, In-House States** identifies those States that have implemented offline, in-house solutions.

**Table 7: States With Online, Outsourced Solutions**

State/Entity	EBT Card Technology	WIC MIS System/Vendor	WIC EBT Provider
Chickasaw Nation	Magnetic stripe card	SPIRIT, Smart Client (not web)	JP Morgan
Kentucky	Magnetic stripe card	WIC Direct, state joint effort with Custom Data Processing (CDP); Windows 2003 Operating System; MS SQL Server. <sup>6</sup>	CDP
Michigan	Magnetic stripe card	MI-WIC by Three Sigma; Browser-based application that does not reside on the workstation. DBMS is Oracle.	Xerox
Nevada	Magnetic stripe card	SPIRIT	JP Morgan
Virginia	Magnetic stripe card	Crossroads (SAM)	Xerox

<sup>6</sup> Kentucky WIC EBT Retailer Information Session, 2008

**Table 8: Offline, In-House States**

State	EBT Card Technology	WIC MIS System/Vendor	WIC EBT Provider
New Mexico	Integrated Circuit Chip (ICC) Card	State-hosted system	State-hosted
Texas	Integrated Circuit Chip (ICC) Card	TXWIN, State-hosted system	State-hosted
Wyoming	Integrated Circuit Chip (ICC) Card	Mountain Plains States Consortium (MPSC) State Agency Model	NM EBT
Cherokee Nation	Integrated Circuit Chip (ICC) Card	New Mexico MIS	New Mexico EBT

### 5.1.2 Not Viable Solutions

The following systems are **Not Viable** for California:

- Online, In-House:** This type of solution requires the State to operate similar to a bank, with the same security protocols and continuous service levels (24x7x365) one would expect from a mission critical financial institution. At this time, no states have attempted this alternative. An online, in-house solution would increase the scope of CDPH operations, use unproven technology, and introduces additional security risks. This type of solution would require extensive development and CDPH ITSD resources to meet USDA FNS requirements, which would extend the overall implementation timeline.
- Offline, Outsourced:** There are no offline, outsourced alternatives that are currently operational. At the time of CA WIC's analysis, an offline, outsourced EBT system was not considered a viable option.

## 5.2. Analysis of EBT Processing Alternatives

### 5.2.1 Online EBT Processing

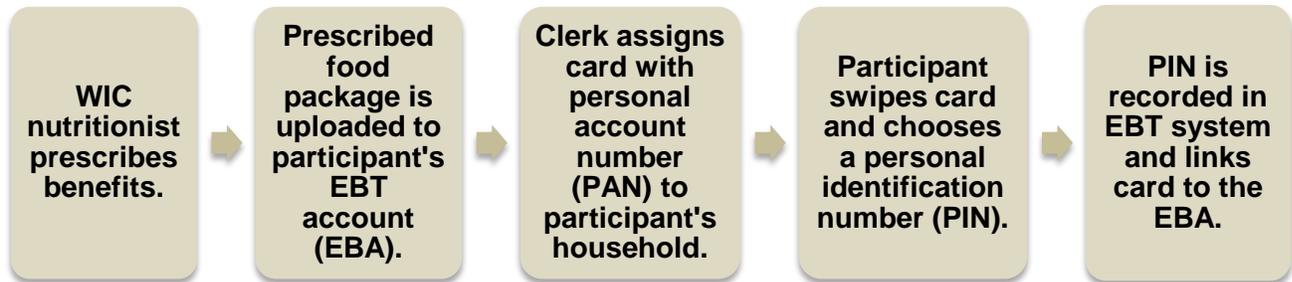
Online EBT systems work similar to those supportive of debit cards. When the participant swipes a card at the retail point-of-sale (POS) terminal, communication between the terminal and the EBT host system occurs in real time. Online systems store benefits information in a central database. Transactions occur as electronic messages sent between the vendor terminal and the WIC central database. The advantages and disadvantages of online EBT processing are summarized in **Table 9: Online EBT Processing Advantages and Disadvantages**.

**Table 9: Online EBT Processing Advantages and Disadvantages**

Advantages	Disadvantage
<ul style="list-style-type: none"> <li>• Compatibility with CalFresh card – CalFresh and eWIC EBT could potentially share the same retail terminals.</li> <li>• Supports use of Cash Value Benefit (CVB) and FMNP benefits.</li> <li>• Low card cost (\$.10 or less).</li> <li>• Improved WIC participant services:               <ul style="list-style-type: none"> <li>➤ Benefits can be added to the participant’s account electronically, without the participant being physically onsite at a clinic.</li> <li>➤ The EBT service provider can mail replacement cards to participants (saving participants a trip to the clinic).</li> <li>➤ Participants can check their balance online, on the last receipt received, at a terminal, or by calling a toll-free number.</li> <li>➤ Replacement cards can be issued immediately.</li> </ul> </li> <li>• Improved WIC authorized retailer services:               <ul style="list-style-type: none"> <li>➤ Next day settlement.</li> <li>➤ Automated correction of “Not to Exceed” amounts real-time.</li> <li>➤ Cards reported lost or stolen are immediately deactivated.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Requires uninterrupted internet or phone connection.</li> <li>• Vendors utilizing TPPs may be required to pay third party processor fees.</li> </ul>

Figures 2 to 4 illustrate online EBT process flows for the major EBT processes: benefit issuance, benefit redemption, and vendor settlement and reconciliation.

**Figure 2: Online EBT Benefit Issuance Process Flow**



**Figure 3: Online EBT Benefit Redemption Transaction Process Flow**



*\*If price of item exceeds maximum allowable amount for retailer's peer group, the system automatically makes adjustments.*

**Figure 4: Online EBT Vendor Settlement and Reconciliation Process Flow**



### 5.2.2 Offline EBT Processing

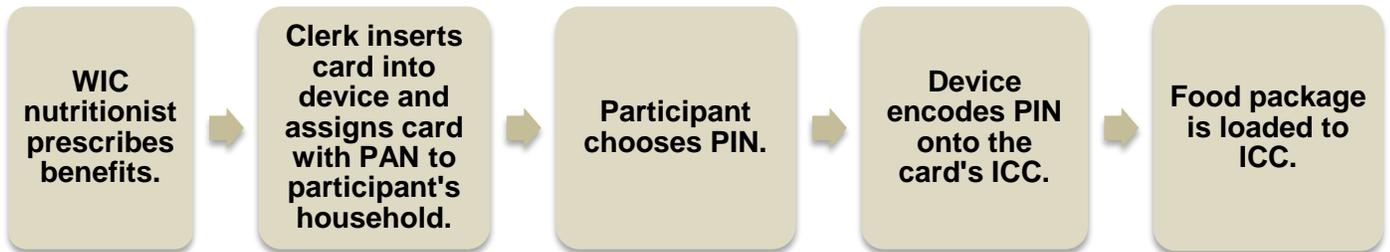
Offline systems store benefits on an integrated circuit chip (ICC) embedded in the card. Transactions are stored on a server located at each vendor site and uploaded to the WIC EBT host database daily as a claim file for batch processing. The advantages and disadvantages of offline EBT processing are summarized in **Table 10**.

**Table 10: Offline EBT Processing Advantages and Disadvantages**

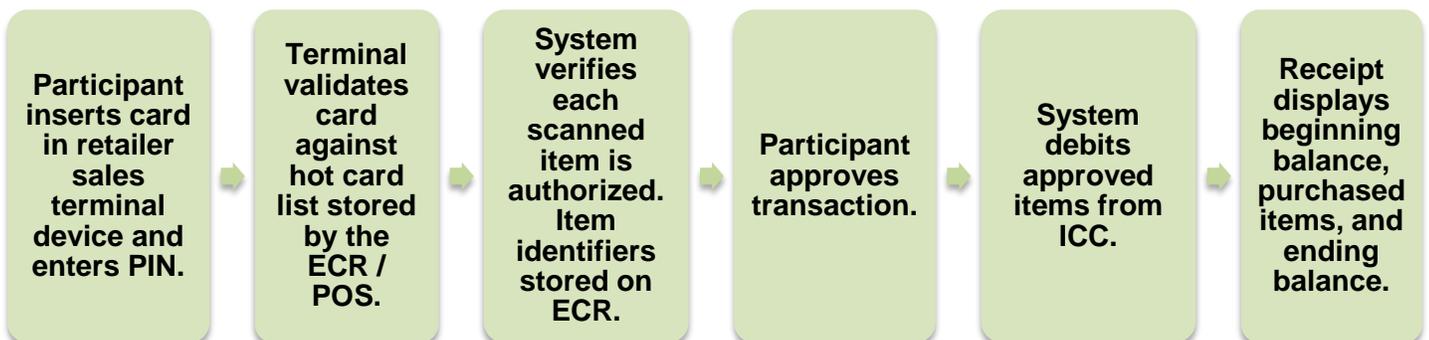
Advantages	Disadvantage
<ul style="list-style-type: none"> <li>• No third party processor fees for vendors.</li> <li>• Supports use of CVB and FMNP benefits.</li> <li>• Participants can check their balance on the last receipt received and at a terminal.</li> <li>• Improved WIC authorized retailer services.               <ul style="list-style-type: none"> <li>➤ Next day settlement process.</li> <li>➤ Automated correction of “Not to Exceed” amounts when claim file is processed.</li> <li>➤ Cards reported lost or stolen are immediately deactivated.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Higher card cost (typically around \$1.50 each for replacements).</li> <li>• Benefits can only be added at a WIC clinic.               <ul style="list-style-type: none"> <li>➤ Participants must go to the clinic to receive new benefits.</li> <li>➤ Participants must go to the clinic for replacement cards.</li> <li>➤ Participants must wait 24-48 hours for replacement cards to ensure correct balance.</li> </ul> </li> <li>• The vendor paid (settled) amount may differ from their claimed amount due to adjustments made for food items that exceeded the MADR.</li> <li>• Vendor must download Hot Card List daily.</li> </ul>

Figures 5 to 8 illustrate offline EBT process flows for the major EBT processes: benefit issuance, benefit redemption, and vendor settlement and reconciliation.

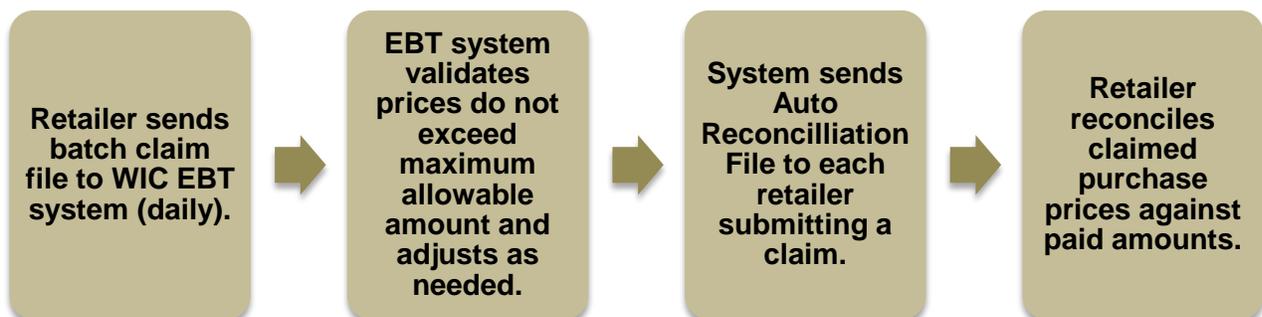
**Figure 5: Offline EBT Benefit Issuance Process Flow**



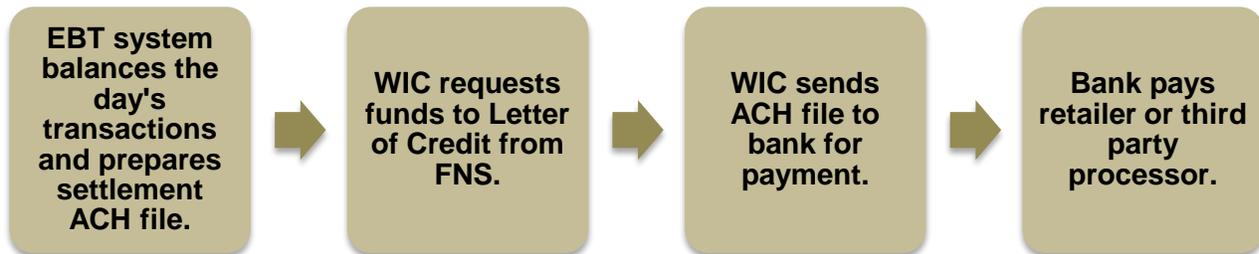
**Figure 6: Offline EBT Benefit Redemption Transaction Process Flow**



**Figure 7: Offline EBT Vendor Settlement and Reconciliation Process Flow**



**Figure 8: Offline EBT Settlement**



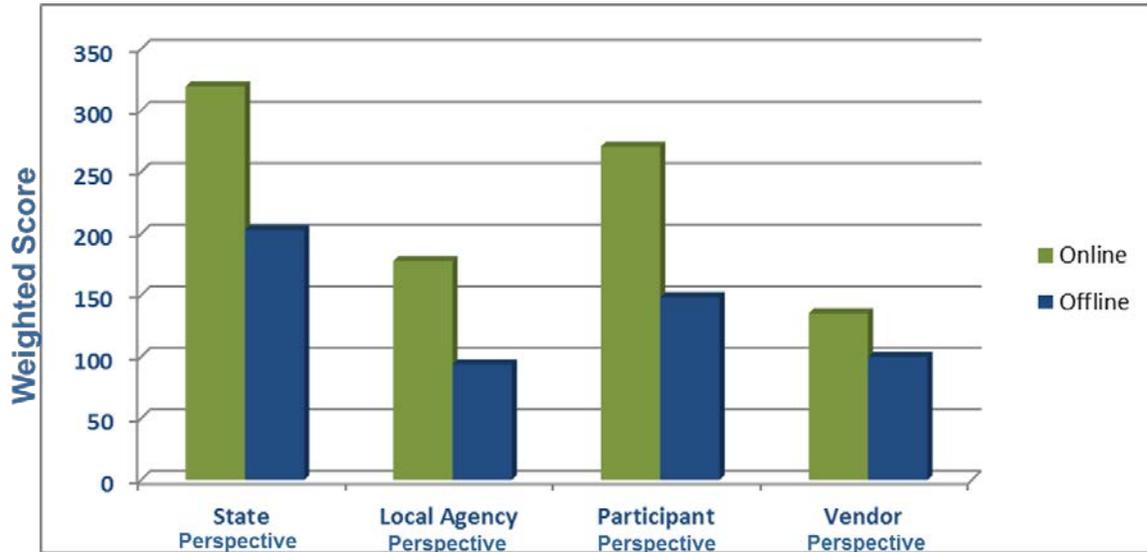
### 5.2.3 Stakeholder Evaluation of Online and Offline Solutions

CDPH identified four stakeholder groups with distinct needs that will benefit from EBT in different ways: State Agencies, Local Agencies, WIC Participants, and WIC Authorized Vendors. California WIC evaluated the impacts for each stakeholder group independently using the following approach:

- CDPH WIC representatives developed a set of criteria (differences) relevant to each stakeholder group. Workshop participants included staff with experience, knowledge and insight for each of the stakeholder groups.
- Workshop participants individually assigned a weight of 1 (low importance) to 5 (high importance) for each criterion. This weighting was independent of an online or offline solution. The planning team computed an average weight for each criterion.
- California WIC developed and administered an online survey for the workshop participants to assess how well an online solution and how well an offline solution met each criterion. Survey participants were provided a survey companion document in the event they were unfamiliar with online and offline processing and magnetic stripe and integrated chip card technologies.
- Survey respondents were asked to assign a score of 1 to 5 to the alternative technologies (online or offline) based on criterion considerations, with 1 being “Does not meet at all” and 5 being the “Fully meets”. This allowed the planning team to assess the desirability of online versus offline for each criterion and on an overall basis.
- The planning team then multiplied each criterion’s average weight by its average score to calculate a weighted online score and weighted offline score. Finally, the planning team determined the overall weighted online and weighted offline scores for each stakeholder group’s perspective that appear in the survey results that follow.

For every stakeholder group perspective, the preference for the online solution over the offline solution was definitive (see **Figure 9: WIC EBT Technology Evaluation**).

**Figure 9: WIC EBT Technology Evaluation**



The sections that follow present a summary of the analysis for each stakeholder group along with a qualitative discussion of the impacts of the two solutions on that group. **Appendix A** contains a full list of the survey criteria, considerations, weights, and scores.



### 5.2.4 State Agency Evaluation

**Table 11: State Agency Evaluation Survey Results** presents a summary of the evaluation results from the perspective of State agencies.

**Table 11: State Agency Evaluation Survey Results**

Criterion	Importance (High to Low)	Weighted Score		# of Respondents
		Online	Offline	
1. Reconciliation of Redemption to Issued	4.85	23.81	11.88	11
2. Fraud & Abuse	4.82	22.36	16.63	11
3. Transaction Security	4.81	23.09	18.18	10
4. Business Continuation	4.71	20.54	16.25	11
5. Retailer Enablement	4.62	21.85	13.03	11
6. Reconciliation with Store Accounts	4.57	22.03	13.71	11
7. Approved Product List and Maximum Allowable Reimbursement	4.54	22.29	9.49	11
8. System Life Cycle	4.50	20.48	11.48	11
9. EBT Host Resource Availability	4.17	20.47	9.47	11
10. Vendor Payment	4.14	20.70	9.52	10
11. Vendor Customer Service	4.08	19.30	9.26	11
12. Disputes and Adjudication	4.08	18.56	9.63	11
13. Disaster Scenarios – Benefit Redemption	3.92	11.76	16.39	11
14. Disaster Scenarios – Benefit Issuance	3.85	17.13	9.82	11
15. Special Formula Delivery	3.14	13.69	6.00	11
16. Farmers' Market	2.77	8.81	11.08	11
17. Compatibility with SNAP	2.42	8.59	7.26	11
18. In-house EBT Processing	1.13	4.01	3.80	11
<b>TOTAL</b>		<b>319.47</b>	<b>202.88</b>	

The online solution received a total weighted score of 319.47 versus 202.88 for the offline solution, a difference of 57 percent in favor of the online solution. The top three criteria (reconciliation of redemption to issued, fraud and abuse, and transaction security) suggest that the State places a high priority on its fiduciary responsibility to administer the CA WIC Program fairly in accordance with all rules and regulations. The score for the online solution for the first criterion is significantly higher because the online solution is real time, thereby eliminating issues with inconsistencies between databases and processing platforms and simplifying reconciliation.

The next three criteria (business continuation, retailer enablement, and reconciliation with store accounts) reflect the State's recognition of the need for continuously available services and providing retailers with the tools they need to be successful.

The online solution also scored higher for most of the remaining criteria from the State's perspective. The availability of well-established commercial EBT service providers for an online solution and the lack of proven implementations of an offline solution by a commercial vendor is likely a key factor influencing the scores for the criteria related to EBT host services, vendor payment, and vendor customer service. The only criterion scoring higher for the offline solution was benefits redemption in a disaster scenario, since the offline solution does not require live telecommunications to execute a transaction.

The CalFresh card utilizes online technology, which would imply that an online WIC EBT solution could share terminals with CalFresh. However, the current state-deployed CalFresh terminals are an older model with limited memory that are incapable of supporting both CalFresh and WIC. To increase cross-program efficiencies, CDPH WIC and OSI could replace equipment at selected retailers with upgraded terminals that support both CalFresh and WIC EBT program processing. If eWIC EBT chooses to supply equipment to farm vendors as well, the SNAP and WIC programs could share equipment and efficiencies for their farm vendor populations.

### **5.2.5 Local Agency Evaluation**

**Table 12: Local Agency Evaluation Survey Results** presents a summary of survey results from the perspective of local agencies.

**Table 12: Local Agency Evaluation Survey Results**

Criterion	Importance (High to Low)	Weighted Score		# of Respondents
		Online	Offline	
1. Issue/Modify Benefits Process Reliability	5.00	24.10	14.10	11
2. Modifying Benefits and Issuing Mid-Certification Benefits	4.86	24.30	11.47	11
3. Benefit Issuance Workflow	4.79	23.09	13.51	11
4. Customer Service and Help Desk	4.36	21.41	10.29	11
5. Card Replacement	4.07	20.35	8.14	11
6. PIN Selection and Change	4.00	18.92	8.36	11
7. Reset Invalid PIN Count	3.93	19.65	7.86	11
8. Access to Redemption Data (Account Balance, Redemption History)	3.57	17.85	7.46	11
9. Disconnected Site (WIC Sites Where Telecommunications are Unavailable)	3.00	8.19	12.54	11
<b>TOTAL</b>		<b>177.86</b>	<b>93.73</b>	

The online solution received a total weighted score of 177.86 versus 93.73 for the offline solution, a difference of 84 percent in favor of the online solution.

The weighting of the criteria for the local agency perspective reflects the role the local agencies and their associated clinics play as the face of the CA WIC Program to WIC participants. The top three priorities (issue/modify benefits process reliability, modifying benefits and issuing mid-certification benefits, and benefit issuance workflow) are focused on providing benefits to WIC participants as soon as possible. The online solution, which is a real time system, scored higher for all three criteria. The offline solution stores the benefits on the card, and therefore the WIC participant must be present at a clinic for issuance and modification of benefits. Online technologies were perceived to provide more flexibility to clinic staff, potentially reduce clinic traffic, and provide the best services to participants.

### 5.2.6 WIC Participants Evaluation

**Table 13: WIC Participants Evaluation Survey Results** presents a summary of the evaluation results from the perspective of WIC participants.



**Table 13: WIC Participants Evaluation Survey Results**

Criterion	Importance (High to Low)	Weighted Score		# of Respondents
		Online	Offline	
1. Access to Account Balance (Balance Inquiry)	4.93	24.65	12.57	11
2. Completion of Purchase in the Checkout Lane	4.79	22.66	16.53	11
3. Same Day Access to Benefits	4.79	22.66	20.02	
4. Lost or Stolen Card	4.64	22.36	9.70	11
5. Replacement of Lost, Stolen or Defective Card	4.57	22.03	7.77	11
6. Benefit Security	4.57	21.20	18.28	11
7. Familiarity and Ease of Use	4.38	21.90	12.35	11
8. Mainstreaming Participant Shopping Experience	4.36	19.40	14.26	11
9. Convenience of the Participant WIC Clinic Experience	4.07	19.98	8.87	11
10. Transaction Set	4.07	19.62	7.04	11
11. Multiple Cardholders with Access to Household Account	3.93	19.30	6.80	11
12. Selecting and Changing a PIN	3.93	18.59	7.86	11
13. Excessive Invalid PINs	3.43	16.22	6.55	11
<b>TOTAL</b>		<b>270.57</b>	<b>148.60</b>	

The online solution received a total weighted score of 270.57 versus 148.60 for the offline solution, a difference of 82 percent in favor of the online solution.

WIC participants want the ability to access their benefits quickly and easily, and this desire is captured in the top five criteria (access to account balance, completion of purchase in the checkout lane, same day access to benefits, lost or stolen card, and replacement of lost, stolen, or defective card). Online technologies provide participants with access to real-time data for their account balances via telephone, web portal, or at a WIC vendor location. An offline smart card would require that a participant visit a WIC vendor location, a clinic that has a smart card reader or a kiosk in a vendor or other location. Similarly, a lost or stolen magnetic stripe card (online solution) can be reissued immediately, since the data is all stored in a central database, whereas the smart card (offline solution) requires that participants wait at least 48 hours for their balances to be

updated through WIC vendors' overnight batch processes before a replacement card and benefits can be issued.

While participants benefit from either technology, online, outsourced cards may decrease potential disruptions in making purchases and reduce the number of extra trips the participants make to the clinic.

### 5.2.7 WIC Authorized Vendors Evaluation

**Table 14: WIC Authorized Vendors Evaluation Survey Results** presents a summary of the evaluation results from the perspective of WIC authorized vendors.

**Table 14: WIC Authorized Vendors Evaluation Survey Results**

Criterion	Importance (High to Low)	Weighted Score		# of Respondents
		Online	Offline	
1. Reliability of WIC Redemption in the Checkout Lane	5.00	21.80	19.55	11
2. Transaction Speed	4.69	22.61	16.18	11
3. Back Office Operations	4.46	21.50	11.77	11
4. Integrated Solutions	4.38	19.10	17.52	11
5. Coexistence with Existing Payment Processes	4.23	21.15	12.69	11
6. Obsolescence	3.60	17.35	7.85	11
7. Transaction Fees	3.23	11.76	14.37	11
<b>TOTAL</b>		<b>135.27</b>	<b>99.93</b>	

The online solution received a total weighted score of 135.27 versus 99.93 for the offline solution, a difference of 35 percent in favor of the online solution.

The preference for the online solution is not as strong from the perspective of WIC Authorized Vendors as for the other groups but is still a clear preference. While both online and offline solutions have proven to be reliable systems, the offline technology is not as well established among vendors. While the State (or its EBT service provider) is responsible for issuing terminals, vendors would still require training on the new technology and processes for back office operations for the offline solution.

In either an online or offline environment, a WIC authorized vendor must have EBT-ready hardware, software, and communications services. In the 2013 California Retail Vendor EBT Readiness Survey conducted earlier for this project, vendors expressed a preference for terminals that accept both CalFresh and WIC transactions. The EBT service provider will be responsible for issuing and maintaining State-deployed terminals, which removes the burden from the retailer (unless the retailer opts to buy EBT-ready terminals).

The one advantage to offline is that telephone and internet outages, although rare, do not disrupt service. In an online system, vendors incur a risk if they choose to allow a purchase that will not be authorized until the system is operational.

### **5.3. Analysis of EBT Hosting Alternatives**

Whether the EBT processing technology is hosted in-house or outsourced is of primary interest only to CDPH. The hosting location should be transparent to the other stakeholders.

#### **5.3.1 In-House EBT Hosting**

In-house system software is owned by the State, hosted within the State's IT environment, and maintained by the state or a third-party contractor. The greatest advantage of in-house EBT hosting is the State has autonomy and control over all aspects of its operations and maintenance.

The disadvantages of developing and hosting an EBT system in-house are that CDPH would be responsible for all system development, implementation, testing, operations, and maintenance, including all mission critical system hardware, software, and telecommunications. CDPH would be responsible for procuring, issuing, and maintaining vendor terminals as well as providing ongoing technical support and training for vendors. At the clinics, CDPH would train all local agency staff and procure, issue, and manage all EBT cards. CDPH would bear the responsibility for making any necessary upgrades to meet future new Federal requirements as well as ensuring the security of all financial transactions. Such a solution would require significant resources, time, and costs beyond CDPH's current capability. It would also require expertise in EBT technology that is beyond current CDPH capabilities and outside of its core competency.

#### **5.3.2 Outsourced EBT Hosting**

Outsourced system software and hardware is owned by a contract EBT provider who provides full lifecycle service and equipment. The State pays the contractor on a CPCM basis which equates to a monthly fee for each active WIC household.

The advantage of an outsourced solution is that the EBT provider is responsible for all activity that CDPH would be responsible for in an in-house solution, as identified above: system implementation, testing, modifications, operations, and maintenance; equipment procurement and maintenance; training; security; card management; and, future upgrades to meet future new Federal requirements. A significant advantage is that CDPH has the ability to acquire and integrate with an outsourced system WIC EBT host.

The disadvantage of an outsourced solution is the lack of autonomy over EBT system functionality, hardware, software, and equipment.

#### **5.3.3 EBT Hosting Alternatives Comparison**

To assess hosting alternatives, the CA WIC Program also considered the services that would be available if the solution is an in-house solution versus an outsourced solution. Table 15: EBT Hosting Alternatives Comparison presents a summary of EBT services and related responsibilities under each hosting alternatives. The bullets in the Service cells show the system evaluation criteria (refer to Section 2 for additional information) that should be weighed in making an assessment.

**Table 15: EBT Hosting Alternatives Comparison**

Function/Service	Description	In-House	Outsourced
<p><b>EBT Card (media)</b></p> <ul style="list-style-type: none"> <li>✓ 5. Good stewardship</li> <li>✓ 7. Efficiencies for State</li> <li>✓ 8. Proven track record</li> <li>✓ 10. Other EBT programs</li> </ul>	<p>WIC must provide EBT cards to the local agencies/clinic offices that issue them to eligible participants.</p>	<p>California WIC would need to procure, secure, and distribute EBT cards to local agency/clinic offices. In addition to procurement costs, WIC would incur ongoing costs for staffing and media shipping, storage, and security.</p>	<p>EBT providers distribute the cards to the local agency/clinic offices. The cost is typically included into the CPCM.</p>
<p><b>Card Issuance</b></p> <ul style="list-style-type: none"> <li>✓ 5. Good stewardship</li> <li>✓ 7. Efficiencies for State</li> <li>✓ 8. Proven track record</li> <li>✓ 10. Other EBT programs</li> </ul>	<p>Federal WIC regulations require that persons certified as WIC-eligible have access to WIC food benefits immediately upon certification. To meet this requirement, California WIC will require card issuance and PIN selection equipment be installed and maintained operational in local agency/clinic offices. Local agency WIC staff will need to be trained in its care and use.</p>	<p>California WIC would need to procure, deploy, and maintain card issuance and PIN selection equipment.</p>	<p>EBT providers can supply card issuance and PIN selection equipment for local agency/clinic offices. California WIC plans to require the WIC MIS integrator to supply this equipment.</p>



Function/Service	Description	In-House	Outsourced
<p><b>Automated Response Unit (ARU)</b></p> <ul style="list-style-type: none"> <li>✓ 1. Positive and user-friendly for participants</li> <li>✓ 2. Uninterrupted service</li> <li>✓ 6. Impacts on vendors</li> <li>✓ 10. Other EBT programs</li> </ul>	<p>Federal regulations require that WIC participants be able to obtain information about their electronic benefit account (EBA), such as EBA balance, transaction history, etc., and cardholders be able to change their PIN.</p>	<p>California WIC would need to establish its own ARU and Call Center to support participants and retailers.</p> <p>WIC and ITSD do not have the infrastructure, staffing/desire to support a 24/7 Call Center in-house.</p>	<p>EBT providers already have in place the equipment, technology, and personnel to provide these services.</p> <p>Based on other states' experience, California WIC's use of the existing CalFresh EBT ARU and CSR services could provide eWIC EBT cardholders access to their EBA information and enable PIN selection/reselection without the need to return to the WIC local agency/clinic.</p>
<p><b>Call Center</b></p> <ul style="list-style-type: none"> <li>✓ 1. Positive and user-friendly for participants</li> <li>✓ 2. Uninterrupted service</li> <li>✓ 6. Impacts on vendors</li> <li>✓ 10. Other EBT programs</li> </ul>	<p>California WIC will need an EBT Call Center with trained CSRs. The Call Center will augment the services afforded through the ARU. Call Center CSRs will be needed to update status of EBT cards, and answer questions from cardholders unable to utilize the ARU and from cardholders with questions unanswered by the ARU</p>	<p>Therefore, even with an in-house solution, California WIC would likely outsource the Help Desk functions.</p> <p>Alternatively, California WIC would need to procure the necessary hardware and software, implement and test the solution, and hire and train customer service representatives (CSRs) to handle incoming calls.</p>	



Function/Service	Description	In-House	Outsourced
<p><b>Retailer Helpline</b></p> <ul style="list-style-type: none"> <li>✓ 1. Positive and user-friendly for participants</li> <li>✓ 2. Uninterrupted service</li> <li>✓ 3. Long-term sustainability</li> <li>✓ 5. Good stewardship</li> <li>✓ 6. Impacts on vendors</li> <li>✓ 7. Efficiencies for State</li> <li>✓ 8. Proven track record</li> <li>✓ 10. Other EBT programs</li> </ul>	<p>A Retailer Helpline with an ARU will allow WIC vendors to obtain general information and settlement/payment history. WIC vendors with state-deployed equipment will be able to transfer to a Retail CSR to initiate equipment maintenance and replacement requests and to resolve equipment and settlement issues.</p>	<p>California WIC would need to hire and train Retail CSR staff to perform these services or outsource this service.</p>	<p>EBT provider CSRs process equipment maintenance requests and resolve retailer settlement issues with EBT-provider-deployed or EBT-only equipment.</p> <p>Retailer CSRs provide limited services to retailers using integrated equipment since these retailers contact their systems integrator or third-party processors for the resolution of equipment and settlement issues.</p>
<p><b>Local Agency Support</b></p> <ul style="list-style-type: none"> <li>✓ 2. Uninterrupted service</li> <li>✓ 3. Long-term sustainability</li> <li>✓ 5. Good stewardship</li> <li>✓ 6. Impacts on vendors</li> <li>✓ 7. Efficiencies for State</li> <li>✓ 8. Proven track record</li> <li>✓ 10. Other EBT programs</li> </ul>	<p>Need to provide training and technical support to local agency and clinic personnel in the use of the administrative application, the use and maintenance of PIN selection and card issuance equipment, and resolution of WIC settlement issues.</p>	<p>California WIC would be responsible for all support to local agency and clinic staff.</p>	<p>The EBT provider would give administrative application technical support and assistance to local agency and clinic personnel. The EBT provider would also maintain vendor-provided equipment, assist with settlement issues, and deliver user manuals and training.</p>



Function/Service	Description	In-House	Outsourced
<p><b>Claims</b></p> <ul style="list-style-type: none"> <li>✓ 1. Positive and user-friendly for participants</li> <li>✓ 2. Uninterrupted service</li> <li>✓ 3. Long-term sustainability</li> <li>✓ 5. Good stewardship</li> <li>✓ 6. Impacts on vendors</li> <li>✓ 7. Efficiencies for State</li> <li>✓ 8. Proven track record</li> <li>✓ 10. Other EBT programs</li> </ul>	<p>In-lane transaction errors affecting EBA balances and financial settlement to WIC vendors are rare, but when they occur, there is a need to investigate and resolve claims initiated by WIC vendors and by WIC cardholders.</p>	<p>California WIC would be responsible for intake and resolution of all retailer and cardholder claims resulting from transaction errors, including claim investigation and remediation.</p>	<p>The EBT provider would investigate and resolve retailer and cardholder claims related to transaction errors.</p>
<p><b>Settlement</b></p> <ul style="list-style-type: none"> <li>✓ 5. Good stewardship</li> <li>✓ 6. Impacts on vendors</li> </ul>	<p>The USDA/FNS requires all eWIC systems to settle and reconcile daily. Daily settlement involves calculating payments due to WIC authorized vendors for approved WIC food purchases and any payment adjustments, credits, and debits initiated by the California WIC. At a minimum, California WIC will require that the settlement file needed to initiate payments to WIC vendors be routed through the ACH.</p>	<p>California WIC would train Financial Management and/or Program Integrity staff to perform the necessary settlement activities and secure ODFI services from a State bank.</p>	<p>EBT providers can initiate the daily vendor settlement and reconciliation. The current EBT provider for CalFresh is responsible for settlement. However, California WIC plans to act as the settlement agent.</p>
<p><b>Reports</b></p> <ul style="list-style-type: none"> <li>✓ 2. Uninterrupted service</li> <li>✓ 3. Long-term sustainability</li> <li>✓ 5. Good stewardship</li> <li>✓ 7. Efficiencies for State</li> <li>✓ 8. Proven track record</li> <li>✓ 10. Other EBT programs</li> </ul>	<p>California WIC will require EBT system reports supportive of financial settlement, reconciliation, fraud detection and prevention, and mandated USDA reporting.</p>	<p>California WIC would need to develop a reporting strategy to meet its reporting needs.</p>	<p>An EBT provider would make available daily, weekly, monthly, and quarterly standard reports for EBT activity and processing, including fraud reports.</p>



Function/Service	Description	In-House	Outsourced
<p><b>Client Website</b></p> <ul style="list-style-type: none"> <li>✓ 1. Positive and user-friendly for participants</li> <li>✓ 2. Uninterrupted service</li> <li>✓ 3. Long-term sustainability</li> <li>✓ 5. Good stewardship</li> <li>✓ 7. Efficiencies for State</li> <li>✓ 8. Proven track record</li> <li>✓ 10. Other EBT programs</li> </ul>	<p>An EBT Client Website can provide general information about EBT and allow cardholders to search for WIC retailers and locations. With a user ID and password, EBT cardholders could view their benefit balances, transaction history, and outstanding claims status.</p>	<p>California WIC would need to develop an interactive website using data from the EBT system to allow participants and cardholders to access this information.</p>	<p>An EBT provider could include the development, maintenance, and operation of a client website per its contract with the State.</p>
<p><b>Web-Based Benefit Tracking</b></p> <ul style="list-style-type: none"> <li>✓ 2. Uninterrupted service</li> <li>✓ 3. Long-term sustainability</li> <li>✓ 5. Good stewardship</li> <li>✓ 7. Efficiencies for State</li> <li>✓ 8. Proven track record</li> <li>✓ 10. Other EBT programs</li> </ul>	<p>California WIC and local agency and clinic personnel will require the ability to obtain EBA, card history, and transaction history information through the Administrative Application in order to perform time-critical functions, such as responding to WIC participant and cardholder questions, resolving variances between the WIC MIS and WIC EBT issuance and redemption records, and investigating instances of suspected fraud.</p>	<p>California WIC would need to develop an interactive website using data from the EBT system to allow local agency and clinic personnel to access participant benefit information.</p>	<p>An EBT provider would make available EBT account information, card history, and transaction history through a web-based Administrative Application.</p>
<p><b>Wireless POS Devices</b></p> <ul style="list-style-type: none"> <li>✓ 1. Positive and user-friendly for participants</li> <li>✓ 2. Uninterrupted service</li> <li>✓ 3. Long-term sustainability</li> <li>✓ 5. Good stewardship</li> </ul>	<p>California WIC will require a Farmers' Market solution to allow WIC participants and cardholders to continue to purchase WIC allowable fresh fruits and vegetables with</p>	<p>California WIC would need to develop a solution such as an iPhone/iPod-like solution for WIC authorized Farmers' Markets.</p>	<p>California WIC could require that the EBT provider provide an iPhone/iPod-like solution for WIC authorized Farmers' Markets as a core or non-core service,</p>



Function/Service	Description	In-House	Outsourced
✓ 7. Efficiencies for State ✓ 8. Proven track record ✓ 10. Other EBT programs	WIC benefits once the program converts from paper checks to EBT.		available at a negotiated cost.

## 5.4. EBT Cards

WIC Program EBT card will be used solely for WIC benefit issuance and redemption, i.e., the card will not be a 'shared' card that is also used for other State benefit programs. The face of the WIC EBT card will be specifically designed for WIC to make it visually distinct from the California card for food and cash benefits and other State-issued cards such as those issued for unemployment and disability insurance benefits. In an informal poll taken during functional requirements gathering, local agency representatives expressed a preference for not embossing the cardholder's name on the card. However, they would like a blank space on the card where participants can manually write a name. This would be useful when the head of household has multiple cards for individual foster children not included in the household aggregation.

State WIC programs utilize two of three different available card types: magnetic stripe and hybrid ICC technology with a backwards compatible magnetic stripe. Below is a summary of all three technologies and side-by-side comparison for key considerations.

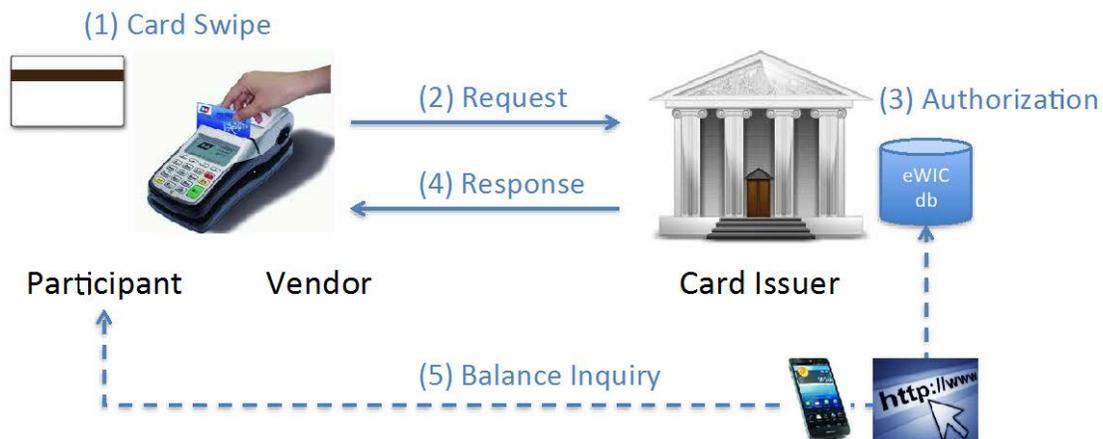
### 5.4.1 Magnetic Stripe

A magnetic stripe stores data on a high coercivity, magnetic stripe applied to the back of the plastic card. This stripe stores the data necessary to conduct an electronic transaction online, such the cardholder's name, primary account number, and expiration date. In the case of WIC EBT, this stripe would store only the card number.

Magnetic stripe card technology was invented in the 1960s, adopted by the financial and airlines industries in the early 1970s, and was in widespread circulation by the 1980s. As a 50-year-old technology, it is well proven and is the most common type of technology used in debit and credit cards in the United States.

A magnetic stripe card works only for online processing Figure 10: Conceptual eWIC EBT Transaction Flow – Magnetic Stripe Card presents a conceptual transaction flow for eWIC EBT.

**Figure 10: Conceptual eWIC EBT Transaction Flow – Magnetic Stripe Card**



1. The eWIC EBT cardholder swipes the card on a POS device, which reads the data encoded on the magnetic stripe (e.g., the primary account number).
2. The Card Acceptance Device (CAD) transmits the card data along with the transaction data, the request, to the card issuer.
3. The card issuer uses the data from the request to authorize (or deny) the request against the central database of the cardholder's account balances and WIC approved items.
4. The card issuer sends a response back to the POS device that the request was either approved or rejected. The POS device does not update any information on the card.
5. If the eWIC EBT participant wishes to check an account balance, she may do so online in real time.

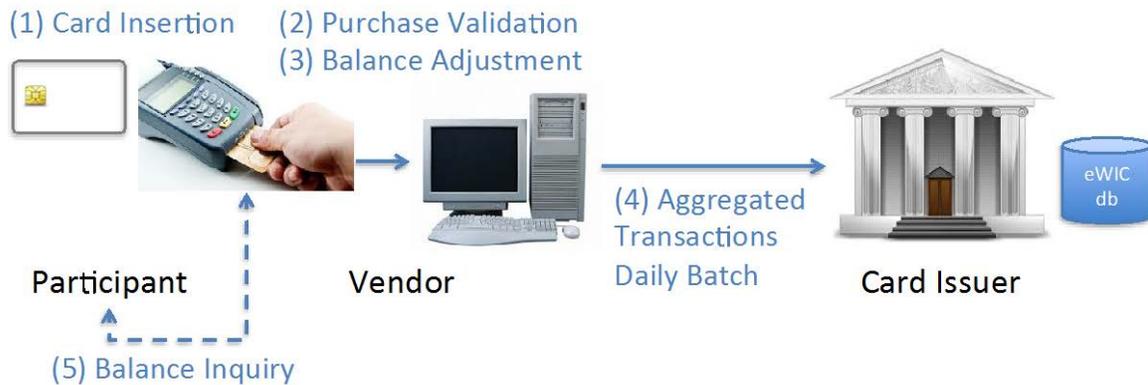
#### 5.4.2 Smart Card

An ICC or "smart" card stores information on ICC embedded in the plastic card. Smart cards can provide identification, authentication, data storage, and can even run applications. In the case of eWIC EBT, a smart card would store the participant's name, household ID, and benefit balances issued by category and sub-category.

The ICC technology was developed in the 1970s. The first mass use of the cards was in French pay phones in 1983. The technology became more widespread in Europe in the 1990s being used as stored value cards (electronic purse or wallet). Smart card applications today include identification, public transit, computer and building security, portable secure medical records, library lending tracking, and prepaid stored value cards.

ICC technology is used to conduct electronic transactions offline. Figure 11: Conceptual eWIC EBT Transaction Flow – Smart Card (offline) presents a conceptual transaction flow for eWIC EBT.

**Figure 11: Conceptual eWIC EBT Transaction Flow – Smart Card (offline)**



1. The eWIC EBT cardholder inserts the card on a POS device.
2. The POS device provides the electricity to the card to allow it to read the data encoded on the embedded microchip (e.g., the PAN, the cardholder's balances) and interact with the store's system.
3. The POS device then decrements the balances on the card and the participant removes the card from the device.
4. At the end of the day, the authorized WIC vendor consolidates the day's WIC purchases and sends a batch file of all transactions to the card issuer, CA WIC.
5. To check the account current balance, the eWIC EBT participant must take the card to a clinic or authorized WIC vendor with a card reader. The balance reflected in the centralized database will reflect a one or two-day lag due to the batch reporting coming from all WIC vendors. Card replacement must also wait until the central database is updated so that the correct balances are placed on the new card.

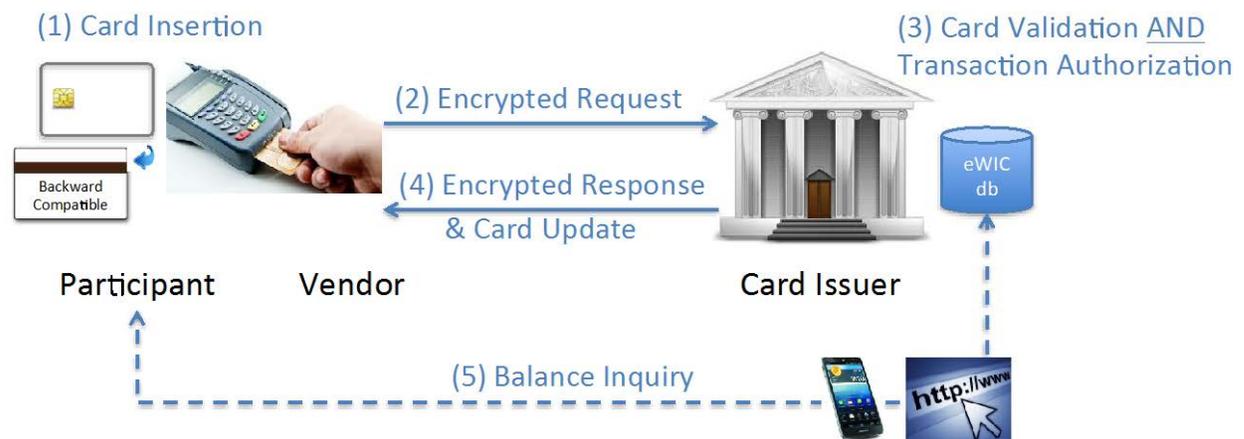
### 5.4.3 Hybrid, Magnetic Stripe and ICC

"Chip and PIN" is the brand name adopted by the banking industry in the United Kingdom and Ireland for the rollout of the Europay, MasterCard, and Visa (EMV) smart card payment system, a global standard for inter-operation of chip cards and POS terminals for electronic payment transactions. The word "chip" refers to the computer chip embedded in the smart card; the acronym "PIN" refers to the personal identification number that must be supplied by the customer. "Chip and PIN" is also used in a generic sense to mean any EMV smart card technology that relies on an embedded chip and a PIN.

EMV technology is considered extremely effective against fraud and is widely used in other parts of the world. In Europe and Latin America, banks and card issuers implemented a fraud liability shift in 2005-2006. While card issuers are normally liable for fraudulent transactions, after the liability shift, merchants without EMV-capable POS terminals held the liability. The shift to the new

standard was swift. Credit cards with only a magnetic stripe are virtually unusable in Europe. The adoption of the EMV standard in the United States has been much slower due to lack of consumer demand and a question of return on investment. The amount the industry spends on fraud is perceived by many to be less than the cost to move to EMV. Nevertheless, in 2012, the major credit card companies (Visa, MasterCard, Discover, American Express) announced migration plans and some have begun issuing hybrid ICC cards with a backward compatible magnetic stripe. A hybrid card with both magnetic stripe and ICC works primarily in online mode, but has offline capabilities. Figure 12: Conceptual eWIC EBT Transaction Flow – Hybrid presents a conceptual transaction flow for eWIC EBT.

**Figure 12: Conceptual eWIC EBT Transaction Flow – Hybrid, Magnetic Stripe and ICC**



1. The eWIC EBT cardholder inserts the card on a POS device, which reads the data stored on the chip (e.g., the PAN).
2. The chip card generates an application cryptogram, which the POS device transmits along with the transaction data as a request to the EBT service provider.
3. The EBT service provider uses the encrypted data from the request to authorize (or deny) the request against the central database of the cardholder's account balances and WIC approved items.
4. The EBT service provider sends an encrypted response back to the POS device as either approved or rejected. The POS device communicates with the card to decode the response cryptogram. Once the transaction is complete, the participant removes the card from the device.
5. To check the account current balance, the eWIC EBT participant may do so online in real time. Card replacement could also occur immediately since the participant's data is stored in the central database.



Because the hybrid card also has the capacity to store data in an offline mode, the State could consider maintaining the cardholder's WIC benefit balances. This could allow participants to use their cards in offline mode in the case of intermittent telecommunications problems with POS terminals or in the event of a major network disruption.

In addition, the chip could be used in the future to track attendance at nutritional education programs, number of visits to clinics, or other data useful to improving program administration.

*Future of the Technology*

In their migration plan announcements for the U.S., the major credit card companies have all indicated that they will be implementing a fraud liability shift to merchants without EMV-compatible POS terminal in October 2015. This provides U.S. merchants (including most authorized WIC vendors) with a strong incentive to update their POS technologies in the next two years. If the speed of adoption of the standard is similar to what was seen in Europe after their liability shift in 2005, EMV will likely replace magnetic stripe as the standard for all financial transactions in the U.S. by 2020.

**5.4.4 Side-by-Side Comparison**

Consideration	Magnetic Stripe Card	ICC Only (Smart Card)	Hybrid , Magnetic Stripe and ICC
Characteristics of Technology			
EBT processing compatibility (online / offline)	Online	Primarily offline	Accommodates both technologies
Evaluation Criteria #1: Supports participant centered interaction that is positive and user-friendly			
In-store transaction efficiency	Currently operating successfully in multiple states and SNAP	Unaware of states currently using this technology	Currently operating successfully in multiple states
Item limit	50 distinct UPCs	Unlimited transactions	Unlimited transactions



Consideration	Magnetic Stripe Card	ICC Only (Smart Card)	Hybrid , Magnetic Stripe and ICC
Interoperability with SNAP  <i>(Note: WIC can only be used within the state issued, so compatibility with other states is N/A)</i>	Same technology as SNAP	Not compatible with SNAP	Compatible with online and offline EBT equipment (current SNAP and any future SNAP)
Household cards	Allows for multiple cards to be issued and linked to a single household, supporting the current WIC process that allows primary and secondary (proxy) household members	Restricted to a single card per household, as the benefit balance is maintained on the card itself	Same as mode used (magnetic or ICC)
Evaluation Criteria #2: Provides uninterrupted service to WIC participants, clinic staff, and retailers			
System down time  <i>(Note: this is a rare occurrence.)</i>	Online transactions can continue as long as retailer is willing to take risk to store the information for later transmission (and there is electricity)	Offline transactions occur as long as there is electricity	Same as mode used (magnetic or ICC)
Telecommunication requirements  <i>(Note: online connection)</i>	Required for each transaction	Required once daily for batch upload	Same as mode used (magnetic or ICC)



Consideration	Magnetic Stripe Card	ICC Only (Smart Card)	Hybrid , Magnetic Stripe and ICC
Transaction speed	Faster than “contact EMV” <sup>7</sup>	“Contact EMV” marginally slower than magnetic  “Contactless EMV” faster than magnetic and “contact EMV”	Same as mode used (magnetic or ICC)
Evaluation Criteria #3: Long term sustainability that support phasing in additional functionality over time and adapts to technology changes			
Longevity of technology	Aging standard seen as outdated by industry  Existing POS infrastructure is already in place	Smart Cards will continue to be used in many fields and industries	Seen as the future of all electronic financial transactions, including EBT  Card issuers are beginning to issue hybrid cards with ICC and a magnetic stripe  Fraud liability will shift to merchants in October 2015 for those without EVM-capable POS devices
Information storage potential	Cannot store participant personal information, but could access digitized records storage that is more robust than chip (presuming connectivity)	Can store extensive participant personal information (vaccination records, biometric identification, etc.)	Chip could store information  Chip and magnetic stripe could initiate transactions – using the best of both technologies
Clinic metrics	Cannot capture metrics on the card itself	Stores information regarding participant’s visit to clinic	Could store information on chip

<sup>7</sup> Bell id White Paper: Six Myths Preventing EMV Migration in the U.S., September 10, 2010.

Consideration	Magnetic Stripe Card	ICC Only (Smart Card)	Hybrid , Magnetic Stripe and ICC
Evaluation Criteria #5: Good stewardship in cost and planning choices that promotes ability to obtain funding			
Costs to WIC Program	Approximately \$.30 per card  Cost to replace lost or stolen cards is negligible	Approximately \$3.00 per card <sup>8</sup>  Installation of more POS devices (most smaller retailers only have magnetic card capabilities)  EBT service provider changes could be more costly (lack of standardization)  Costly to replace lost or stolen cards	Most likely similar to Smart Card (ICC Only)
TPP transaction fees	None if retailer doesn't use TPP  Approximately \$0.10 per transaction if retailer uses TPP	None	None if retailer doesn't use TPP  Approximately \$0.10 per transaction if retailer uses TPP

### 5.5. Strategy to Interface with MIS

In order to implement WIC EBT, California must first ensure that they have an “EBT-ready” WIC MIS. An EBT-ready system contains functionality to: 1) support a separately procured, California-specific new EBT system; and 2) connect to a universal interface to receive and transmit key transaction data. States have used one of four standard approaches to ensure they have an EBT-ready WIC MIS, including:

- Modify the State’s existing WIC MIS to be EBT-ready.
- Transfer a USDA-approved SAM system.
- Transfer a USDA-approved system that complies or can be made compliant with the WUMEI, the Operating Rules WIC EBT, and the WIC EBT Technical Implementation Guide (TIG).

<sup>8</sup> JP Morgan: Moving Government from Policy to Results, January 2009, <http://www.paybefore.com/assets/0/58/D10ACE4B-DD99-40EC-B6E3-E08243FD91D7.pdf> .

- Custom develop a WIC MIS solution that is EBT-ready.

The CA WIC Program conducted an in-depth analysis of the current capabilities within the WIC MIS and the modifications needed to make the system EBT-ready, including the anticipated system changes, estimated resources and level of effort, estimated costs, expected timeframes, anticipated benefits, and potential risks. The assessment was used to help determine if the WIC MIS can be a viable path forward to implement eWIC EBT.

The planning team and the CDPH ITSD technical team collaborated to review the USDA requirements necessary to make the WIC MIS EBT-ready. The team collectively reviewed WIC MIS reference documents; developed and populated an MS Excel tool to summarize the necessary enhancements; and also identified and clarified the technical changes needed within the WIC MIS. The WIC MIS can become EBT-ready, with certain caveats. ITSD estimates that it such an effort will require 23,560 hours at an approximate cost of \$1 million to \$1.5 million. If the modifications begin in early 2014, the WIC MIS could be EBT-ready by early 2017. The analysis documented the following concerns with modification of the existing California WIC MIS, as they pose significant implementation risk:

- All necessary modifications are custom enhancements.
- There is diminishing ITSD staff expertise and knowledge relevant to the current technology platform (ISIS) and the acquisition of skilled resources is an increasing challenge.
- Delays in getting the current WIC MIS EBT-ready could negatively affect the overall timeline to implement EBT statewide.
- The USDA has documented prior findings on issues and concerns related to the current WIC MIS.

Similarly, the option to custom develop a WIC MIS solution that is EBT-ready was not viable from either a cost or timeframe perspective.

Maximus, the firm contracted by CDPH to assist with WIC MIS replacement planning, also produced a prior independent assessment of the entire WIC MIS that recommended replacing the existing system with a USDA-approved transfer system. California WIC subsequently performed and submitted to the USDA a Feasibility Study that recommends that California WIC replace its current WIC MIS with a transfer system, which the USDA has approved. Furthermore, California WIC has recently submitted a WIC MIS Replacement IAPD to USDA for review and approval. California WIC plans to select a transfer system that will be compliant with WUMEI, which supports both online and offline EBT processing.

The WIC EBT solution will integrate with the new transfer system, in compliance with the guidelines and specifications provided by the USDA. California WIC understands that the USDA prefers that State agencies update their WIC MIS first, followed by the EBT implementation. However, California proposes to complete the WIC MIS replacement and the WIC EBT projects concurrently in order to minimize the overall project timeline as well as to allow for concurrent and integrated testing, pilot operations, and statewide implementation for the two projects. This approach minimizes the disruption to the local agencies and clinics and enables efficient, streamlined training. Precedent for this approach was established by the USDA-approved project plans for both Washington and Florida State WIC.

The new WIC MIS will be EBT-ready. Therefore, California WIC does not anticipate the need for new or additional equipment to integrate and interface with its new WIC MIS.

## 5.6. Procurement Strategy and Timeframe

The State has an existing EBT services contract that supports SNAP/CalFresh, the Temporary Assistance to Needy Families (TANF) Program, and other food and cash programs. The OSI manages the SNAP EBT contract on behalf of the CDSS. The current contract expires March 27, 2015 with three optional one-year extensions. OSI and CDSS have begun the procurement planning process for the replacement contract for EBT services. As part of the WIC EBT planning process, CDPH considered two alternatives to procure EBT services:

- Partner with the OSI/CDSS on a joint EBT services contract.
- Conduct a separate competitive procurement through an RFP.

California WIC evaluated the existing EBT Services contract, the current service provider (Xerox), and the feasibility of conducting a joint EBT services procurement with OSI/CDSS:

- Reviewed USDA/FNS regulations and policy related to SNAP EBT services.
- Reviewed the California EBT Services contract and related documents.
- Conducted meetings and interviews with OSI staff responsible for management of the California EBT Services contract.
- Participated in WIC EBT host processor and services demonstrations by USDA/FNS-approved WIC EBT services providers, J.P. Morgan Chase and Xerox.
- Reviewed written responses to questions about EBT host processor and services provided by J.P. Morgan Chase and Xerox.

The planning team determined that there are significant advantages for California to pursue a joint EBT services contract for CDSS SNAP EBT and CDPH WIC EBT services through OSI. WIC and SNAP both deliver food benefits to specific populations. Although SNAP is cash-based and WIC is inventory-based, electronic benefit delivery for both programs was considered sufficiently similar to justify a joint EBT services contract.

Advantages include:

**Centralized Contract Management** – Centralized contract management will allow CDPH to cost-share those services supporting all programs.

**Experienced EBT Implementation Manager** – OSI's experience in managing statewide EBT implementations and ongoing operations will be beneficial, reducing risk and increasing the likelihood of a successful implementation and conversion to WIC EBT.

**Experienced EBT Procurement and Contract Manager** – CDPH will benefit significantly from OSI's experience in procuring statewide EBT implementation services. As CDPH's EBT procurement agent, OSI could assist CDPH to obtain the required WIC EBT host processing, installation, integration, and conversion.

**Experienced EBT Contract Manager** – CDPH will also benefit from OSI’s experience in managing statewide EBT contracts. As CDPH’s EBT contract manager, OSI will ensure that the EBT vendor provides all contracted services in a timely and accurate manner.

**Cost Savings and Efficiencies** – Continuing OSI’s continued preference for a “fully bundled” CPCM pricing approach, centralized contract management may achieve cost savings and efficiencies, such as reduced CPCM pricing to California WIC from current industry price due to large volume.

### 5.6.1 Procurement Strategy

After careful analysis, CDPH has decided to pursue a joint EBT services contract with CDSS for EBT services through the upcoming competitive procurement, referred to as EBT 3. CDPH will partner with OSI/CDSS to coordinate EBT 3 contract and procurement management activities and to work jointly to pursue the quickest and most efficient path for EBT services procurement. This will require CDPH WIC and ITSD to allocate appropriate resources to ensure that all WIC functional, technical and service requirements are included in the EBT 3 procurement documents.

For this approach to be successful for WIC, OSI must commit to fulfilling its responsibilities and timelines to ensure eWIC milestones and timeline are met. This includes devoting adequate resources to ensure timely completion of OSI procurement documents. Executive level communication across all three agencies (CDPH, CDSS, and OSI) is crucial to ensure mutual success.

### 5.6.2 Timeframe

In order to move forward with this procurement strategy, CDPH plans to initiate an Inter-Agency Agreement (IAA) to formalize the partnership. The IAA provides the foundation for joint procurement activities that include procurement planning, Federal and state approval, RFP development and release, proposal evaluation, vendor selection, and contract management activities. Based on preliminary estimates from OSI and CDSS, CDPH expects the State will have an EBT Services contract executed in 2015 or early 2016.

## 5.7. Other Business Considerations

FNS provides guidance on the distribution of system functions between the WIC MIS and the WIC EBT systems. Section 7 of the WUMEI documents the FNS recommendations by specifying an originator for each of the nine business functions. As part of the planning process, California WIC determined where required MIS/EBT functions will reside when the State agency has the discretion to originate them in either the WIC MIS or the WIC EBT system. **Table 16: WUMEI Functional Placement** summarizes the nine functions, FNS’s recommendation and California WIC’s decision regarding the originating system for each function.

**Table 16: WUMEI Functional Placement**

Function	FNS Guidance	California WIC Placement
WIC Household Account Maintenance	WIC MIS	WIC MIS
WIC Household Benefit Maintenance	WIC MIS	WIC MIS
Cardholder/Card Maintenance	Either system	WIC MIS
WIC Vendor Maintenance	Either system	WIC MIS
WIC Food Maintenance	Either system	WIC MIS
WIC Benefit Data Reconciliation	WIC EBT	WIC EBT
Local Agency Maintenance	WIC MIS	WIC MIS
Clinic Maintenance	WIC MIS	WIC MIS
Financial Settlement	WIC EBT	WIC EBT

### 5.7.1 Card Issuance

States have implemented various models for card issuance and replacement. During the planning process, consideration was given to the following alternatives:

- Clinic Issuance Only – All cards are issued at the clinic site, including replacement cards.
- Clinic/Mail Issuance – All cards are issued initially at the clinic site. All replacement cards are mailed directly to the cardholder by the EBT provider.
- Clinic/Mail Issuance With Hardship Accommodation – All cards are issued initially at the clinic site. All replacement cards are mailed directly to the cardholder by the EBT provider. In cases of hardship, the clinic site can issue replacement cards directly to the cardholder.
- Mail Issuance Only – The EBT provider mails all cards, whether for initial issuance or replacement. This option requires a waiver from FNS for same day access to WIC benefits.

California WIC plans to issue all cards, initial and replacement, over-the-counter in the clinic. This approach best supports the decision to have all cardholder and card maintenance functions originate in the WIC MIS. WIC Program staff believes this approach provides the best customer service to the participants and reduces the lag time for the cardholder to access and redeem benefits. EBT call center staff will have the ability to “status” a card (e.g., inactivate a lost or stolen card), but will direct the cardholder to the local agency to obtain a replacement card.

## 6. SELECTED ALTERNATIVE RECOMMENDATION

The CA WIC Program conducted a gap analysis of functional and technical requirements for each of the four EBT alternatives identified in Section 2.2 Methodology. The *August 2013 California WIC EBT Functional Requirements Document (FRD)* is the basis for measuring how well each alternative meets the State's needs. Due to the FNS mandate that all states move to EBT, maintaining status quo was not an option for this analysis. See **Appendix A** for a detailed, weighted evaluation of the alternatives.

***Recommendation: The best solution for California is an online, outsourced EBT system.***

### 6.1. Justification

Online, outsourced EBT systems work similar to debit cards, which are familiar to WIC participants. Benefit redemptions update the EBA immediately so that the WIC participant's account is current at any given time. Benefits can be added to the participant's account electronically, without the participant being physically onsite at the clinic. The outsourced nature would allow CDPH to operate within its current scope and capacity, taking advantage of its existing resources without having to overburden, retrain, or augment existing staff. Current EBT service providers offer standardized proven technology that meets Federal and State requirements, is low risk, and could be implemented within the CDPH goal of three years.

An online, outsourced solution provides many advantages and very few disadvantages. Primarily, this solution is compatible with the existing CalFresh program, which issues SNAP benefits via an online, outsourced card. The timing of this project and solution allows CDPH to partner with CDSS/OSI for the EBT Services procurement, leveraging CDSS procurement documentation, service level agreements, and requirements. Additionally, it is expected that the two programs can share retail terminals, a cost efficiency for both programs. This solution supports both CVB and FMNP benefits. It is also important to note that CDPH is seeking an MIS transfer during the same time period as EBT implementation, which will enable a concurrent and efficient system pilot and implementation. There will be minimal impact on CDPH WIC resources as the EBT service provider will be responsible for the following activities:

- EBT system modification, testing, implementation, and maintenance
- System security for secure transactions
- System upgrades required to meet any new Federal requirements
- Ongoing technical support and training for the retail and farm vendors
- Local agency training

The disadvantages of an online, outsourced solution are that it requires uninterrupted internet or phone connection and vendors may be required to pay third party processor fees.

Additionally, as more states begin planning and implementing EBT, state EBT implementations are trending towards online processing. As of May 2013, 16 states are planning to implement online solutions, contrasted with only 3 states planning to implement offline solutions.



## **6.2. Technical Maturity**

Several states and ITO have already successfully transitioned from paper benefit issuance to EBT. Several EBT service providers offer proven solutions that have been approved by FNS. The federal mandate for WIC to convert from paper to EBT by 2020 is an additional indicator of the technological maturity of card and processing technologies present in other eWIC EBT states. Per FNS recommendation, California will submit a competitive procurement detailing the State's requirements and then evaluate the EBT provider responses for the best fit.

## 7. SELECTED ALTERNATIVE IMPACT ANALYSIS

### 7.1. MIS Impacts

Provided that CA WIC receives USDA approval, CDPH plans to initiate the procurement process for an FNS-certified WIC MIS transfer solution that is referred to in California as eWIC MIS by the end of 2013. These MIS solutions are designed to interface seamlessly with EBT online and offline systems. **However, eWIC MIS must be successfully installed before eWIC EBT can be fully implemented.** CDPH is aware of this dependency and is moving forward with the MIS procurement as quickly as possible.

#### 7.1.1 MIS Portability

FNS-certified MIS solutions meet standard requirements that help ensure portability. CDPH plans to transfer a USDA-approved MIS that meets the federal standards for a model MIS that is EBT-ready. The only concern is data conversion. California has a large amount of WIC program data; its volume may increase the risks involved.

#### 7.1.2 Equipment Effects

California WIC does not anticipate any hardware, telecommunications, or network services enhancements needed to support WIC EBT. CA WIC does recognize that equipment, such as card readers, will be needed to support EBT. Consideration for the needed components is included in the WIC MIS Replacement project.

#### 7.1.3 Software Effects

As previously mentioned, California plans to transfer an EBT-ready MIS that is required to be fully compliant with FNS policy, guidelines and standards. As such, software additions or modifications should not be necessary. Further, the State understands the selected EBT services provider system interfaces will also comply with FNS policy, guidelines and standards, but may differ from those of the selected transfer system. California WIC will require the selected EBT service provider to modify its EBT host interfaces to accommodate the selected transfer system's WUMEI-compliant interface design and functionality.

#### 7.1.4 Site/Facility Effects

California WIC does not anticipate any building modifications needed to support WIC EBT.

### 7.2. WIC Management / Organizational Impacts

CA WIC plans to implement eWIC EBT as a multi-phase project including the design, development, implementation phase (DDI), pilot phase, statewide rollout phase, and maintenance and operations phase. Impacts will vary by stakeholder and project phase. The greatest impact will be immediately prior to and during conversion. The planning team identified impacts through staff and management interviews, interviews with other state WIC agencies, and information published by FNS. CA WIC plans to redirect WIC program staff and ITSD staff to form the eWIC EBT Implementation Team. There will be temporary increased workload in the program and IT areas

due to this redirection. The following sections provide information on impacts to WIC program staff, CDPH ITSD, and other state agencies.

### 7.2.1 WIC Program

As described in Section 3.2.1, the CA WIC Program has five well-organized eWIC EBT Planning Teams that together are overseeing every aspect of implementing EBT, from planning through implementation. **Table 17: WIC Program Impact** summarizes the CA WIC program impacts.

**Table 17: WIC Program Impact**

Impact	Outcome
Policy Changes: The Policy Planning Team will work closely with the Policy Section to ensure that needed policies are identified and developed.	No change in staffing levels. Staff are redirected from other duties.
Staffing: Workload will decrease for some functions and increase for others. Change in duties expected to be slight.	No change in staffing levels.
UPC Database: One person currently assigned, expected to integrate necessary information for use in eWIC.	No change in staffing levels.
Vendor Management: Vendor agreements will need to be updated to reflect revised policies and procedures.	No change in staffing levels. Staff is redirected from other duties.
Food Management: With EBT, food management will transition away from combo food packages, and instead focus on the NUPC categories and sub-categories.	No change in staffing levels. Staff is redirected from other duties.
Reconciliation: CA WIC has chosen to implement a WIC Settlement Agent model that will require staff to complete the required vendor settlement, pre- and post-payment reviews, and reconciliation to support EBT.	No change in staffing levels.

### 7.2.2 CDPH ITSD

CDPH ITSD has committed to provide necessary support to the eWIC EBT system vendor, or integrator, for system planning and implementation. The level of support needed will be minimal for an online, outsourced solution. This will allow the ITSD team to focus on the concurrent MIS transfer. **Table 18: ITSD Impact** summarizes the CDPH ITSD impacts.

**Table 18: ITSD Impact**

Impact	Outcome
Maintaining FI printers and support for check issuance.	Reduced workload.
User Acceptance Tests.	Temporary increased workload.
Training on EBT system.	Temporary increased demand on resource hours.
Update documentation. <ul style="list-style-type: none"> <li>• User operating procedures.</li> <li>• Operating center procedures.</li> <li>• Data retention requirements and information storage and retrieval procedures.</li> <li>• Output reporting procedures, media, and schedules.</li> <li>• System failure consequences and recovery procedures.</li> </ul>	Temporary increased workload.
Evaluate current technical capability and age of local agency PC terminals and replace outdated models with EBT-ready models.	In-progress, estimated to be completed prior to implementation.
Staff resources.	Minimal changes to number, skill sets, or knowledge. Temporary increased workload for staff redirection to the implementation team.
Concurrent operation of paper and EBT systems until implementation and conversion of all participants is complete.	Temporary increased workload.

### 7.2.3 California Technology Agency

CDPH does not anticipate impacts to CalTech as a result of implementing WIC EBT. There will be impacts at OTech to replace the WIC MIS, and those impacts are documented in the WIC MIS Replacement project planning documentation. Consideration will be given to system capacity to ensure that it provides adequate storage for the additional detailed food redemption and financial settlement data that will be available with EBT.



In summary, the current OTech-hosted WIC MIS will continue to operate through the pilot phase and statewide EBT implementation and then will be decommissioned. The new eWIC MIS will also be hosted at OTech and will interface with the eWIC EBT solution hosted by a service provider.

#### 7.2.4 California Office of Systems Integration

OSI is in the procurement phase for an EBT 3 contract to continue providing EBT services for the CDSS SNAP “CalFresh” program. CDPH plans to partner with OSI and CDSS to utilize the EBT procurement and contract for WIC EBT services. This approach will result in efficiencies that will save time and money for WIC EBT implementation. OSI would serve as the procurement and contract manager on behalf of CDPH. To support WIC EBT, OSI needs to identify resources (and associated costs) to fulfill those responsibilities and has indicated they are willing and prepared to do so.

The eWIC EBT Project could provide retailers upgraded terminals that would allow participants to use both CalFresh and WIC EBT online cards. This would benefit the CalFresh and WIC programs. If CDPH chooses to supply farm vendors as well, the programs could share equipment and efficiencies for their farm vendor populations.

A California EBT vendor contracted to provide both WIC and SNAP EBT services could also save CDPH WIC additional time and resources by co-sharing Call Center resources. **Table 19** summarizes the CDSS / OSI Impacts.

**Table 19: CDSS / OSI Impacts**

Impact	Outcome
Procurement and contract manager: Dedicate resource to procurement and contract management.	WIC will partner with OSI for procurement and contract management. CA WIC is providing three (3) resources to augment the OSI procurement and contract management team to provide WIC Program and technical expertise.
Retailer terminals: WIC EBT would replace current SNAP-issued terminals with upgraded terminals that could be shared between programs.	Procurement activities will request vendor recommendations for state-provided retail lane equipage.
Retailer training materials: Update training materials to explain changes in terminals and how to select option for CalFresh.	EBT provider will provide training materials for one-time training and incorporation into ongoing training.

#### 7.2.5 State Treasurer’s Office and State Controller’s Office

WIC support activities currently performed by the STO and the SCO are expected either to be integrated within the EBT system or no longer be necessary by virtue of EBT processing. Any

remaining activities will be a small subset of existing activities, as such, will be easily supported by the respective offices.

The STO carries the larger role of the two and has worked successfully in partnership with the CA WIC Program to fulfill its role for many years. Despite the fact that eWIC EBT will drastically reduce the need for STO services, STO staff expressed their commitment and ability to provide whatever assistance WIC needed them to provide. If needed, STO can assist WIC in selecting the state depository bank, leveraging existing relationships with depository banks to secure and maintain quality service with competitive rates for WIC; this assumes WIC selects a STO depository bank as its banking institution.

### **7.3. WIC Business Impacts (Local Agencies / Clinics)**

CDPH has identified the “dumb terminals” used at local agencies that are outdated and not EBT-ready. This equipment will be replaced. All clinics will receive card readers/PIN selection devices and signature-capture devices. Clinic staff will be trained in the use of the new equipment and online system. Training will also cover any policy and procedural changes. **Table 20: Local Agencies Impact** summarizes the Local Agencies impacts.

**Table 20: Local Agencies Impact**

Impact	Outcome
FI printers eliminated.	Reduced workload.
Maintain standard laser printers for participant shopping lists on plain 8 ½ x 11 paper.	Reduced workload.
Securely store and track unissued EBT cards.	Redirected workload.
Securely store and track FI card stock.	Reduced workload.
Ability to update individual benefits remotely (without participant present). Possibility for issuing benefits and changing prescribed benefits (when allergies or intolerances are found after initial issuance).	<ul style="list-style-type: none"> <li>• No staff changes.</li> <li>• Reduced clinic traffic.</li> </ul>
Ability to remotely update benefits for all applicable participants (food recalls). Possible to perform mass changes in prescribed benefits.	<ul style="list-style-type: none"> <li>• No staff changes.</li> <li>• Reduced clinic traffic.</li> </ul>
Ability to access system remotely (working from home for personal reasons or disaster response). Contingent on security permissions.	<ul style="list-style-type: none"> <li>• No staff changes.</li> <li>• Reduced clinic traffic.</li> </ul>
Training on EBT card issuance.	EBT provider will provide training materials. The eWIC MIS integrator will conduct most training.
Wireless access for remote clinics.	EBT provider will provide training materials. The eWIC MIS integrator will conduct most training.

## 7.4. Vendor Impacts

### 7.4.1 Retail Vendors

A WIC authorized vendor without a WIC EBT ready ECR/POS has four options:

- 1) Purchase a replacement or upgraded system.
- 2) Modify their existing ECR/POS system to become “EBT ready.”
- 3) Request the store use a WIC EBT ready ECR/POS application or system that can be installed stand-beside or stand-alone, depending on whether the store has an existing ECR/POS system.

4) Discontinue participation in the CA WIC Program.

There are a variety of options available to support vendors to help them overcome any technological challenges and enable them to participate fully, including:

- Training and outreach are essential to understanding and participation. Vendors will be required to participate in training as part of the certification process.
- Some vendors may need to (re)negotiate contracts with third party processors.

In addition, vendors may see an increase in ACH fees and incur costs if they choose to buy their own equipment. Some vendors will require more time to install and introduce new technology, train staff, and fully deploy the WIC EBT system. This is particularly true for those stores with multiple locations, such as corporate chains and independents. California WIC will want to consider these vendors carefully when planning the pilot and its participants. **Table 21: Retail Vendors Impact** summarizes the Retail Vendor impacts.

**Table 21: Retail Vendors Impact**

Impact	Outcome
Concurrent programs (paper and cards) until all cards are issued.	Vendors process both WIC benefit instruments during statewide rollout.
WIC certified terminals (standard and compatible with all state WIC EBT cards).	<ul style="list-style-type: none"> <li>• Installation of terminals may cause slight disruption of business.</li> <li>• New terminals accept both CalFresh and WIC EBT cards – saving space at the register.</li> <li>• The EBT provider will provide training materials for terminals that it provides.</li> <li>• Large / chain stores may have terminals that already have this capability or may choose to buy their own terminals with this ability.</li> </ul>



Impact	Outcome
Purchases: <ul style="list-style-type: none"> <li>• Amount of payment is approved real-time.</li> <li>• Prices that exceed maximum allowable are adjusted real-time.</li> <li>• System determines which food items are WIC-allowable.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced staff hours.</li> <li>• Reduced staff training.</li> </ul>
Damaged cards: Cashier can key-enter PAN and complete transaction.	Reduced lost / delayed transactions.
Lost or stolen cards are “hot-listed” real-time and cannot be used for purchases.	Reduced fraud / settlement time.
System outage: The “store-and-forward” transaction allows retailer to store the transaction in the POS to later transmit to the EBT system.	Cannot conduct transaction unless willing to conduct at own risk.
Settlement occurs the next business day for purchases made before established cutoff time.	Reduced settlement time.
Retailer notification of WIC allowable items.	Reduced staff hours.
Retailer back office and cashier training.	Temporary increase in demand on staff resource hours.

#### 7.4.2 Farm Vendors

Farm vendors will require the most support because many lack technical equipment, access to phone lines, and a financial account. Past experience with California SNAP indicates that more intensive training will be required to overcome the perception that WIC EBT will pose a hardship on individual farm vendors. Most of the challenges facing farm vendors can be resolved by the technology already in use in California and other states. **Table 22** summarizes Farm Vendor Impacts.

**Table 22: Farm Vendors Impact**

Impact	Outcome
EBT provider may provide a wireless solution such as a smart phone or terminal connected to a card reader.	Increased sales opportunities. <ul style="list-style-type: none"> <li>o The EBT provider will provide training material.</li> </ul>
CVB and FMNP: Michigan is currently piloting an online solution that accepts multiple programs. WIC, CVB, and FMNP benefits are loaded onto the same cardholder account under separate transaction types, with a new and unique Food Category for FMNP.	Increased sales opportunities.

### 7.5. WIC Participants Impacts

WIC participants will benefit from vastly improved convenience. **Table 23** summarizes the impact to WIC participants, including:

- Only actual purchases are debited from the participant's account, eliminating the loss of benefits that occurs with combination FIs.
- Lost cards can be easily re-issued.
- The WIC transaction process mimics a debit card process so there is less stigma associated with redeeming benefits.
- Proxy cards will be available for other household representatives.

**Table 23: WIC Participants Impact**

Impact	Outcome
Training on use of EBT card.	One-time.
One card per household and one card for each foster child.	May require one-time trip to clinic (if already receiving paper vouchers and not due for another visit). Although this can be avoided if clinics move each participant to EBT during a routine visit.
Card lock if cardholder exceeds allotted number of incorrect PIN attempts. Unlocks at midnight or via request to toll-free AVR.	Reduced chance of lost benefits and time spent waiting for new benefits.
Benefit Issuance.	Fewer trips to clinic – time saved.



Impact	Outcome
Damaged card: WIC retailer may key-enter PAN into POS to conduct transaction.	Less chance of being denied purchase.
WIC Program can delete recalled food and add substitute without participant present.	Fewer trips to clinic – time saved.

### 7.6. WIC Financial System Impact

As described in Section 4.2, California WIC plans to implement a WIC Settlement Agent Model. This model will require process changes, but will not require specific data conversion considerations or costs. All data conversion and cleansing components are included in the WIC MIS Replacement project, as part of acquisition and implementation of an EBT-ready MIS.

### 7.7. Fiscal Impacts

WIC is a 100% federally funded program. State agencies submit an IAPD requesting implementation project funds for the selected solution. Given the current economic climate, both at the federal and state level, funding may not be readily available and could impact the USDA mandate for all states to be operational by the year 2020. Operating costs must be paid for within the NSA grant received annually from the FNS for operating the CA WIC Program. As demonstrated by other states that have implemented EBT and the analysis presented in the Cost Analysis of this document (see Section 8.0), EBT is not cost neutral.

The projected cost differential between the existing baseline system and the WIC EBT costs must be actively managed by the California WIC Program. CA WIC plans to conduct a joint competitive procurement with OSI to obtain the lowest possible CPCM. Further discussions with the CA WIC Program management and the eWIC EBT Steering Committee will be needed to identify methods to manage EBT within the current NSA grant. Other states have offered methods to enhance the affordability of WIC EBT including:

- Negotiate a one-time, nonrecurring cost with the EBT provider in exchange for further lowering the ongoing monthly CPCM.
- Actively pursue additional NSA funds from USDA FNS to support WIC EBT.
- Examine existing spending plans to determine if state level operation costs can be reduced or realigned.
- Work with the National WIC Association to facilitate a review of national WIC funding to better address the currently unfunded EBT mandate.
- Monitor existing local agency budgets to determine if efficiencies associated with EBT actually reduce the level of effort such that the funding formula for local agencies and clinics can be adjusted downward.
- Reduce the project costs by combining eWIC EBT with eWIC MIS (WIC MIS system replacement).

## 8. COST ANALYSIS

Congress has mandated State WIC Authorities convert from paper-based benefit issuance to EBT by October 1, 2020. Realizing the cost of EBT may be higher than current paper costs, USDA policy requires that EBT operations be “affordable” within an agency’s Nutrition Services Administrative grant, excluding one-time, non-recurring costs for conversion. One-time, non-recurring costs have been identified so the CA WIC Program can either redirect existing funds or request additional Federal funds, if available.

Cost analysis is an iterative, ongoing process throughout the planning and implementation phases. Additional detailed information will be developed as part of documenting the implementation plan and schedule which may impact the cost analysis, for example, the pilot strategy and statewide implementation strategy. The selected strategy will affect the CPCM charges invoiced by the vendor during the pilot and statewide implementation. CA WIC plans to partner with OSI for procurement and contract management services. As the details of the IAA are formulated, estimated staff and costing information for this partnership may also change, affecting the cost analysis.

The CA WIC Program used the USDA FNS WIC EBT Cost Analysis Model<sup>9</sup> and FNS Handbook 901 Cost Benefit Analysis Worksheets<sup>10</sup>, adjusted to meet California’s needs, to collect the estimates in this document.

### 8.1. Approach

The starting point for the CA WIC Program cost assessment is identification of the costs from the paper-based benefit distribution that can be diverted due to EBT. It is expected that these costs will be reduced or eliminated as a result of the transition to EBT.

The second phase of the analysis was estimation of the operational cost of EBT. Highlands Consulting documented new costs or costs that are likely to increase as a result of EBT. Following are three key assertions that formed the foundation of the analysis:

- The baseline costs reflected in the assessment are only those costs related to the current methods and processes of paper benefit issuance that will be directly or indirectly impacted by the conversion to EBT. In other words, the baseline costs reflected in the cost analysis are those costs that will be reduced or eliminated.
- The assessment excludes baseline costs expected to continue or be redirected without a projected increase/decrease. For example, local agency, clinic and WIC headquarters personnel costs are not expected to decrease, so they are not included in the analysis.
- Estimated EBT costs are either increases to baseline costs or new costs that are directly/indirectly attributable to the conversion to and the ongoing maintenance and operations of an EBT system. For example, EBT contract costs are a new, ongoing cost.

<sup>9</sup> USDA FNS, WIC EBT Cost Analysis Model, March 2009,  
[http://www.fns.usda.gov/apd/library/WIC\\_EBT/Model\\_Instructions.pdf](http://www.fns.usda.gov/apd/library/WIC_EBT/Model_Instructions.pdf)

<sup>10</sup> USDA, FNS Handbook 901, Appendix D, Cost-Benefit Analysis Checklist,  
[http://www.fns.usda.gov/apd/Handbook\\_901/V\\_1-4/Appendix\\_D-CBA\\_Worksheet.pdf](http://www.fns.usda.gov/apd/Handbook_901/V_1-4/Appendix_D-CBA_Worksheet.pdf).

## 8.2. Cost Analysis Assumptions

One of the key assumptions for completing the cost benefit analysis is that staffing levels at the State, Local Agencies, and clinics remain the same. Existing staff whose jobs are impacted by the conversion from paper to EBT will be trained to perform similar level EBT related tasks within their existing or a new organizational unit. Based on this assumption, following are baseline costs considered but excluded from the analysis:

- State labor for the current paper process – There are labor costs associated with tasks such as ordering FI stock, providing local agency clinic Help Desk support related to FIs and printers, and supporting printer purchases and replacements. These staff will transition to support similar tasks in EBT. There will not be a reduction in staff, only a transition to the specific tasks they are performing.
- Clinic labor for the current paper process – There are local agency costs associated with tasks such as issuing FIs, voiding FIs, training participants on use of FIs, securing and distributing FIs, etc. Again, there will not be a reduction in staff, only a transition to similar level EBT related tasks.
- Retailer costs – There are costs associated with retailer activities such as conducting a purchase transaction, depositing FIs, handling rejected FIs, training personnel, etc. However, these are not costs borne by CA WIC, and are not included in the analysis. Retailer costs are likely to decline with the transition to EBT. However, retailers are not expected to decrease their staffing levels as a result of transitioning to EBT.

Other key assumptions and constraints include:

- The EBT solution will include one-time non-recurring implementation costs and bundled CPCM costs for ongoing operations, including the state-deployed retail EBT terminals and EBT cards.
- The WIC MIS replacement project will provide clinic equipment, including card acceptance devices (CAD) and card readers.
- The eWIC EBT project team will be staffed with existing CDPH WIC staff who are temporarily assigned to the project.
- Data from federal fiscal year 2012 was used as the basis of the analysis.

### 8.2.1 Quantity Assumptions

The following baseline quantities were provided by CDPH ITSD for federal fiscal year 2012 and used for this analysis:

- 1,472,347 average monthly participants
- 1,089,484 average monthly families
- 1.5 average participants per household
- 761,620 new participants added annually
- 174,792 new families added annually

### 8.3. Description of Cost Factors

**Table 24: Cost Evaluation Factors** presents a description of the cost factors included in the analysis.

**Table 24: Cost Evaluation Factors**

Cost Factor	Description
Paper Environment	
Data Center Processing	Portion of data center processing costs attributable to FI issuance, processing, and settlement.
Printers	Hardware required to produce paper FIs.
Printer Maintenance	Both the State agency and the local agencies maintain printers in an operational state.
Printer Ribbons	Printer ribbons required to print FIs.
FI ID Folders	Folders used for WIC identification and to hold the printed FIs.
FI Processing and Settlement	Fees for processing and managing FIs.
Voucher Stock	Paper stock required for FIs.
Shipping charges	Costs to distribute voucher stock to the clinic locations.
EBT Environment	
EBT Contractor Bundled CPCM	Cost per case (household) per month for contracted EBT services.
Contract Management Services	Monitor and administer the EBT contract.



### 8.5. One-Time Costs

The following table identifies the nonrecurring costs for the recommended alternative, presented by project phase. Nonrecurring costs include design, development, and implementation. Based on guidance from the USDA Western Regional Office, informational costs are provided for staff that is expected to be temporarily assigned to the project (existing NSA).

**Table 25: Nonrecurring Implementation Costs**

Categories	Online, Outsourced EBT				
	Procurement	DDI	Pilot	Statewide	TOTAL
<b>Labor Costs</b>	<b>1,997,372</b>	<b>7,224,094</b>	<b>2,283,973</b>	<b>9,486,468</b>	<b>20,991,907</b>
State Level Labor (Grant)	631,617	2,364,621	934,119	3,547,112	7,477,469
State Level Labor (NSA)	1,365,755	4,859,473	1,349,854	5,939,356	13,514,437
<b>Materials &amp; Services</b>	<b>0</b>	<b>1,895,600</b>	<b>401,000</b>	<b>404,400</b>	<b>2,701,000</b>
Materials & Services	0	695,600	1,000	4,400	701,000
EBT Processor Fees	0	1,200,000	400,000	400,000	2,000,000
<b>Travel</b>	<b>0</b>	<b>15,000</b>	<b>15,500</b>	<b>229,500</b>	<b>260,000</b>
<b>Banking Contractor Costs</b>	<b>0</b>				
<b>TOTAL COST TO STATE</b>	<b>1,997,372</b>	<b>9,134,694</b>	<b>2,700,473</b>	<b>10,120,368</b>	<b>23,952,907</b>
Grant Fund Total	631,617	4,275,221	1,350,619	4,181,012	<b>10,438,469</b>
Existing NSA Total	1,365,755	4,859,473	1,349,854	5,939,356	<b>13,514,437</b>

### 8.7. Ongoing Costs

The following table identifies recurring costs for the existing system and the recommended alternative. Recurring costs include ongoing operations and maintenance, such as banking, card technology, telecommunications, transaction costs, help desk, POS equipment, and maintenance. Additional details on the recurring operational costs are included in **Appendix D**.

**Table 26: Recurring Operations Costs**

Categories	Maintenance & Operations	
	As-Is Paper	Online Outsourced
<b>Labor Costs</b>	<b>3,150,000</b>	<b>433,200</b>
State Level Labor (Grant)	N/A	N/A
State Level Labor (NSA)	3,150,000	433,200
<b>Materials &amp; Services</b>	<b>1,799,190</b>	<b>6,013,952</b>
Materials & Services	1,799,190	0
EBT Processor Fees	N/A	6,013,952
<b>Travel</b>	<b>0</b>	
<b>Banking Contractor Costs</b>	<b>4,141,836</b>	
<b>TOTAL COST TO STATE</b>	<b>9,091,026</b>	<b>6,447,152</b>

### 8.8. Cost Summary

The analysis shows that California is spending \$757,586 per month in State agency operational costs related to FI issuance and processing that will be eliminated with the transition to EBT. The analysis estimates that EBT will have an estimated operational cost of \$537,263 per month. The largest component of the ongoing EBT operational costs is anticipated CPCM payments to the selected EBT vendor.

### 8.9. Summary Comparison

The analysis shows that conversion from paper WIC benefit issuance to EBT will be affordable in California. The State Agency will be able to operationally sustain the online outsourced solution within its current NSA grant. It is anticipated that WIC EBT will be less costly to the CA WIC



Program than the existing paper processes. The following table provides a comparison of the baseline and WIC EBT operations and implementation costs.

**Table 27: Summary Implementation and Operations Costs**

<b>Estimated Total Costs</b>	<b>Implement</b>	<b>Annual Maintenance and Operations</b>
Baseline (Current Environment)	N/A	\$9,091,026
Online, Outsourced	\$10,438,469 <sup>11</sup>	\$6,447,152

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<sup>11</sup> Total estimated project cost, including redirected staff funded through the current NSA grant, is \$22,342,587



## 9. NEXT STEPS

The CA WIC Program will build on the information in this document to prepare the IAPD. The IAPD will include the project plan, schedule, resources, and other requirements. The following sections provide high-level schedule and project team information.

### 9.1. Proposed Schedule

The CA WIC Program plans to implement WIC EBT in advance of the October 2020 mandate. The proposed schedule, milestones, and checkpoints factor in the joint procurement considerations as well as the WIC MIS replacement considerations. **Table 28** outlines the proposed schedule for the WIC EBT implementation activities.



**Table 28: WIC EBT Schedule Summary**

<b>eWIC EBT Implementation Schedule Overview</b>				
<b>Milestone</b>	<b>Deliverables / Outcomes</b>	<b>Estimated Start</b>	<b>Estimated Completion</b>	<b>Responsible</b>
<b>Formal Inter-Agency Agreement Established with OSI</b>	Inter-Agency Agreement between CDPH and OSI.	December 2013	March 2014	WIC Program
<b>Procurement Documents Complete</b>	RFP with Model Contract and Evaluation Plan	January 2014	April 2015	OSI and WIC Program
<b>Notice of Intent to Award</b>	RFP Response Bid Evaluations	May 2015	October 2015	OSI, CDSS, and WIC Program
<b>eWIC EBT Quality Assurance (QA) Contractor Procurement</b>	<ul style="list-style-type: none"> <li>• RFO</li> <li>• Contract</li> </ul>	November 2014	February 2016	WIC Program
<b>Award and Execute new EBT Services Contract</b>	EBT Services Contract	Late 2015	Spring 2016	OSI
<b>System Design Complete</b>	<ul style="list-style-type: none"> <li>• Project Work Plan</li> <li>• Implementation Plan</li> <li>• Functional Design Document</li> <li>• Detailed Design Document</li> <li>• Backup and Contingency Plan</li> <li>• System Security Plan</li> <li>• Change Management Plan</li> </ul>	Spring 2016	October 2016	eWIC EBT Contractor



<b>eWIC EBT Implementation Schedule Overview</b>				
<b>Milestone</b>	<b>Deliverables / Outcomes</b>	<b>Estimated Start</b>	<b>Estimated Completion</b>	<b>Responsible</b>
<b>System Development Complete</b>	<ul style="list-style-type: none"> <li>• Test Plan and Scripts</li> <li>• Training Plan</li> <li>• Training Materials</li> <li>• Operations and Interface Procedures Manual</li> <li>• Administrative Functions Manual</li> <li>• Reports Manual</li> <li>• Clinic Policies and Procedures for eWIC EBT</li> <li>• New Retailer Agreements</li> <li>• Interface Testing Results</li> </ul>	October 2016	April 2017	eWIC EBT Contractor
<b>Ready for UAT</b>	Fully Functional EBT System and all Documentation	April 2017	April 2017	eWIC EBT Contractor
<b>UAT Completed</b>	UAT Test results	April 2017	June 2017	eWIC EBT Team / eWIC EBT Contractor

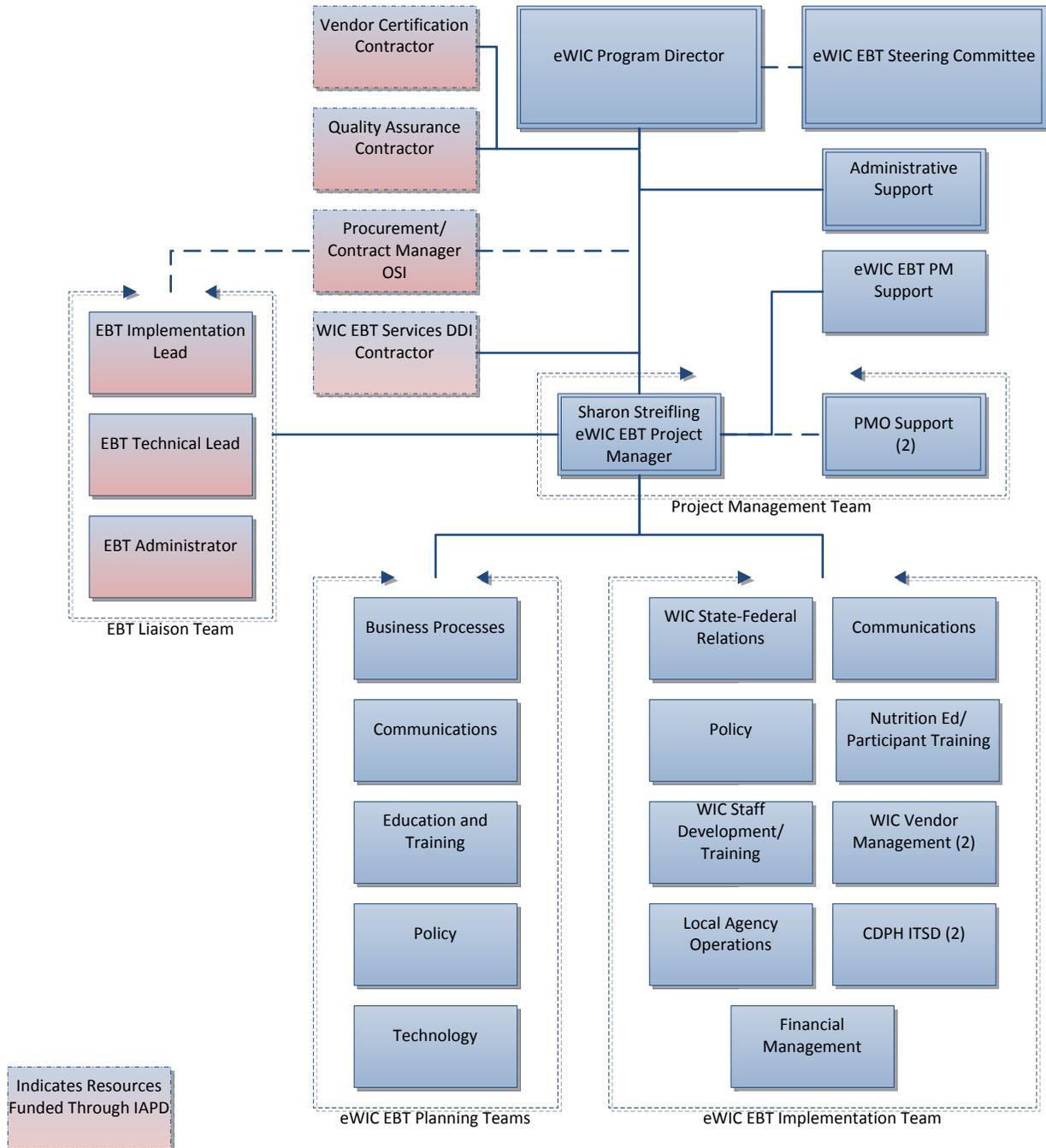


<b>eWIC EBT Implementation Schedule Overview</b>				
<b>Milestone</b>	<b>Deliverables / Outcomes</b>	<b>Estimated Start</b>	<b>Estimated Completion</b>	<b>Responsible</b>
<b>Pilot Go/No Go Decision (State Readiness)</b>	<ul style="list-style-type: none"> <li>• Updated Manuals</li> <li>• State Staff Trained</li> <li>• New Policies and Procedures Initiated</li> <li>• UPC Database Updated</li> <li>• Retailer Enablement Completed</li> <li>• Clinic Readiness Achieved</li> </ul>	July 2017	September 2017	eWIC EBT Team / eWIC EBT Contractor
<b>Pilot Project Completed</b>	Complete Pilot Project	October 2017	December 2017	eWIC EBT Contractor
<b>Post-Pilot Evaluation</b>	Post-Pilot Evaluation Report	January 2018	February 2018	eWIC EBT QA Consultant
<b>Statewide Rollout Go/No Go Decision</b>	Statewide Rollout Plan	March 2018	March 2018	eWIC EBT Team
<b>Statewide Rollout Complete</b>	Statewide EBT Functional	March 2018	December 2019	eWIC EBT Contractor

## 9.2. Project Team

The project team is an important component of a successful and timely transition from paper-based benefit issuance to EBT. The project team is expected to be comprised primarily of existing California WIC and CDPH staff. CA WIC plans to form a cross-functional implementation team that will be redirected to the project. The team will be augmented by the partnership with the OSI as well as external contractor staff. Staff resources, roles and responsibility must be clearly defined and receive full management support. **Figure 13** provides an overview of the recommended eWIC EBT Project team organizational structure.

**Figure 13: Proposed eWIC EBT Project Organization Chart**



The eWIC EBT project team should include the following capabilities:

- **eWIC EBT Project Director:** An engaged individual that is a decision maker. This person will have in-depth WIC program knowledge and is firmly vested in the success of the project.
- **eWIC EBT Steering Committee:** Provides executive sponsorship, oversight, and strategic direction as well as high level problem resolution, top level communication, and adequate resource allocation.
- **Quality Assurance:** Ensures that project deliverables and processes are complete and of the highest quality in accordance with state and federal guidelines and best practices. Monitors the project work plan and provides early warning of deviations from the expected activities and outcomes.
- **eWIC EBT Project Manager:** Responsible for the daily operations and coordination of all activities required to ensure the business is prepared for WIC EBT. Leads the eWIC Planning Team.

### 9.3. Roles of Other Offices

For efficiency, the OSI will provide the contract vehicle for CalFresh as well as WIC EBT. OTech will continue to host the MIS solution that integrates with the EBT system.



## 10. ACRONYMS

Acronym <sup>12</sup>	Description
ACH	Automated Clearing House
ANSI	American National Standards Institute
APL	Authorized Products List
ARF	Auto Reconciliation File
ARU	Automated Response Unit
BO	Business Objects
CalTech	California Technology Agency
CDP	Custom Data Processing
CDPH	California Department of Public Health
CDSS	California Department of Social Services
CPCM	Cost Per Case Month
CSR	Customer Service Representative
CVB	Cash Value Benefit
CVV	Cash Value Voucher
DBMS	Database Management System
EBT	Electronic Benefits Transfer
ECR	Electronic Cash Register
EMV	Europay, MasterCard, and Visa
eWIC	WIC's Electronic Benefits Transfer Project
FI	Food Instrument
FMNP	Farmers' Market Nutrition Program
FNS	Food and Nutrition Service
FRD	<i>August 2013 California WIC EBT Functional Requirements Document</i>
FReD	<i>Functional Requirements Document for a Model WIC System, USDA/FNS (2009)</i>
FTP	File Transfer Protocol
HCL	Hot Card List

<sup>12</sup> USDA, FNS Handbook 901, Appendix A



Acronym <sup>12</sup>	Description
IAA	Inter Agency Agreement
IAPD	Implementation Advance Planning Document
ICC	Integrated Circuit Chip
IS	Information System
ISIS	Integrated Statewide Information System
ISP	Internet Service Provider
IT	Information Technology
ITO	Indian Tribal Organizations
ITSD	Information Technology Services Division within CDPH
LA	Local Agency
MADR	Maximum Allowable Department Reimbursement
MIS	Management Information System
NSA	Nutrition Services and Administration
NTE	Not to Exceed, also Maximum Allowable Department Reimbursement (MADR)
NUPC	National Universal Product Code (Database)
ODFI	Originating Depository Financial Institution
OSI	Office of Systems Integration
OTech	Office of Technology
PAN	Primary Account Number
PIN	Personal Identification Number
PLU	Price Look Up (Code)
POS	Point-of-Sale
QMF	IBM's Query Management Facility
RFO	Request for Offers
RFP	Request for Proposal
SAM	State Agency Model
SNAP	Supplemental Nutrition Assistance Program, (aka CalFresh, in California)
SCO	California State Controller's Office
STO	California State Treasurer's Office



Acronym <sup>12</sup>	Description
TANF	Temporary Assistance to Needy Families
TIG	<i>WIC EBT Technical Implementation Guideline, USDA/FNS (March 9, 2012)</i>
TPP	Third Party Processor
UAT	User Acceptance Testing
UPC	Universal Product Code
USDA	United States Department of Agriculture
VWIX	Vendor WIC Information Exchange
WIC	Women, Infants and Children Program
WIX	WIC Extranet
WUMEI	<i>WIC Universal MIS-EBT Interface, Functional Requirements, USDA/FNS (June 2012)</i>

## APPENDIX A: WEIGHTED EVALUATION OF CRITERIA

**Table 29: State Agency Evaluation Criteria and Scores**

#	State Agency Criteria and Considerations	Average Weight	Online Weighted Score	Offline Weighted Score	# of Responses
1.	Reconciliation of Redemption to Issued	4.85	23.81	11.88	11
	<p><u>Description:</u> FNS policy requires that benefit redemption reconcile against benefit issuance. Only the MIS can reconcile activity occurring in the EBT host against activity authorized by the MIS.</p> <p><u>Online:</u> Benefit issuance is recorded in a central database and all redemption activity is approved by a central host process that updates the household account balance based on host approved redemption transactions. Issues with inconsistencies between databases and processing platforms are eliminated. The service provider produces a daily activity file, of which "redemption transactions" is a part, which is used by the WIC MIS to reconcile redemption to be issued.</p> <p><u>Offline:</u> Benefits are encoded on the SmartCard chip and also uploaded to the WIC EBT host system. There is a 2-3 day lag time in updating redemption information on the WIC EBT host system. The host balance and the card balance should match, in theory and accounting for timing differences, but there's no direct way to reconcile the two. In State-hosted environments, redemption and payment data may be within the combined MIS/EBT system. In remote-hosted environments, the EBT host produces ARFs which are used by the WIC MIS to reconcile redemption to be issued.</p>				
2.	Fraud & Abuse	4.82	22.36	16.63	11
	<p><u>Description:</u> EBT provides additional benefit transactions details to support staff research and investigation. Staff are able to inactivate a card and stop further use of the card in situations of fraud and abuse.</p> <p><u>Online:</u> Staff can inactivate an online card immediately. The benefits are stored in an online database so the benefits are up-to-date.</p> <p><u>Offline:</u> After a household's benefits have been authorized in the WIC management information system (MIS) the household card is inserted into a card reader and a PIN is entered. The household record is retrieved and benefits for all participants in the household are written to the card. Generally, the card data is then read to verify its accuracy and a shopping list is printed for the household.</p>				
3.	Transaction Security	4.81	23.09	18.18	10
	<p><u>Description:</u> Both systems provide a method to validate all financial transactions that are presented for payment. Both, upon presentation for payment, validate the vendor identification (ID) as a WIC approved vendor and validate the EBT primary account number</p>				



#	State Agency Criteria and Considerations	Average Weight	Online Weighted Score	Offline Weighted Score	# of Responses
	<p>(PAN) as an active and valid WIC issued card. Both will only make payments to vendors who are known to the system and whose banking information has been verified by the system.</p> <p><u>Online:</u> The PIN, encrypted using a secret cipher key known only to the POS and the host, is sent along with all approval requests to the host for payment. The WIC EBT host will validate the PIN. If the cipher keys do not match, the PIN validation will fail and the transaction will be rejected.</p> <p><u>Offline:</u> An approved transaction is provided with a secure transaction key that is developed using a combination of the PAN and the items purchased. This key is submitted as a part of the redemption record in the claim file that is presented to the State for payment. (Note that the personal identification number (PIN) is not included in the claim file.) The host processing will validate the key as a means to ensure the transaction was submitted from a legitimate WIC system using a legitimate State issued WIC EBT card.</p>				
4.	Business Continuation	4.71	20.54	16.25	11
	<p><u>Description:</u> As a business process, EBT must be continually available around the clock and it must support the financial integrity required of an account management and payment system.</p> <p><u>Online:</u> Redemption processing requires the continuous availability of the WIC EBT host system, an up to the second current household account database, and a telecommunications network. Time spent recovering from a catastrophic failure is time during which redemptions cannot be completed. For this reason, online transaction processors usually have everything configured as redundant including a remote hot spare processing system and network. Sophisticated fail over processes are established and rehearsed periodically.</p> <p><u>Offline:</u> Redemption processing happens in the store and consequently is available any time the store is open. If a store system does not operate, the shopper can simply go to a different store. Financial integrity is dependent upon the batch claims files sent to the WIC EBT host. If a file transmission fails it is simply re-sent. Backup processing and redundancy is a simple matter of archiving the files and databases. A system recovery from a catastrophic failure is not overly time sensitive since it does not affect the benefit redemption process.</p>				
5.	Retailer Enablement	4.62	21.85	13.03	11
	<p><u>Description:</u> Getting retailers enabled to accept WIC EBT in the checkout lane is vital to the success of the program. FNS has been pursuing a fully integrated retail strategy by investing to have WIC EBT incorporated as a core tender type in the mainstream payment platforms used in most retail locations.</p> <p><u>Online:</u> Online EBT providers have included inexpensive stand-beside POS as a component of their product offering. The State will provide this equipment at no cost to stores that are</p>				



#	State Agency Criteria and Considerations	Average Weight	Online Weighted Score	Offline Weighted Score	# of Responses
	<p>not otherwise enabled to accept WIC EBT.</p> <p><u>Offline:</u> Offline States have subsidized WIC vendors to purchase integrated payment systems to enable stores to accept WIC EBT and have subsidized the placement of smart card readers in the checkout lanes. This is an expensive start up process but inexpensive for ongoing operations. At issue is the maintenance of these systems after the warranty expires. Currently they are working on a gentlemen's agreement that the maintenance cost is borne by the store. However, per current WIC regulations (i.e. no cost to retailers) the maintenance cost could be considered a State liability. Also at issue is the enablement of stores that enter the program after the initial EBT implementation. There is legislation pending in congress that would address both of these issues. (Note also that there is currently a move to build in inexpensive smart card WIC only POS solution.)</p>				
6.	Reconciliation with Store Accounts	4.57	22.03	13.71	11
	<p><u>Description:</u> FNS requires the EBT host to balance daily. Both systems have processes for reconciling recorded benefit issuances, modifications, and redemptions daily. This is a subset of daily activity within the EBT host. Vendor disputes are the mechanism for reconciling any difference between expected and actual payments.</p> <p><u>Online:</u> EBT service providers reconcile accounts daily using commercial payment processing standards. The EBT host generates daily activity files for reconciliation (but not necessarily an X9.93 format) of which "redemption transactions" is a part. The daily activity file is available nightly so that stores can compare against its own internal record of WIC transactions. Reconciliation does not have lag time, as transactions are validated real-time.</p> <p><u>Offline:</u> The EBT service provider (in current implementations, the State is the provider) generates a daily X9.93 standard Auto Reconciliation File (ARF) that documents all transactions for which the store is being paid and the amount they are being paid. It is available nightly so that the store can compare against its own internal record of WIC transactions. Reconciliation has lag time and is dependent on timely vendor submission of claim files for processing.</p>				
7.	Approved Product List and Maximum Allowable Reimbursement	4.54	22.29	9.49	11
	<p><u>Description:</u> Both systems distribute an approved product list (APL) to the stores, which is used as an integral component of redemption processing. Both systems support the enforcement of the MADR, which is unique by vendor peer group.</p> <p><u>Online:</u> The MADR for each UPC /peer group is held at the WIC EBT host; any exception is determined in real time and returned with the approval message. A store knows immediately what it will be paid. Only one APL for all WIC vendors is required.</p> <p><u>Offline:</u> Since redemption processing happens in the store, the store needs to have a MADR</p>				



#	State Agency Criteria and Considerations	Average Weight	Online Weighted Score	Offline Weighted Score	# of Responses
	for its specific peer group so that it knows how much it will be reimbursed for the redemption. This requires that a State generate and manage multiple APL files – one for each peer group. As an alternative, WIC EBT host will use the peer group MADR to generate the actual payments. In this case, the store may not know about the MADR exceptions until it settles and receives the ARF.				
8.	System Life Cycle	4.50	20.48	11.48	11
	<p><u>Description:</u> After making the investment in EBT technology, the State would expect to use that investment for an extended period of time.</p> <p><u>Online:</u> This is a much less sophisticated technology that is used in millions of locations worldwide. It is essentially an ID card. All of the processing knowledge is centralized in a host computer. Migration to a newer set of functionality is comparatively easier. However, there is a push that seems to be gaining momentum to migrate payment to “chip and PIN” technology for credit/debit which is widely used around the world as a more secure transaction process.</p> <p><u>Offline:</u> Because the technology is essentially a computer on a card, it is subject to evolution as computer technology and programming/operational strategies advance. Presently there are a number of competing cards and card operating environments and the capabilities of the cards continue to expand. Further, this technology requires specific software in the POS terminals used by stores and clinics that allows communication with the card. A change in card design or capabilities could have a major economic impact. Further, there will likely be a transition period where both “legacy” and “new” cards will be in circulation and presented in store checkout lanes. There is no easy migration path to the newer card platform.</p>				
9.	EBT Host Resource Availability	4.17	20.47	9.47	11
	<p><u>Description:</u> EBT services can be provided by the State in-house or they can be outsourced to a commercial EBT service provider. Should the State determine that outsourcing is desirable, EBT host services must be procured.</p> <p><u>Online:</u> There are several proven online service providers such as Xerox, J.P. Morgan, and FIS.</p> <p><u>Offline:</u> Currently all offline implementations are done in-house by the State. There are a limited number of vendors who are beginning to offer offline solutions, but none have been selected or have proven implementations.</p>				
10.	Vendor Payment	4.14	20.70	9.52	10
	<p><u>Description:</u> Vendors redeem WIC benefits electronically and are generally reimbursed within 1 to 3 business days using an automated clearing house (ACH) payment process.</p> <p><u>Online:</u> Payments to vendors conform to commercial payment processing standards. The</p>				



#	State Agency Criteria and Considerations	Average Weight	Online Weighted Score	Offline Weighted Score	# of Responses
	<p>EBT host calculates vendor payments and produces an ACH payment file representing all approved redemption transactions approved during the business day. Vendor payments via the ACH are initiated by either the state designated bank or an EBT service provider partner bank, if applicable. ACH payments are routed directly to the vendor bank or the vendor's designated third party processor.</p> <p><u>Offline:</u> In current implementations, the EBT host is state operated and maintained. The EBT host performs those tasks performed by the EBT provider in online states, and is responsible for calculating, initiating and managing vendor payments based on daily batch claim files received from each store. Vendor payments via the ACH are initiated by either the state designated bank or a EBT service provider partner bank, if applicable. ACH payments are routed directly to the vendor bank or the vendor's third party processor.</p>				
11.	Vendor Customer Service	4.08	19.30	9.26	11
	<p><u>Description:</u> FNS has made great strides in getting WIC EBT added as a tender type in many mainstream grocery payment systems thus allowing a large number of stores to operate an integrated solution. This greatly decreases the need for vendor customer services as WIC policy, EBT program strategy, or a payment dispute (e.g. maximum allowable reimbursement or MADR exception), are items with which most vendors are already familiar.</p> <p><u>Online:</u> Integrated stores require very little customer service. For the rest, EBT service providers provide and manage stand beside EBT-only POS devices on behalf of the State and consequently are responsible for the customer service associated with these devices. Note that at least one State, as a cost savings mechanism, has picked up part of the vendor customer service function by being the first point of contact during normal business hours.</p> <p><u>Offline:</u> In current implementations, the States have made use of only integrated solutions which effectively takes the State out of the business of managing technology in the checkout lane. However, just recently, Texas issued a Request for Offer (RFO) for a WIC only POS solution that may ultimately be deployed and managed by the State or perhaps by a contracted third party. This has the possibility of changing the vendor customer service requirements.</p>				
12.	Disputes and Adjudication	4.08	18.56	9.63	11
	<p><u>Description:</u> Payment systems are prone to some, but not many, disputed transaction and associated processes for investigation and adjudication.</p> <p><u>Online:</u> Disputes follow the business practices that support commercial payment processing. Disputes, especially those that are the result of system error, are handled by the EBT service provider or some other entity in the transaction chain that can make a proper determination. This filters out some, but not all, disputes that may rise to the State. Disputes that involve WIC household account balances, especially those that will reduce the account balance may</p>				



#	State Agency Criteria and Considerations	Average Weight	Online Weighted Score	Offline Weighted Score	# of Responses
	<p>be considered an “Adverse Action” and fall into the policy arena. These generally require some State action to implement.</p> <p><u>Offline:</u> Disputes are also handled by the service provider, but currently all offline solutions are hosted in-house at the State. Thus, disputes come to the State for investigation and adjudication. As more offline vendors enter the market, this function could also be performed by the outsourced EBT service provider.</p>				
13.	Disaster Scenarios – Benefit Redemption	3.92	11.76	16.39	11
	<p><u>Description:</u> States need a solution that will allow benefits to be redeemed at WIC authorized vendors in situations such as flood, hurricane, earthquake, etc. where there is major infrastructure damage. For both solutions, access to a WIC authorized vendor with food items on the shelf and available electricity in the store are minimum requirements.</p> <p><u>Online:</u> Working telecommunications is a prerequisite to completing a purchase transaction. Store and forward is an available backup process but this places the risk on the store for all inappropriately purchased food items.</p> <p><u>Offline:</u> Benefits may be redeemed without a need for telecommunications. Submitting the claims to the State for payment will require a telecommunications link, but this activity can be deferred for a period of time and is not mission critical to the purchase transaction.</p>				
14.	Disaster Scenarios – Benefit Issuance	3.85	17.13	9.82	11
	<p><u>Description:</u> States need a solution that will allow benefits to be issued to authorized participants in situations such as flood, hurricane, earthquake, etc. where there is major infrastructure damage and accessible to clinic locations is limited. Both solutions offer some portability and flexibility as to where and how benefits can be issued.</p> <p><u>Online:</u> Benefits can be loaded onto an existing card without the participant or card being present. New cards (along with benefits) can also be issued to a household without the participant being present and can be provided to the recipient outside of the clinic environment (e.g. mail, special delivery, emergency sites, etc.). PIN selection may depend on availability of telephone communications.</p> <p><u>Offline:</u> Access to a smart card reader with the appropriate software is necessary to issue cards and benefits. If getting to such a location is prohibitive then placing benefits on the card is difficult even if the participant already has a card. Issuing a new card requires the cardholder presence to select a PIN.</p>				
15.	Special Formula Delivery	3.14	13.69	6.00	11
	<p><u>Description:</u> Many States have special formula dropped shipped directly from a formula warehouse to a participant or a clinic. California WIC orders and drop ships therapeutic formula to Local Agencies for distribution to participants. It is a manual redemption and</p>				



#	State Agency Criteria and Considerations	Average Weight	Online Weighted Score	Offline Weighted Score	# of Responses
	<p>settlement process.</p> <p><u>Online:</u> A solution proposed in some states allows the formula to be loaded on the EBT card and the redemption completed without the presence of the card by using a voice authorization transaction.</p> <p><u>Offline:</u> Requires a manual redemption and settlement process outside of EBT.</p>				
16.	Farmers' Market	2.77	8.81	11.08	11
	<p><u>Description:</u> States are interested in making farmers' markets an available WIC food distribution point for the CVB and FMNP benefits.</p> <p><u>Online:</u> Online transactions require available and reliable telecommunications that often is lacking in a farmers' market scenario. If present, it can be cost prohibitive. However, the Farmers Market solutions piloted by Texas and Michigan are using inexpensive equipment (iTouch/iPhone with the Nova Dia device) which helps overcome this risk.</p> <p><u>Offline:</u> Smart cards do not require telecommunications and hence would lead to an easier and possibly more cost effective implementation in a farmers' market environment, assuming that the claim file could be uploaded at the end of day.</p>				
17.	Compatibility with SNAP	2.42	8.59	7.26	11
	<p><u>Description:</u> WIC and SNAP are both food benefit programs sponsored by USDA. Many States are interested in the concept of using a single benefit delivery platform for both programs. SNAP makes use exclusively of magnetic stripe online technology and benefits can be accessed nationwide. WIC uses both technologies and benefits are restricted to authorized stores in a WIC service area.</p> <p><u>Online:</u> There are some POS technology limitations with using the same bank identification number (BIN) for two different programs.</p> <p><u>Offline:</u> There are cards available that have both an ICC and a magnetic stripe, allowing the same card to be used for two types of transactions. There are also POS terminals that have readers for both types of cards. There are differences in the transaction networks and infrastructure required to process the transactions.</p>				
18.	In-house EBT Processing	1.13	4.01	3.80	11
	<p><u>Description:</u> States may have a preference towards ownership and operation of the EBT technology using State facilities and capabilities.</p> <p><u>Online:</u> Redemption processing involves sophisticated 7x24 real time transaction processing, including high availability and high reliability.</p>				



#	State Agency Criteria and Considerations	Average Weight	Online Weighted Score	Offline Weighted Score	# of Responses
	<u>Offline</u> : Redemption processing primarily involves a number of batch files and computer processes.				

**Table 30: Local Agency Evaluation Criteria and Scores**

#	Local Agency Criteria and Considerations	Average Weight	Online Weighted Score	Offline Weighted Score	# of Responses
1.	Issue/Modify Benefits Process Reliability	5.00	24.10	14.10	11
	<p><u>Description</u>: EBT benefits may be issued and modified by clinic staff.</p> <p><u>Online</u>: Benefit issuance and modification requires telecommunications to support a real time issuance to a remote host system. No special hardware is needed, but may be desirable to avoid keying PAN.</p> <p><u>Offline</u>: Benefit issuance and modification requires that the card be inserted in a card reader/writer located in the clinic.</p>				
2.	Modifying Benefits and Issuing Mid-Certification Benefits	4.86	24.30	11.47	11
	<p><u>Description</u>: Allow benefits to be issued and modified in the clinic setting.</p> <p><u>Online</u>: Benefits may be issued or modified by authorized clinic staff without the card or participant being physically present. This may be important in an online nutrition education scenario, for a change in formula, or where physically coming to the clinic presents a hardship.</p> <p><u>Offline</u>: The participant and the card must be present in the clinic to issue or modify benefits.</p>				
3.	Benefit Issuance Workflow	4.79	23.09	13.51	11
	<p><u>Description</u>: Requires that an EBT account be established (if not already present) and that benefits authorized to household participants be issued to an EBT data repository.</p> <p><u>Online</u>: After benefits have been authorized in the MIS to household participants, the MIS sends those benefits automatically to the EBT system. A shopping list is then printed. This process potentially eliminates a stop at the reception station to receive benefits. It may be more efficient for a nutrition education visit where multiple participants are taking a class simultaneously. It eliminates the need for and potential failure of a card reader.</p> <p><u>Offline</u>: After a household's benefits have been authorized in the WIC MIS, the household card is inserted into a card reader and a PIN is entered. The household record is retrieved and benefits for all participants in the household are written to the card. Generally, the card</p>				



#	Local Agency Criteria and Considerations	Average Weight	Online Weighted Score	Offline Weighted Score	# of Responses
	data is then read to verify its accuracy and a shopping list is printed for the household.				
4.	Customer Service and Help Desk	4.36	21.41	10.29	11
	<p><u>Description:</u> EBT participants will require some level of customer service.</p> <p><u>Online:</u> While customer service can be provided in the clinic, it is also possible to provide some service such as account balance, redemption history, PIN select and change, and card status and replace remotely using telephonic or other electronic medium. It is possible to see remotely and in real time the benefits that are actually available in the household account. Online EBT service providers sometimes provide a 24x7 customer service IVR and help desk.</p> <p><u>Offline:</u> Customer service is generally handled by clinic staff, often requiring an in-person interface. If there is a problem processing a transaction, the card must be brought into the office to validate the benefits that are actually on the card and to run a diagnostic on the card capabilities.</p>				
5.	Card Replacement	4.07	20.35	8.14	11
	<p><u>Description:</u> Lost or stolen cards can be replaced in the clinic.</p> <p><u>Online:</u> While the card can be replaced in the clinic, it may also be mailed to the participant. Benefits are not lost with the card. There is no waiting period.</p> <p><u>Offline:</u> The participant must come to the clinic to receive a replacement card. Replacing benefits that were lost with the card may require a two day waiting period. Clinic resources are required to issue a new card and replacement benefits.</p>				
6.	PIN Selection and Change	4.00	18.92	8.36	11
	<p><u>Description:</u> A PIN is the security mechanism used to limit and protect household benefits accessible through use of the card.</p> <p><u>Online:</u> The PIN may be selected or changed using specialized equipment resident in the clinic or alternatively, it may be selected/changed using a telephone and an IVR system. A web interface may also be used. Telecommunications is required.</p> <p><u>Offline:</u> Selecting or changing the PIN requires the presence of the card and staff resources in the clinic.</p>				
7.	Reset Invalid PIN Count	3.93	19.65	7.86	11
	<p><u>Description:</u> Multiple invalid PIN attempts (usually 3 or 4) will cause a "PIN lock" to be placed on the card which prevents further use of the card until the PIN is reset.</p> <p><u>Online:</u> The PIN count is automatically reset with no action required by clinic staff.</p>				



#	Local Agency Criteria and Considerations	Average Weight	Online Weighted Score	Offline Weighted Score	# of Responses
	<u>Offline:</u> Resetting the PIN count requires the presence of the card and staff resources in the clinic to reset the PIN count.				
8.	Access to Redemption Data (Account Balance, Redemption History)	3.57	17.85	7.46	11
	<p><u>Description:</u> Participants often contact the clinic with customer service issues.</p> <p><u>Online:</u> 1.) Clinic staff have access to real time balances and redemption information. 2.) There is no equivalent to a card diagnostic.</p> <p><u>Offline:</u> 1.) Account balances and transaction histories that are available to clinic staff are generally one to two or more days out of date. 2.) Resolving card problems requires the participant bring the card into the clinic where staff will perform a diagnostic test on the card to determine if it is functional.</p>				
9.	Disconnected Site (WIC Sites Where Telecommunications are Unavailable)	3.00	8.19	12.54	11
	<p><u>Description:</u> In some cases, WIC services are provided in locations that lack telecommunications.</p> <p><u>Online:</u> Issuing benefits requires that transactions be submitted to the host system at some later point in time when telecommunications access does become available. Modifying benefits is not possible because without telecommunications it is not possible to know the current remaining balance. The iTouch/iPhone application being piloted in TX and MI have the potential to be used to minimize this risk as well.</p> <p><u>Offline:</u> Benefits can be issued and modified without telecommunications as long as the participant and card are present and there is electricity.</p>				

**Table 31: WIC Participant Evaluation Criteria and Scores**

#	WIC Participant Criteria and Considerations	Average Weight	Online Weighted Score	Offline Weighted Score	# of Responses
1.	Access to Account Balance (Balance Inquiry)	4.93	24.65	12.57	11
	<u>Description:</u> Remaining account balance is printed on all purchase receipts. Participants are trained to retain receipts. Both solutions provide account balance inquiry at POS terminals at WIC vendor locations				



#	WIC Participant Criteria and Considerations	Average Weight	Online Weighted Score	Offline Weighted Score	# of Responses
	<p><u>Online:</u> Account balance is held in central database. The account balance can be provided over the telephone to the online processor's customer service, via a query transaction in the clinic or client accessed web portal, via an e-mail or text message, or at a POS terminal at a WIC vendor location.</p> <p><u>Offline:</u> Account balance is held on card. To get a current balance, the card must be inserted in a card reader located at a WIC vendor location or in a clinic. A PIN is required.</p>				
2.	Completion of Purchase in the Checkout Lane	4.79	22.66	16.53	11
	<p><u>Description:</u> Benefits are redeemed in the checkout lane and require fully functioning POS equipment to complete successful transactions. Both systems provide the transaction validation and verification required by the WIC Program.</p> <p><u>Online:</u> 1.) Successful completion of a purchase requires functional telecommunications and transaction processors (e.g. EBT host system and TPP intermediaries). 2.) Manual PAN entry allows processing with a non-working card. 3.) Voice authorization and store-and-forward (at store risk) can be supported as backup solutions.</p> <p><u>Offline:</u> 1.) Purchase is completed without the need for (and vulnerability of) telecommunications and other network processors. 2.) Card failure will prevent completion of a purchase. 3.) Backup purchase scenarios (e.g. voice authorization or store-and-forward) are not supported.</p>				
3.	Same Day Access to Benefits	4.79	22.66	20.02	
	<p><u>Description:</u> In general, a WIC participant should be able to go shopping for WIC items immediately after leaving the clinic.</p> <p><u>Online:</u> Telecommunications with the WIC EBT host is necessary before the EBT benefits may be redeemed at a WIC authorized vendor. It is unusual for telecommunications not to be available.</p> <p><u>Offline:</u> Benefits are loaded to the card while the participant is in the clinic and the PIN is selected. No telecommunications with the WIC EBT host is necessary.</p>				
4.	Lost or Stolen Card	4.64	22.36	9.70	11
	<p><u>Description:</u> The EBT card in conjunction with a secret PIN are the enabling devices to access the household benefit account. Any attempt to redeem benefits with a stolen card will require knowledge of the secret PIN.</p> <p><u>Online:</u> The EBT card in conjunction with a secret PIN are the enabling devices to access the household benefit account. Any attempt to redeem benefits with a stolen card will require knowledge of the secret PIN.</p>				



#	WIC Participant Criteria and Considerations	Average Weight	Online Weighted Score	Offline Weighted Score	# of Responses
	<p><u>Offline:</u> A lost or stolen card is reported and is added to a hot card list (HCL). The HCL is placed on a server and every WIC authorized vendor is expected to download the HCL during its daily processing. During subsequent redemption processing, the HCL is examined and if a card on the HCL is being used, the system will update the card to an inactive status. The redemption is denied. There is a potential window of 24 hours or more between when a card is reported lost or stolen and it is recognized by WIC vendor systems as lost or stolen.</p>				
5.	Replacement of Lost, Stolen or Defective Card	4.57	22.03	7.77	11
	<p><u>Description:</u> Replacement of the EBT card is supported by both technologies. Note – the loss of a card (and with a smart card, the concurrent loss of remaining benefits) is not the same as the loss of benefits through fraudulent use of the household card and PIN. This latter type of loss is subject to a dispute investigation and process before any replacement is allowable.</p> <p><u>Online:</u> Losing the card has no impact on remaining benefits. A lost or stolen card may be reported telephonically to either the WIC EBT provider’s customer service or agency help desk. This will result in the immediate cancellation of that card’s access to household benefits. A card, along with access to existing benefits, may be replaced at any time. This can be done via a trip to the clinic or alternatively, the card can be mailed to the household. (Note the PIN used in conjunction with the card is not required to change when the card is replaced.)</p> <p><u>Offline:</u> The participant must call the WIC clinic to report the card lost or stolen. The card is added to a hot card list which is downloaded to all WIC vendors on a nightly basis. The participant must wait at least 48 hours before coming into the clinic to have the card replaced and the household’s remaining benefits restored to the card. The wait period is to allow any outstanding purchase transactions to post to the WIC EBT host database and thus provide an accurate account of remaining benefits. For a defective card, the participant returns the card to the clinic where it is evaluated. A waiting period for card replacement is still required.</p>				
6.	Benefit Security	4.57	21.20	18.28	11
	<p><u>Description:</u> A PIN known only to the cardholder is the primary security vehicle. Industry standard encryption algorithms and processes (e.g. triple DES) are used to secure the PIN during transaction processing.</p> <p><u>Online:</u> 1.) The encrypted PIN is held in the central database. The PIN is entered in the POS, encrypted, and transmitted over a network to the host processor for validation. 2.) Some implementations require PIN selection or change in the clinic using a secure entry and encryption device – the encrypted PIN is transmitted to the host. Other implementations support the selection and modification of the PIN remotely using telephonic (IVR) or potentially other electronic medium. (Generally two bits of demographic data like zip code and date of birth are used to secure the PIN select.)</p>				



#	WIC Participant Criteria and Considerations	Average Weight	Online Weighted Score	Offline Weighted Score	# of Responses
	<p><u>Offline:</u> 1.) The encrypted PIN is held on the card. The PIN is entered and encrypted by the POS and is passed to the card for validation. Never is a PIN, encrypted or otherwise, transmitted over a network. 2.) PINS are selected or changed by the participant using the card reader in the clinic to write the encrypted PIN to the card. 3.) Offline offers the potential for enhanced security features like biometrics.</p>				
7.	Familiarity and Ease of Use	4.38	21.90	12.35	11
	<p><u>Description:</u> Both require the use of a card and PIN and have proven effective in the checkout lane.</p> <p><u>Online:</u> Many participants also receive SNAP benefits, which are accessed with a magnetic stripe card.</p> <p><u>Offline:</u> Most participants have never used a smart card, which has to be inserted in the reader for the duration of the transaction.</p>				
8.	Mainstreaming Participant Shopping Experience	4.36	19.40	14.26	11
	<p><u>Description:</u> Both systems support mixed basket redemption methodologies and rely on card technologies indistinguishable from commercial payment products. FNS has invested in having both technologies integrated in commercial payment platforms so as to make WIC as a tender type in the checkout lane as prevalent as any other tender type.</p> <p><u>Online:</u> WIC supplies stand-beside POS equipment to stores that lack an integrated WIC solution. The number of lanes that may be equipped is restricted based on WIC sales volume but, because of the relatively low cost of these devices, agencies, or the stores themselves, often elect to provide WIC EBT equipment in all lanes. Note that the stand beside device, while effective, does not provide the optimal WIC shopping experience.</p> <p><u>Offline:</u> Stores that lack an integrated WIC capable solution have been subsidized to place such a solution in up to four lanes depending on WIC sales volume. It is possible that, in these stores, WIC will not be available in all checkout lanes.</p>				
9.	Convenience of the Participant WIC Clinic Experience	4.07	19.98	8.87	11
	<p><u>Description:</u> EBT should enhance the convenience of the WIC clinic experience for the participant</p> <p><u>Online:</u> Because benefits are held in a central database, they can be issued and/or modified without the card or participant being present. This may prove beneficial in several situations. 1.) It is necessary to modify benefits such as the formula issued to a household without the participant coming into the clinic. 2.) If online nutritional education is adopted, it is possible to</p>				



#	WIC Participant Criteria and Considerations	Average Weight	Online Weighted Score	Offline Weighted Score	# of Responses
	<p>issue mid-certification benefits without the participant coming into the clinic.</p> <p><u>Offline:</u> Any time benefits have to be issued or modified, the participant must return to the clinic with card in hand.</p>				
10.	Transaction Set	4.07	19.62	7.04	11
	<p><u>Description:</u> Both solutions support WIC redemptions in a single purchase or a mixed basket scenario. Both will allow a scanned WIC item to be removed from a WIC purchase prior to completion of the transaction. Returns and exchanges are not generally allowed. It is a violation of WIC policy to return a purchased item for cash value or in exchange for non-WIC items.</p> <p><u>Online:</u> A completed transaction can, for most online solutions, be voided and all food items that were purchased will be returned to the household account. This facilitates a CVB split tender transaction.</p> <p><u>Offline:</u> Once a transaction has been completed it cannot be voided.</p>				
11.	Multiple Cardholders with Access to Household Account	3.93	19.30	6.80	11
	<p><u>Description:</u> Some states require proxies to access benefits for a WIC household.</p> <p><u>Online:</u> If an agency so chooses, there can be multiple cards that provide access to the benefits. Both mom and grandma could have a card (with their own PIN).</p> <p><u>Offline:</u> Because the benefits are on the card, there can be only one card that allows access to a household's WIC benefits.</p>				
12.	Selecting and Changing a PIN	3.93	18.59	7.86	11
	<p><u>Description:</u> A PIN is the security mechanism used to limit and protect household benefits accessible through use of the card.</p> <p><u>Online:</u> The encrypted PIN is held in a central database. The PIN may be selected or changed using specialized equipment resident in the clinic or alternatively, it may be selected/changed using a telephone and an IVR system. Telecommunications is required.</p> <p><u>Offline:</u> The encrypted PIN is held on the card. Selecting or changing the PIN requires the participant bring the card into the clinic where it is inserted into a card reader. No external telecommunications is required to select or change the PIN.</p>				
13.	Excessive Invalid PINs	3.43	16.22	6.55	11
	<p><u>Description:</u> Multiple invalid PIN attempts will cause a "PIN Lock" to be placed on the card which prevents further use of the card until the PIN is reset. (The number of invalid PIN</p>				



#	WIC Participant Criteria and Considerations	Average Weight	Online Weighted Score	Offline Weighted Score	# of Responses
	<p>attempts is a parameter set by the State.)</p> <p><u>Online:</u> The PIN is automatically reset with no action required by the participant, usually at midnight or after 24 hours. There is also the optional possibility that the PIN count can be reset in real time based on a phone call or Web access.</p> <p><u>Offline:</u> The participant is required to bring the card into the clinic to have the PIN count reset on the card.</p>				

**Table 32: WIC Authorized Vendor Evaluation Criteria and Scores**

#	WIC Authorized Vendor Criteria and Considerations	Average Weight	Online Weighted Score	Offline Weighted Score	# of Responses
1.	Reliability of WIC Redemption in the Checkout Lane	5.00	21.80	19.55	11
	<p><u>Description:</u> Benefits are redeemed in the checkout lane and require fully functioning electronic POS terminals to complete successfully. Both systems fully provide the transaction validation and verification required by the WIC Program.</p> <p><u>Online:</u> 1.) Successful completion of a purchase requires functional telecommunications and transaction processors (e.g. WIC EBT host and TPP intermediaries). 2.) Manual PAN entry allows processing with non-functional card. 3.) Failure of a card reader is rectified by moving to another lane, if available. 4.) Voice authorization and store and forward (at store risk) can be supported as backup solutions.</p> <p><u>Offline:</u> 1.) Purchase is completed without need for (and vulnerability of) telecommunications and the availability of TPPs. 2.) Failure of a card (reported as infrequent) will prevent completion of purchase and require participant to return to clinic. 3.) Failure of card reader is rectified by moving to another lane, if available. 4.) Backup purchase scenarios (e.g. voice authorization, store and forward) are not supported.</p>				
2.	Transaction Speed	4.69	22.61	16.18	11
	<p><u>Description:</u> Time spent in the checkout lane processing the transaction is important.</p> <p><u>Online:</u> It does take time (seconds) to send a message to and from a host processor and this has to be done twice during a WIC redemption transaction.</p> <p><u>Offline:</u> While there is no external communications necessary there is a certain amount of latency in reading and especially writing to a smart card.</p>				
3.	Back Office Operations	4.46	21.50	11.77	11



#	WIC Authorized Vendor Criteria and Considerations	Average Weight	Online Weighted Score	Offline Weighted Score	# of Responses
	<p><u>Description:</u> All stores have to manage their financial accounts and payments.</p> <p><u>Online:</u> WIC vendors know in real time how much they are going to be paid for any given WIC purchase including any MADR adjustments. Further, integrated stores have the option of using the services of a TPP to consolidate and provide the store with a single settlement and reconciliation for all of their electronic purchase activity including WIC. Disputes or exceptions will be taken up with the TPP. For stand-beside stores, there is a separate settlement with the WIC EBT service provider and disputes or exceptions will be addressed by the service provider and, if necessary, elevated to the State.</p> <p><u>Offline:</u> Reconciliation and settlement for WIC is a separate process from reconciliation and settlement for other payment types. A batch claim file containing a record of all WIC purchases is sent to the State for payment. (Note that not sending a claim file will result in no payments to the WIC vendor. The State does not have any record other than the claim file to know about WIC redemptions that were tendered.) The State will make available an auto reconciliation file that documents the disposition of each claim and will make a payment into the WIC vendor's bank account. The WIC vendor will reconcile the payment received against its record or WIC purchase transactions. MADR exceptions and well as the possibility of denied transactions will be accounted for. Any disputes or exceptions will be taken up with the State.</p>				
4.	Integrated Solutions	4.38	19.10	17.52	11
	<p><u>Description:</u> Having WIC EBT integrated into the mainstream payment processing system provides a far superior benefit redemption process for the participant and for the store. FNS has invested in having WIC added to many payment platforms so that a store may receive this functionality at no additional cost.</p> <p><u>Online:</u> Great strides have been made in getting online WIC integrated into the major payment systems.</p> <p><u>Offline:</u> All major store systems now have offline WIC available as a core component.</p>				
5.	Coexistence with Existing Payment Processes	4.23	21.15	12.69	11
	<p><u>Description:</u> Most stores have existing electronic payment technology and supporting infrastructure, and provide training to cashiers in the use of the system.</p> <p><u>Online:</u> Magnetic stripe card readers are the mainstream technology option in WIC grocers. It is the technology required for processing SNAP transactions which, in the preponderance of cases, co-exists with WIC in most checkout lanes.</p> <p><u>Offline:</u> Requires a smart card reader in the checkout lane and specific processes for</p>				



#	WIC Authorized Vendor Criteria and Considerations	Average Weight	Online Weighted Score	Offline Weighted Score	# of Responses
	handling a smart card. This technology is becoming more common, especially in the larger stores, but is not yet established as mainstream in the majority of WIC authorized retailers.				
6.	Obsolescence	3.60	17.35	7.85	11
	<p><u>Description:</u> Changing or upgrading software in a store environment is a challenging process.</p> <p><u>Online:</u> The card is simply an identifier. It does not perform any processing or contain any complex data stores. Increased WIC functionality or capability will be implemented by the host processing platform which is centralized and much easier to manage.</p> <p><u>Offline:</u> There is software in each store specific to the WIC card. Any change in the card capability or design will require a change in that software, which can be an expensive proposition. Further, there will likely be a transition period where both “legacy” and “new” cards will be in circulation and presented in store checkout lanes. There is no easy migration path.</p>				
7.	Transaction Fees	3.23	11.76	14.37	11
	<p><u>Description:</u> WIC EBT transaction processors (in-house or outsourced), by law, do not charge a fee for processing and approving WIC transactions. For this reason, EBT, even with the possibility of a TPP fee is the cheapest tender type processed in the checkout lane.</p> <p><u>Online:</u> Stores have options as to how a transaction may be processed, which consequently impacts associated fees. Most stores will have integrated payment solutions and will contract with a TPP to be its sole source for transaction acquisition, settlement, and reconciliation services. In this scenario, WIC is co-mingled with all other tender types processed in the store and funneled through this single source. For this service, the store will pay a fee, probably less than \$.02 per transaction for a large store. However, a store also has the option in most states to send its WIC transactions directly to the State’s host processor thus bypassing the TPP. This avoids any fees but requires the store to take on more operational support that otherwise would be provided by the TPP.</p> <p><u>Offline:</u> As currently configured there are no fees involved in submitting WIC transactions for approval and payment. Stores or their central office submit claim files directly to a State file transfer protocol (FTP) server for processing. However, as systems evolve, TPPs may begin offering services related to handling and managing the claims and other files needed for WIC processing. If a store signs up for such a service, it will expect to pay a fee in exchange for the convenience.</p>				

## APPENDIX B: IMPACT COMPARISON

*Table 33: CDPH ITSD Impact Comparison*

Impact	Online, Outsourced	Offline, In-House
Maintaining FI printers and support for check issuance.	Eliminated.	Eliminated.
Modification of EBT system code and business rules for upgrades.	Provided by EBT Service Provider.	Required as needed.
System and regression tests.	Provided by EBT Service Provider.	Required as needed.
User Acceptance Tests.	Required.	Required.
Operation and ongoing maintenance of EBT system.	Provided by EBT Service Provider.	Required.
Ongoing maintenance of EBT communication networks.	Provided by EBT Service Provider.	Required.
Technical support for WIC Program and local agencies.	Provided by EBT Service Provider.	Required.
Training on EBT system.	Minimal.	Extensive.
Update documentation. <ul style="list-style-type: none"> <li>• User operating procedures.</li> <li>• Operating center procedures.</li> <li>• Data retention requirements and information storage and retrieval procedures.</li> <li>• Output reporting procedures, media, and schedules.</li> </ul>	Required.	Required.

Impact	Online, Outsourced	Offline, In-House
<ul style="list-style-type: none"> <li>System failure consequences and recovery procedures.</li> </ul>		
Hardware maintenance.	Provided by EBT Service Provider.	Required.
Evaluate current technical capability and age of local agency PC terminals and replace outdated models with EBT-ready models.	In-progress.	In-progress.
Staff resources.	Minimal changes to number, skill sets, or knowledge.	May need to hire additional staff with EBT skill sets and knowledge.
Concurrent operation of paper and EBT systems until implementation and conversion of all participants is complete.	Required.	Required.

**Table 34: CDT Impact Comparison**

Impact	Online, Outsourced	Offline, In-House
Database usage.	Minimal.	Significant increases for 24/7 EBT processing.
CICS transaction volumes.	Minimal.	Significant increases for 24/7 EBT processing.
Network activity and data traffic associated with batch and online communications.	Increased network traffic for real-time messaging with EBT host system.	Network activity increased, but depends on whether in-house solution is combined with eWIC MIS or integrated.
Virtualized or dedicated web server and database server resources with secure connections between layers.	No direct impact for eWIC EBT.	New hardware needed to support in-house processing and extensive security to safeguard financial



Impact	Online, Outsourced	Offline, In-House
		transactions.
Training.	Minimal.	Significant training on system architecture, system functions, and support.

**Table 35: CDSS / OSI ITSD Impact Comparison**

Impact	Online, Outsourced	Offline, In-House
Procurement and contract manager.	Dedicate resource to procurement and contract management.	Dedicate resource to procurement and contract management.
Retailer terminals.	WIC EBT would replace current terminals with upgraded terminals that could be shared between programs.	WIC EBT would install separate terminals that would not be shared between programs.
Retailer training materials.	Update training materials to explain changes in terminals and how to select option for CalFresh.	Update training materials to explain changes in terminals and which ones to use for CalFresh.

**Table 36: Local Agencies Impact Comparison**

Impact	Online, Outsourced	Offline, In-House
Card readers/PIN selection devices at the station or desk of staff members issuing cards.	Required (issued by EBT service provider).	Required (issued by state).
Signature capture devices at the station that gives the card to the participant.	Required (issued by EBT service provider).	Required (issued by state).
EBT-ready PC terminals.	Required (issued by state).	Required (issued by state).
FI printers.	Eliminated.	Eliminated.
Maintain standard laser printers for participant	Required.	Required.



Impact	Online, Outsourced	Offline, In-House
shopping lists on plain 8 ½ x 11 paper.		
Securely store and track unissued EBT cards.	Required.	Required.
Securely store and track FI card stock.	Eliminated.	Eliminated.
Ability to update individual benefits remotely (without participant present).	Possible for issuing benefits and changing prescribed benefits (when allergies or intolerances are found after initial issuance).	Not possible – participants must be present (same volume as paper system).
Ability to remotely update benefits for all applicable participants (food recalls).	Possible to perform mass changes in prescribed benefits.	Not possible – participants must be present, which will increase the number of participants visiting the clinic (based on scale of recall).
Ability to access system remotely (working from home for personal reasons or disaster response).	Possible – contingent on security permissions.	Not possible.
Training on EBT card issuance.	Required (provided by EBT service provider).	Required (provided by EBT implementer).
Wireless for remote clinics.	Provided by EBT service provider if the State chooses this option.	Provided by the State if it chooses this option.

**Table 37: WIC Participants Impact Comparison**

Impact	Online, Outsourced	Offline, In-House
Training on use of EBT card.	Required.	Required.
One card per household and one card for each foster child.	Required.	Required.
Card lock if cardholder exceeds allotted number of incorrect	Unlocks at midnight or via	Participant must go to clinic to



Impact	Online, Outsourced	Offline, In-House
PIN attempts.	request to toll-free AVR.	get card unlocked.
Proxy (extra) cards for household representatives.	Required.	Currently not possible.
Benefit Issuance.	Occurs at clinic or offsite.	Occurs only at clinic.
Damaged card.	WIC retailer may key-enter PAN into POS to conduct transaction.	Purchase cannot occur until participant returns to clinic for card replacement.
Lost or stolen card.	Participant can call customer service and EBT service provider will mail a new card. Or participant can go to clinic to receive a new card immediately.	Participant must be re-issued a new card at the clinic. The State determines the waiting period policy (48 hours – 5 business days). Retailers can still accept purchases within 48 hours of card being reported as stolen or lost. Those benefits are lost to the participant.
Food recalls.	WIC Program can delete recalled food and add substitute without participant present.	Cardholder must return to clinic to have recalled item deleted and substitute added. WIC is responsible for client notification.

**Table 38: Retail Vendors Impact Comparison**

Impact	Online, Outsourced	Offline, In-House
Concurrent programs (paper and cards) until all cards are issued.	Required.	Required.
WIC certified terminals (standard and compatible with all state WIC EBT cards).	<ul style="list-style-type: none"> <li>EBT service provider issues terminals to retailers without WIC certified terminals.</li> <li>New terminals accept both CalFresh and WIC EBT cards – saving space at the</li> </ul>	<ul style="list-style-type: none"> <li>State provides terminals to retailers that have no WIC certified terminals.</li> <li>The terminals will stand beside the CalFresh / debit /credit terminals, which takes up valuable space at</li> </ul>



Impact	Online, Outsourced	Offline, In-House
	<p>register.</p> <ul style="list-style-type: none"> <li>Existing CalFresh terminals may be replaced with upgraded terminals that accept both cards.</li> <li>Large / chain stores may have terminals that already have this capability or may choose to buy their own terminals with this ability.</li> <li>EBT service provider is responsible for terminals provided by the project (not retailer purchased terminals).</li> </ul>	<p>the register.</p> <ul style="list-style-type: none"> <li>Large / chain stores may have terminals that already have the capability to process online and offline cards or may choose to buy their own terminals with this ability.</li> <li>Retailers are responsible for terminal maintenance and purchasing new terminals after initial implementation of EBT program.</li> </ul>
Purchases.	<ul style="list-style-type: none"> <li>Amount of payment is approved real-time.</li> <li>Prices that exceed maximum allowable are adjusted real-time.</li> </ul>	<ul style="list-style-type: none"> <li>Retailer uploads transactions via batch file (typically daily).</li> <li>System adjusts for maximum allowable prices.</li> <li>System sends retailer a file listing adjustments.</li> <li>Retailer must reconcile any payment modifications against assumed purchase amounts.</li> </ul>
Damaged cards.	Cashier can key-enter PAN and complete transaction.	Cashier cannot conduct purchase.
Cash Value Benefit.	WIC and CVB benefits are loaded onto the same household account, using separate transaction types for each.	"Mixed basket" feature allows retailer's front-end system to attempt program (tender types) as items are scanned – to include CVB.
Lost or stolen cards.	Lost or stolen cards are "hot-listed" real-time and cannot be	<ul style="list-style-type: none"> <li>Retailer may not know the card is hot-listed for up to 48 hours after card is</li> </ul>



Impact	Online, Outsourced	Offline, In-House
	used for purchases.	reported lost or stolen.  • State reimburses retailer for transactions made in good faith.
System outage.	Cannot conduct transaction unless willing to conduct at own risk. The “store-and-forward” transaction allows retailer to store the transaction in the POS to later transmit to the EBT system.	Can conduct transaction and perform batch when system is operational.
Settlement.	Settlement occurs the next business day. Cutoff time is established by State.	Due to frequency of batch files, settlement usually occurs within 48 – 72 hours.
Retailer notification of WIC allowable items.	Food item approval is real-time, via messaging with the EBT services provider host system.	Food item approval is real-time, via interaction between the smart card and the store’s system.
Technical support (help desk).	Provided by EBT Service Provider.	Provided by State.
Retailer back office and cashier training.	Provided by EBT Service Provider.	Provided by State.

**Table 39: Farm Vendors Impact Comparison**

Impact	Online, Outsourced	Offline, In-House
Wireless solution (if State chooses to provide this option).	EBT provider may provide a wireless solution such as a smart phone or terminal connected to a card reader.	State may provide a wireless solution such as a smart phone or terminal connected to a card reader.
CVB and FMNP.	Michigan is currently piloting an online solution that accepts multiple programs. WIC, CVB,	Texas is currently piloting an offline solution that accepts multiple programs.



Impact	Online, Outsourced	Offline, In-House
	<p>and FMNP benefits are loaded onto the same cardholder account under separate transaction types, with a new</p> <p>and unique Food Category for FMNP.</p>	<p>Requirements define the order in which the programs (tender types) are attempted as items are scanned. For example, if</p> <p>the cashier scans a bag of frozen spinach the system will try the WIC Program first. If the item is not prescribed, it will then attempt to purchase the item through SNAP, then CVB, etc. until it finds the correct program and then charges the benefits from that program. Non-eligible items can be paid for separately.</p>



## APPENDIX C: FNS FEASIBILITY STUDY WORKSHEET

Requirement <sup>13</sup>	System Name		
	Current System (Baseline)	Online, Outsourced	Offline, In-House
Objectives	Does not meet objectives.	Meets objectives.	Meets objectives.
Requirements	Does not meet requirements.	Meets FNS and California eWIC EBT requirements.	Meets FNS requirements (but not California).
Technical Maturity of Solution	System approaching end of lifespan.	Meets FNS requirements.	Meets FNS requirements.
Compatibility of this system with state standards for hardware, architecture or environment	Compatible with existing standards.	Compatible.	Compatible.
Compatibility of this system with other necessary software or applications	Not compatible with EBT.	Compatible.	Compatible.
Organizational impacts of this system	Does not allow EBT.	Minimal.	Extensive.
Facility / Site Impacts	None.	Minimal.	Minimal.
Operational impacts (e.g., user operating procedures, data center procedures, source data management, data entry procedures, data retention requirements, plans for system support, archiving, etc.)	None.	Minimal.	Extensive.
Fiscal impacts (e.g., cost factors related to the design, development, or transfer and operation of this system)	None.		

<sup>13</sup> USDA, FNS Handbook 901, Appendix D, Feasibility Study Checklist, [http://www.fns.usda.gov/apd/Handbook\\_901/V\\_1-4/Appendix\\_D-FS\\_Worksheet.pdf](http://www.fns.usda.gov/apd/Handbook_901/V_1-4/Appendix_D-FS_Worksheet.pdf).



## APPENDIX D: eWIC COST COMPARISON

### Baseline Costs Associated with Paper Voucher (FI) Processing

Cost Element	Per Month	Per Year
Printers		
Equipment	\$57,582	\$690,987
Maintenance and Support	\$18,000	\$216,000
<b>Subtotal</b>	<b>\$75,582</b>	<b>\$906,987</b>
Printing Supplies		
Check Stock	\$42,874	\$514,487
Ribbons	\$18,237	\$218,840
Shipping	\$4,474	\$53,687
<b>Subtotal</b>	<b>\$65,585</b>	<b>\$787,015</b>
Banking Charges		
Check Processing Fees	\$345,153	\$4,141,836
<b>Subtotal</b>	<b>\$345,153</b>	<b>\$4,141,836</b>
Data Processing		
Data Center Costs	\$262,500	\$3,150,000
<b>Subtotal</b>	<b>\$262,500</b>	<b>\$3,150,000</b>
Miscellaneous		
WIC ID Folders	\$8,766	\$105,189
<b>Subtotal</b>	<b>\$8,766</b>	<b>\$105,189</b>
<b>Total Costs</b>	<b>\$757,586</b>	<b>\$9,091,026</b>



### Costs Associated with Ongoing EBT Operations

<b>Cost Element</b>	<b>Per Month</b>	<b>Per Year</b>
EBT Contractor		
CPCM	\$501,163	\$6,013,952
<b>Subtotal</b>	<b>\$501,163</b>	<b>\$6,013,952</b>
EBT Management and Administration		
Contract Management	\$11,683	\$140,201
EBT Management	\$24,417	\$293,000
<b>Subtotal</b>	<b>\$36,100</b>	<b>\$433,200</b>
<b>Total Costs</b>	<b>\$537,263</b>	<b>\$6,447,152</b>