

4.0 SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS AND CHILDREN (WIC)

This chapter provides supplemental guidance for implementing the APD process for State agencies that administer and oversee the WIC program and serves as a program-specific supplement to [Section 2.0](#) on APD requirements for information systems (IS) acquisitions. In order to fully understand the APD process as it relates to the WIC program, it is necessary to read the entire chapter, which is organized into the following major sections:

- Section [4.1](#): The APD Process for WIC State Agency Information Systems
- Section [4.2](#): The APD Process for WIC Electronic Benefit Transfer Systems

Regardless of which System Development Life Cycle (SDLC) phase a State agency may be in, all WIC State agencies are required to follow the APD process when requesting approval to use funds to procure software, hardware, and contractual services for information technology (IT) purposes. This includes WIC systems development and/or acquisitions, including State Agency Model (SAM) transfers and Electronic Benefit Transfer (EBT) systems, **regardless of funding source(s)**. State agencies are responsible for ensuring the allowable and effective use of these funds. State agencies need not format documents exactly as described in this Handbook in order to receive FNS approval. As long as all the required information is provided, FNS will consider a State's planning documents in any standard, professional format. The State agency may speed FNS's review by providing a cross-walk or document map to the required content.

4.0.1 Approval Thresholds

The program is 100 percent Federally-funded. However, as a grant program funding for information systems (IS) is limited. The thresholds specified below reflect the need for Federal oversight and coordination

FNS authorizes WIC State agencies to make IS system acquisitions with a total project cost of up to \$4,999 without prior FNS review. For acquisitions with a total project cost between \$5,000 and \$99,999, WIC State agencies must notify the FNS Regional Office (RO) in writing within 60 days of the expenditure or contract execution. Systems acquisitions with a total project cost of \$100,000 to \$499,999 require a written request for prior approval from FNS, including an explanation of the purchase(s), description of needs, and other information appropriate to the proposed acquisition (e.g., cost allocation plan, procurement documents, etc.). For total anticipated project costs that are **\$500,000** or greater, State agencies must submit a Planning APD (PAPD) and an Implementation APD (IAPD) before the appropriate phase begin and receive prior approval from FNS before incurring any project costs. Prior approval from FNS is required for these costs to be allowable charges to the WIC grant (see [Figure 4-1](#)).

Although State agencies cannot know the total anticipated project cost before conducting a planning phase, it is reasonable to assume that a complete system replacement, transfer or major upgrade will exceed the \$500,000 threshold. State agencies must make a good faith effort to anticipate the scope of their intended project, and submit the appropriate documents for approval. If in doubt, a PAPD should be submitted to assure that planning costs are approved. State agencies should assume that incremental efforts which may be under approval thresholds individually, but which support a unified outcome, will be regarded by FNS as a single project, and that a cumulative threshold will apply.

When reading the table below, please note that Advance Planning Documents are required for all EBT projects until a State agency has completed statewide implementation. The lower thresholds indicated in the table apply to EBT only for subsequent enhancement, maintenance or similar activities.

Figure 4-23. WIC IS and EBT Approval Thresholds

Acquisition Cost	Documents Required from State Agency ⁴
<\$5,000	No Federal review needed for IS
\$5,000 to \$99,999	Written notification to the RO within 60 days of the expenditure or the contract execution
>\$100,000 Non-Competitive Acquisition	Sole source justification submitted to FNS prior to acquisition
\$100,000 to \$499,999	Specific documentation required for FNS prior approval <ul style="list-style-type: none"> ▶ Description of needs ▶ Explanation of purchases ▶ Budget ▶ Cost allocation proposal⁵ ▶ Procurement documents (e.g., RFPs and contracts)
≥\$500,000	State agency must submit a complete PAPD and IAPD

Non-Competitive Acquisitions

Non-competitive acquisitions of \$100,000 or less are allowable without prior approval as long as they meet the requirements of 7 CFR 3016.36 (<http://www.gpo.gov/fdsys/pkg/CFR-2011-title7-vol15/pdf/CFR-2011-title7-vol15-sec3016-36.pdf>) of the regulations and the State agency's procurement requirements. FNS will require justification for any sole source procurements that exceed this amount. The State agency will be responsible for any non-competitive costs incurred without FNS prior approval and these costs will be subject to disallowance. Additional information on noncompetitive acquisitions may be found in [Figure 6-1](#).

Cost Increases

In the event a project originally estimated to cost less than the \$500,000 threshold encounters changes in price or scope that increase the cost to exceed the threshold, the State agency must submit an APD to FNS for approval of the entire project, not just that portion over the \$500,000 threshold. In such a circumstance, the State agency should work with FNS to ensure that all information requirements are addressed when submitting the APD for approval. This will assist FNS in reviewing and making an approval determination and also avoid or shorten any project slowdown during the approval process.

Routine Maintenance and Upgrades

An APD document is not required for work that supports the continued operation of an existing IS without adding significant new functionality, such as:

- √ Routine hardware and software replacements
- √ Routine upgrades

⁴ Implementation activities only apply to EBT expenses if they are incurred after EBT statewide implementation.

⁵ If any systems acquisition is to be used for non-WIC functions, a cost allocation proposal must be submitted.

- √ Routine maintenance activities.

Refer to Section [2.3.3](#) and [Figure 2-14](#) for guidance. Information on these activities must be included in the State plan.

4.0.2 WIC State Agency Model Systems and the APD Process

Regardless of whether a State agency's business case calls for transfer of a SAM or development or acquisition of a non-SAM WIC IS, approval of a WIC system is accomplished using the APD process. FNS initiated the SAM project to promote the development of model IS for WIC State agencies. Specifically, the SAM initiative supports multi-State consortium efforts to plan, design, and develop model systems and to deploy the models in multiple State agencies. The goals of the project are to increase efficiency and eliminate or significantly reduce cost and duplicative efforts across 90 WIC State agency systems, as well as to ensure that systems meet WIC policy and regulatory requirements.

To optimize its investment, FNS requires SAM systems be considered in the Feasibility Study/Alternatives Analysis. The benefits of transferring a SAM are the following:

- ▶ Model system software is already developed
- ▶ SAMs are fully functional and EBT-ready
- ▶ State agencies may receive priority funding for model system transfer and implementation
- ▶ State agencies that transfer a SAM are well positioned to receive higher priority for EBT grant funds

States transferring a model system will maximize their Nutrition Services and Administration (NSA) funds because the cost of software maintenance will be incurred only once and distributed to all States within the model's User Group.

Under some circumstances, a SAM model may not meet State needs. If, after initial evaluation, it is determined that a SAM system is not viable, the State agency may exclude that alternative from further detailed comparison in the Feasibility Study/Alternatives Analysis, as long as valid justification is provided. The justification must demonstrate a good effort on the part of the State agency to consider a SAM system, and not dismiss a SAM merely for unexamined preference. Examples of acceptable justification include the following:

- ▶ SAM inconsistent with State's mandated software/hardware requirements
- ▶ SAM not available when State must implement a new system
- ▶ SAM not compatible with State's needs for an integrated system

If a SAM is selected, the State agency must list and explain in the IAPD any planned or desired modifications to the current "core" code shared by other users of the same system. The extent of the desired modifications is important to demonstrating that the system is a "good fit", as required by the Alternatives Analysis. State agencies transferring a SAM are required to keep enhancements and modifications to a minimum.

Changes to the "core" code may be made under only two scenarios:

- 1) A State agency may choose to transfer the code "as is" and join the SAM Users Group, submitting its desired changes using the group's change control process after implementation; or
- 2) A State agency may transfer the code and make the desired changes as a "stand alone" system, without the benefits of Users' Group membership.

The State agency's intentions must be made clear in the IAPD.

The WIC program expects that SAM transfers can be done at a minimal or reduced cost. State agencies can implement the system themselves or prepare competitive procurements to hire implementation contractors. Consult with FNS for details on each SAM system.

4.1. THE APD PROCESS FOR WIC STATE AGENCY INFORMATION SYSTEMS

The APD process is designed to help State agencies and FNS adhere to the legislation, regulations, and policy that govern the WIC program and ensure that State agencies receive prior approval to expend Federal funds for planning, design, development, and implementation related to their information systems.

It is important to note that before any APD activity occurs, when a State agency first identifies a need or opportunity, a needs assessment must be conducted to determine the extent and urgency of the need and whether the time is right to address it. As seen in Figure 2-1, the needs assessment occurs prior to the Planning Phase. The needs assessment is intended to assist decision makers in developing the case to move forward with planning activities that are essential to defining the scope of the project, acknowledges future funding and staffing priorities as well as acquiring the required resources. A needs assessment will help the State agency determine whether or not the project is necessary and if they need to develop a PAPD. It may include:

- An evaluation of the current system and its utilization
- A review of the service approach
- An identification of un-met services

In order to help State agencies understand the documentation requirements for WIC MIS, MIS/EBT joint implementations and EBT-only projects, the following table (Figure 4-2) provides a visual summary at a glance. Detailed requirements and explanation follow. A joint implementation is defined as a State agency implementing a new IS either as a transfer system with EBT functionality from another State agency, a new build with EBT functionality or a transfer of a system adding new EBT functionality.

Figure 4-24. WIC APD Documentation Requirements

PAPD Documentation Requirements			
Documents	WIC MIS	WIC MIS/EBT Combined	WIC EBT
Transmittal Letter with Official Signature	X	X	X
Executive Summary	X	X	X
Schedule of Planning Activities, Milestones, and Deliverables	X	X	X
Proposed Budget	X	X	X
Resource Requirements	X	X	X
Cost Allocation Plan (if applicable)	X	X	X

IAPD Documentation Requirements			
Documents	WIC MIS	WIC MIS/EBT Combined	WIC EBT
Transmittal Letter with Official Signature	X	X	X
Executive Summary	X	X	X
Functional Requirements Documents	X	X	X
Feasibility Study/Alternatives Analysis	X	X	X
Cost-Benefit Analysis	X	X	X
General Systems Design ⁶	X	X	X
Capacity Planning or Study	X	X	X
Project Management Plan	X	X	X
Schedule of Planning Activities, Milestones, and Deliverables	X	X	X
Proposed Budget	X	X	X
Resource Requirements	X	X	X
Cost Allocation Plan (if applicable)	X	X	X
Security Planning	X	X	X
Request for Waiver of Depreciation	X	X	X
Test Plan	X	X	X
Training Plan	X	X	X
State Agency/Contractor Assurances		X	X
Pilot Project Retailer Management Plan		X	X
Statewide Expansion Retailer Management Plan		X	X
Statewide Expansion Clinic Management Plan		X	X
Maintenance and Operations w/ Enhancements (M&O) IAPD Documentation Requirements			
Documents	WIC MIS	WIC MIS/EBT Combined	WIC EBT
Transmittal Letter with Official Signature	X	X	X
Description of any hardware or software changes	X	X	X
Budget reflecting all costs by Federal Fiscal Year and Quarter	X	X	X
Description of how changes will benefit the Federal programs being served by the system.	X	X	X
Description of how testing of changes will be accomplished	X	X	X
Annual APDU Documentation Requirements			
Documents	WIC MIS	WIC MIS/EBT Combined	WIC EBT
Transmittal Letter with Official Signature	X	X	X
Project Status	X	X	X
Changes to the approved PAPD/IAPD	X	X	X
Revised Schedule of Activities, Milestones, and Deliverables	X	X	X
Revised Budget	X	X	X
Actual Expenditures to Date	X	X	X
Contractor Performance	X	X	X

4.1.1. Planning APD

The PAPD is a brief document that is used to notify FNS of a State agency's need for an improved IS and its intent to begin a formal planning process. Submission and approval of a PAPD is required before a State agency begins to incur planning costs for system development efforts, system enhancements, or upgrades. WIC State agencies are

⁶ GSD will be available from SAM system being transferred.

required to submit a PAPD for all IS projects in which the total project cost is expected to exceed \$500,000. Therefore, it is important to consult with FNS before initiating any planning activities.

In the PAPD, the State agency will identify its intended planning activities, which will usually include evaluation of the existing system and its business practices, definition of the future system business requirements, preparation of a Functional Requirements Document, conducting a Feasibility Study with an Alternatives Analysis to determine which option can best meet those requirements, and development of a project schedule, budget, and General Systems Design (GSD).

The evaluation of the existing system and business process is known as a Business Process Analysis (BPA). The BPA involves identifying current processes and the outcomes being achieved; including errors and challenges to the current process. This defines the “As Is” environment. The State agency should review these processes, identify mandatory and nice to have changes, ensuring they incorporate both State and Federal program requirements and policies. Once the BPA process has been completed, the State agency will have defined the “To Be” environment, around which all additional planning should be conducted.

Even if not seeking approval to expend Federal funding for planning activities, the State agency is advised to notify FNS when embarking on system planning activities so that FNS can help ensure efficiency in all ongoing systems efforts. If the State agency uses in-house resources for the planning activities, then a statement of work (SOW) or description of the planning activities must be submitted to FNS.

4.1.1.1. Required Documentation for a PAPD

Before preparing the PAPD, the State agency should also consult with the internal State IT oversight department to determine whether any additional documents or procedures are required as part of the State’s internal monitoring process or if the PAPD requirements will suffice.

The following components are required when submitting a PAPD:

Transmittal Letter—Cover letter, signed by the appropriate State official, that, identifies the State agency sponsor of the project who has the authority and responsibility to commit State resources to the project, to request Federal funding and approval, and to ensure the project goals and activities are carried out as identified within the PAPD. [Appendix D](#) provides an outline as well as a sample letter.

Executive Summary—Describes at a high level (in approximately one page) the business need for a new information system, its advantages, the challenges and shortcomings the system will address, and the stakeholders who will benefit from it. The State agency's commitment, including a description of the process to be used, to complete the following as part of project planning activities: a feasibility study including a thorough alternatives analysis, a cost-benefit analysis, a functional requirements specification document, and a general system design;

Schedule of Planning Activities, Milestones, and Deliverables—Includes a detailed description of activities and deliverables during the planning phase including the schedule of procurement activities to be undertaken in support of the planning project. The schedule shall include and discuss a proposed activity schedule depicting key tasks, events, and deliverables for the planning phase. This shall be presented in narrative and graphical format.

Proposed Budget—Identifies estimated State and contractor costs associated with the project planning phase activities by Federal fiscal year and quarter and correspond with the project timeline. For example, State costs related to travel, staff time, equipment, IT support, and indirect costs, as well as contractor costs for travel, time, and deliverables. The State agency shall also include an estimate of the total project costs, including both the cost of the planning phase and a rough estimate of the cost of any anticipated design, transfer or implementation activities, which will be used only for determining whether the threshold of prior approval submission is met. *The State agency*

must include a copy of their identified funding sources demonstrating all project costs and allocated contributions for all projects.

The complete and detailed budget spreadsheet is available via the FNS website:

<http://www.fns.usda.gov/wic/StateInformationSystems/menu.htm> This sample budget and funding source plan is intended to assist the State agency with meeting the application document requirements when applying for information systems (IS) funding through the APD Process. Details provided in Section [7.5](#).

Resource Requirements—Describes what resources, (i.e. staff, money, etc.), the State expects to apply to the planning phase and what the State agency needs from FNS. This should correlate directly to the proposed budget, and should specifically outline the State’s funding request to FNS.

Cost Allocation Plan (as appropriate)—Describes the methodology used to determine the share each entity will pay in a joint planning effort. Details are provided in Section [7.3](#).

Consult with FNS for samples of the required PAPD documents, as needed. Because of the nature of PAPDs, the required documentation may be actual narrative components of the PAPD and not stand-alone documents, but this varies depending on the complexity of the planning activities being undertaken. PAPDs are usually short, simple, and concise documents.

4.1.1.2. PAPD Process Steps

1. The State agency prepares and submits the PAPD to FNS electronically, including a scanned copy of a transmittal letter signed by an official authorized to commit State resources. The electronic submission should be sent to the appropriate FNS Regional Office.
2. FNS reviews the PAPD and notifies the State agency if there is a need for more information or changes are required.
3. FNS approves or denies the PAPD and notifies the State agency of the results.
4. If contractor services are required, the State agency prepares and submits the Planning Request for Proposal (RFP). Note that an RFP can be submitted simultaneously with the PAPD. FNS reviews the Planning RFP and notifies the State agency if there is a need for more information. FNS approves or denies the Planning RFP and informs the State agency of the decision.
5. The State agency conducts planning activities per the PAPD (e.g., Feasibility Study/Alternatives Analysis), submitting APD Updates (APDU) Annually and As-Needed when change thresholds are exceeded or trigger events occur.
6. State provides final PAPDU to advise when all PAPD activities have been completed and includes the final budget for planning showing actual costs.
7. FNS verifies that the State agency has successfully completed all PAPD activities and notifies the State agency of PAPD closure.
8. The State agency submits results of the planning phase, in the form of the IAPD, to FNS.

4.1.1.3. PAPD Closure

Once the results of the feasibility study/alternatives analysis have been received and FNS verifies that all planning activities have been successfully completed, FNS will close the PAPD. It is the responsibility of FNS to formally close a PAPD when all activities associated with the planning phase, approved through the PAPD, have been

successfully completed to the satisfaction of FNS. FNS may request a final report from the State before closing the PAPD. Official closure of the PAPD must occur to document the end of the planning activities and the actual costs incurred.

4.1.1.4. *Planning RFP Review and Approval*

The State agency may conduct planning activities using in-house resources or by hiring contractor assistance. Either way, costs for those services are considered planning phase costs, and should be included in the planning budget, and in the overall cost estimate used to determine when documents must be submitted to FNS for approval. (See [Figure 4-1](#).) Planning RFPs or in-house SOWs must be submitted to FNS for prior approval before beginning planning activities or releasing an RFP for contractor services, if acquisition thresholds may be exceeded.

RFPs for work which will be paid for using Federal funds must always contain required Federal language and assurances, even if the RFP does not meet the threshold for review. States should refer to Chapter 6 for guidance and requirements. See [Appendix F](#) for federally required language.

4.1.2. **Implementation APD**

The IAPD documents the results of the project's planning activities, such as the identification, analysis, and feasibility comparison of various system alternatives, as well as the design and description of the system project. It also marks the completion of the planning phase of the SDLC. Please refer to Section [2.3](#) for details of the IAPD process in its entirety.

An IAPD must be submitted for all IS projects with an anticipated total cost \geq \$500,000. **Failure to submit an IAPD may result in the disallowance of costs that otherwise may have been covered by Federal funds.**

Proper adherence to the IAPD process, such as including FNS review periods in the schedule or not rushing critical steps, can help States avoid project delays, estimate project progress and outcomes more realistically, and contribute to a successful project completion.

4.1.2.1. *Required Documentation for an IAPD*

The following components are required when submitting an IAPD. Those components identified with an asterisk (*) are not required as part of the SAM streamlined IAPD:

Transmittal Letter—Cover letter, signed by the appropriate State official, identifies the State agency sponsor of the project who has the authority and responsibility to commit State resources to the project, to request Federal funding and approval, and to ensure the project goals and activities are carried out as identified within the IAPD. [Appendix D](#) provides an outline as well as a sample letter.

Executive Summary—Describes at a high level the business need for a new IS; identification of all the stakeholders who will benefit from it; its advantages, the challenges and shortcomings the proposed system will address compared to the current system and the alternative systems; the resources required from all stakeholders; and the technical, financial, and program impacts of the project. For details see [Figure 2-10](#).

Functional Requirements Document (FRD)—As part of the IAPD, the State agency must identify the functions the proposed IS will perform. The FRD documents the analysis and desired system functionality for all aspects of program operations.

The WIC FReD for a Model WIC IS addresses IS that support a number of WIC program operations and management functions, such as certifying applicants, monitoring food vendors, tracking participation and

expenditures, and managing appointments. This document also incorporates basic functions for an EBT system. The document is intended to help State agencies prepare the FRD for the IAPD, as well as RFPs for IS services and to serve as guidance to in-house IT staff developing a WIC IS. Refer to the [WIC Functional Requirements Document \(FRoD\)](#) for details.

Feasibility Study/Alternatives Analysis—Summarizes the results of a preliminary study conducted during the planning phase to compare solution alternatives and determine whether the selected project approach is technically, financially, and operationally viable. The State agency must consider the transfer of SAM or provide justification for excluding the transfer alternative from further consideration.

Cost Benefit Analysis—Provides the results of this analysis and demonstrates a meaningful comparison of the costs of the alternatives being considered. See Section [2.3.2.4](#) for detailed description.

General System Design*—A combination of narrative and diagrams that describe the generic architecture of the proposed system, as opposed to the detailed architecture that will be developed later. If a system is to be transferred, the State agency may plan to use the general system design of the system to be transferred.

Capacity Plan or Study—Determines the overall size, performance, and resilience of an information system and relates organizational needs to the system's configuration to establish a computer installation that adequately meets the organization's projections for growth. If the Capacity Study is to be completed as a project deliverable, a commitment from the State agency to complete the study will suffice, until the Capacity Study can be submitted during the appropriate project phase.

Project Management Plan—Describes the project oversight and reporting requirements for the State and contractor. Refer to Chapter [5.0](#) for guidance.

Schedule of Development Activities, Milestones, and Deliverables—Includes a timeline that outlines the key implementation tasks, events, dates, and deliverables throughout the proposed project. Refer to [Section 2.2.2.1](#) for guidance.

Proposed Budget—Identifies estimated State and contractor costs associated with the implementation phase. The detailed project budget, must be expressed by Federal fiscal year and quarter and correspond with the project timeline.

The State agency must include a table/description of their identified funding sources demonstrating all project costs and allocated contributions for the project.

A complete and detailed sample budget spreadsheet is available via the FNS website: <http://www.fns.usda.gov/wic/StateInformationSystems/menu.htm>. This sample budget and funding source plan is intended to assist the State agency with meeting the document requirements when applying for management information systems (MIS) funding through the APD Process.

Further budget detail is provided in Section [7.5](#).

Resource Requirements—Describes what resources, (i.e. staff, money, etc.) , the State expects to apply to the development/implementation phase and what the State agency needs from FNS. This should correlate directly to the proposed budget, and should specifically outline the State's funding request to FNS.

Cost Allocation Plan—Describes the methodology used to determine the share each entity will pay in a joint implementation effort, if applicable. Refer to Section [7.3](#) for details.

Security Plan—Describes the approach for assuring the physical, electronic, and operational security of the system. Refer to Section [8.7](#) for details. This should include the State's Disaster Recovery and Continuity of Operations

Plan for the WIC system and operations at all levels – state, local and clinic. If the security and disaster recovery plans are to be completed as project deliverables, the State may submit the preliminary standards to which the new system must adhere, along with a commitment to complete and submit the full plan during the appropriate project phase.

Training Plan – Outlines how all system users, including technical, State agency, end users, and clients, as applicable, will be provided with training on the new system. If the training plan is to be completed as a project deliverable, the State may submit a preliminary outline, along with a commitment to complete and submit the full plan during the appropriate project phase.

Test Plan – Describes how all system testing will be conducted including but not limited to unit testing, integration testing, performance testing, end-to-end testing, and regression testing. The State agency must provide a complete test plan prior to the start of the testing phase. If the test plan is to be completed as a project deliverable, the State may submit a preliminary plan, along with a commitment to complete and submit the full test plan prior to the start of the testing phase.

Request for Waiver of Depreciation (if desired)—Provides a means for expensing capital expenditures, rather than depreciating them, to financially benefit the Federal Government. A waiver of depreciation is a written request to change the method of accounting and claiming for the cost of equipment. The Federal cost circulars require that individual items of equipment costing more than \$25,000 per item must be charged over the useful life of the equipment. (Useful life is as proscribed by the Internal Revenue Service. Workstations have a useful life of 3 years, while mainframes are normally charged over a period of 7 years) The written request asks for FNS permission to charge the entire cost of the equipment acquisition at the time of acquisition (more commonly known as “expensing”). Unless FNS permission is received, the equipment cost must be based on depreciation over the life of the equipment. This component is optional based on individual circumstances. Refer to Section [7.2.7](#) for details or consult with FNS to determine whether this component is necessary.

The IAPD outlines all the information and requirements for the design, development, and implementation of the new system—a lengthy and intensive phase of the SDLC. Some of the IAPD components are explained in further detail as a part of other chapters highlighting critical factors that must be met to ensure success of the project (i.e., Procurement, Project Management, Financial Management, and Systems Security). FNS highly recommends reading these sections, as well as [Chapter 2](#), for a complete understanding of requirements.

Consult the [FNS web site](http://www.fns.usda.gov/apd/) (<http://www.fns.usda.gov/apd/>) for samples of the required IAPD documents, as needed. FNS encourages State agencies to refer to existing materials and documents created for other recent projects as a guideline for preparing their own IAPDs, so that the States can benefit from each other’s experiences, streamline their efforts, and efficiently use their planning dollars. However, it is vital that all components of the IAPD accurately reflect each State agency’s individual and unique needs, expectations, resources, and so forth. When referring to sample documents, therefore, it will be necessary to revise and adapt the information to the current, proposed project.

4.1.2.2. IAPD Review and Approval

FNS strives to conduct its review within 60 days after receiving the IAPD to provide timely notice to the State agency. Unlike the SNAP, there is no provisional approval for documents not acted on within 60 days. When reviewing the IAPD, FNS takes the following steps before approving or disapproving the State agency’s request to expend Federal funding for system design, development, and implementation costs:

- √ Verifies that the document submission has been signed by a representative of the State agency with the authority to commit State resources to the project

- √ Notifies the State agency of receipt of the document(s)
- √ Conducts a preliminary review of the document for completeness
- √ Notifies the State agency if documentation is missing or incomplete
- √ Evaluates whether the document adequately addresses IT technical and security issues, cost and benefit issues, Federal/State procurement regulations, and program needs assessment
- √ Coordinates comments and requests for information between IT, financial management (FM), and program entities at different organizational levels, as needed
- √ Meets with the State agency on all negotiable matters
- √ Provides technical assistance to the State agency, as appropriate and necessary
- √ Notifies the State agency in writing of FNS final action (approval, disapproval, or conditional approval)
- √ Provides IAPD oversight and reviews APDUs, as required, until the implementation activities are completed
- √ Notifies the State agency of IAPD closure after it has successfully completed all activities approved in the IAPD.

FNS focuses its review on areas of program functionality that may benefit from IT solutions, program resources, improved Federal reporting and accountability, local agency efficiencies, allowable costs, budget and cost/benefit analysis, staffing levels, maintenance and security issues, compatibility with other existing or anticipated State projects, procurement rules, contractual terms, and transitioning costs from development to operations. The review typically addresses the following questions:

- √ Who is/are the requesting State agency(ies)?
- √ Which Federal/State programs are involved/affected?
- √ How will the project be conducted (contractor support, in-house, combination and lease/purchase of software/hardware, etc.)? If contracted, what are the expected contract terms? What are the tasks and deliverables?
- √ Which State and Federal funding agencies are involved?
- √ What is the cost of the project?
- √ What are the benefits of the project to the affected program(s)?
- √ What is the project schedule?
- √ Does the budget reflect all allowable costs (staff time, training, equipment, travel, testing, etc.)?
- √ Was a feasibility study/alternatives analysis conducted prior to the submission of the IAPD? Are the results included?

Approval of an IAPD does not necessarily guarantee funding for the project. State agencies must include the proposed funding sources for the project within the project budget. A limited amount of funds may be available in addition to, or in place of, NSA funds for implementation of a system. FNS will notify State agencies when these special funds become available. Funding will only be awarded to a SA when it becomes available and an IAPD has been fully approved.”

After FNS approves the IAPD, the State can begin the tasks necessary to implement a successful IS that meets the requirements and objectives defined by the State agency and participating Federal agencies, as appropriate.

4.1.3. Implementation RFP

Although it is possible to carry out a system development, transfer or implementation project using “in house” State resources, many State agencies choose to hire contractors to assist them with such a complex project. Implementation RFPs must be submitted to FNS for prior approval before releasing the RFP for contractor services when the amount of Federal funding is \geq \$100,000 for both competitive and non-competitive acquisitions (see [Figure 2-20](#)). Please refer to [Figure 6-1](#) for more details.

4.1.3.1. Required Components of an RFP

The required components for an RFP are listed in [Section 6.2.6](#). States should refer to Chapter 6 for additional guidance and requirements. [Section 6.6.1.5.1](#) provides required Federal licensing language. [Appendix F](#) provides other required Federal provisions.

In addition, it is important to note that State agencies transferring a SAM must specifically explain the nature of their intended transfer project, to ensure that potential vendors fully understand the scope. As indicated in [Section 4.0.2](#), State agencies may transfer a SAM using two scenarios:

- 1) A State agency may choose to transfer the code “as is” and join the SAM Users Group, submitting its desired changes using the group’s change control process after implementation; or
- 2) A State agency may transfer the code and make the desired changes as a “stand alone” system, without the benefits of Users’ Group membership.

These two options represent different scopes of work for the contractor. The State’s expectations must be made clear in the SOW, within the RFP, to ensure accurate pricing in the proposals.

4.1.3.2. RFP Review and Approval

Like the PAPD and IAPD, FNS will follow a routine process in the review and approval of the RFP. Upon submission, FNS will:

- √ Notify the State agency of receipt of the document
- √ Conduct a preliminary review for completeness
- √ Notify the state of any missing or incomplete components
- √ Evaluate whether the scope of work, requirements and deliverables are clear and specific
- √ Determine whether the RFP requirements and selection criteria will assure fair and open competition
- √ Coordinate comments and requests for information among FNS reviewers, as needed
- √ Provide written comments to the State agency
- √ Provide technical assistance as needed and meet with the State agency on any negotiable matters
- √ Notify the State agency in writing of FNS final action (approval, denial, conditional approval)

When a State agency is transferring a SAM system, and they will be joining the user group, details must be included in the RFP to define requirements for a transfer and implementation (T&I) contractor ONLY. Enhancements to the SAM are generated through the User Group Change Management process and will only be performed by the SAM Enhancement contractor. Details should indicate code modifications will **not be a requirement of this contract**, and enhancements will only be made to the core code of the SAM system by the SAM enhancement contractor. In

addition, any details relating to the specific User Group the State agency is joining should be included in the procurement as an indication to the bidders the environment the T&I contract will support.

When the State agency has received FNS approval, the RFP or other procurement vehicle may be released for solicitation of proposals.

4.1.4. Contracts and Contract Amendments

Base contracts are subject to FNS prior approval consistent with the thresholds for RFPs as shown in [Figure 2-20](#). Base contract means the initial contractual activity for a defined period of time. The base contract includes option years but does not include amendments.

The State agency must also get prior FNS approval for contract amendments to acquisitions involving cost increases that cumulatively exceed 20% of the base contract cost. (FNS may make exceptions to this requirement on a case-by-case basis). Contract amendments that do not cumulatively exceed 20% of the base contract cost do not require FNS prior approval. This may mean, for example, that the first amendment for 15 percent would not be subject to approval, but a subsequent amendment for 6 percent would. When a project crosses the 20 percent threshold, FNS may at its discretion review the entire scope of the changes, but would not disallow costs that were not subject to approval. FNS may require States to submit contract amendments for approval even if they are under the threshold amount if the contract amendment is not adequately described and justified in an APD or APDU. Contract amendments must always be submitted for approval if the base contract was not competitively procured. Copies of contract amendments, regardless of cost, must be sent to FNS for the record.

Refer to [Figure 6-1](#) for additional details.

4.1.5. APDU Annual and APDU As-Needed

The requirements for an APDU Annual and an APDU-As Needed are the same for both SAM and traditional WIC systems.

The State agency prepares and submits an APDU Annual no later than 60 days before the anniversary of the initial PAPD or IAPD approval. An APDU As-Needed must be submitted when project costs increase more than \$100,000 over the approved budget, and/or there is a 90-day delay in the project implementation; and/or there is a change in architecture, procurement method, or cost allocation.

Any changes made in an Annual APDU should be carefully reviewed. If changes fall within the criteria for an APDU As-Needed, then the content requirements of the APDU As-Needed must be met. Please note that if significant changes in the systems project cause the project approach, scope, cost, or schedule to differ from the approved PAPD or IAPD, and it is more than 3 months until the anniversary date, the State agency should submit an APDU As-Needed when it becomes aware of these changes.

Submission of either type of APDU applies only to acquisitions for which an APD was submitted and approved. Expenditures subject to and approved at a lower threshold (see [Figure 4-1](#)) do not require APDUs. However, FNS may request an update on the status of a project or acquisition at any time during the SDLC.

4.1.5.1. APDU Annual

FNS requires State agencies to provide an annual update on the progress and accomplishments of a PAPD/IAPD-approved effort to properly conduct its oversight responsibility for multi-year IS projects. Annual APDUs are required for all active PAPDs and IAPDs.

4.1.5.1.1. *Required Documentation for an Annual APDU*

The State agency submits the annual APDU to FNS electronically, along with a scanned copy of the transmittal letter signed by an authorizing official. The APDU should be submitted to the FNS Regional Office no later than 60 days before the anniversary date of the original PAPD/IAPD approval, unless the submission date is specifically altered by FNS.

State agencies should include the following components in the Annual APDU:

Transmittal Letter—Cover letter, signed by the appropriate State official, identifies the State agency sponsor of the project who has the authority and responsibility to commit State resources to the project, to request Federal funding and approval, and to ensure the project goals and activities are carried out as identified within the IAPD. [Appendix D](#) provides an outline as well as a sample letter.

Project Status—Includes major accomplishments, challenges and resolutions, and outstanding issues.

Changes to the Approved PAPD/IAPD—Any changes to the approved APD, including budget, schedule, scope, or requirements.

Revised Schedule of Activities, Milestones, and Deliverables—Includes changes (increase or reduction) in the amount of time needed to complete any activities, milestones, or deliverables, the addition or deletion of new activities or deliverables, or the combining of activities to reach a milestone or deliverable.

Revised Budget—Addresses any increase or decrease in the approved budget

Actual Expenditures to Date—Actual funds expended to date.

Contractor Performance (optional)—Identify any issues, resolutions, strengths, and weaknesses, and any significant change orders.

4.1.5.1.2. *Annual APDU Review and Approval*

Annual APDUs are reviewed and approved in the same manner as APDs. If the APDU includes significant changes to an open PAPD or IAPD, State agencies may proceed with the changes without FNS approval to avoid project disruption, but would be liable for costs associated with the changes in the event of disapproval. State agencies are urged to communicate with FNS early and often when undertaking an IS project to avoid disallowances. Retroactive approvals are granted only in the most extreme circumstances. Poor planning or communications is not considered a valid reason for retroactive approval of expenditures.

FNS approval of an Annual APDU constitutes its acceptance of the State's activity update and any significant changes, unless otherwise stipulated. FNS will notify the State agency in writing of its approval or disapproval and/or any need for additional information or clarification of the information submitted.

4.1.5.2. *APDU As-Needed*

The APDU As-Needed is similar to an initial APD in that it identifies key factors to consider when changing the course of a project, especially as they relate to cost or scope. These include not only the nature of the proposed change, but also the effect that change will have on those portions of the project in which FNS and the State agency have already invested.

The State agency must submit the APDU As-Needed to the FNS Regional Office electronically, along with a scanned copy of the transmittal letter signed by an authorizing official. An APDU As-Needed must be submitted whenever any of the following changes occur or are anticipated:

- ▶ A change in the availability of a funding source, or an unanticipated change in a previously approved funding request.
- ▶ A significant increase in total costs (>\$100,000)
- ▶ A significant schedule change (>90 days) for major milestones
- ▶ A significant change in procurement approach and/or scope of procurement activities beyond that approved in the APD, such as:
 - A change in procurement methodology
 - A reduction or increase in the procurement activities that were described in the APD
 - A change in an acquisition (e.g., changing from a State blanket purchase agreement to issuing an RFP)
- ▶ A significant change in an approved system concept or scope of the project, such as a proposal of a different system alternative, a proposal for a different mix of system hardware and software, a change in the project plan, or a change in the cost-benefit project
- ▶ A change to the approved cost allocation methodology.

To avoid any gaps in funding approval, the State agency must submit an APDU As-Needed as soon as significant changes are known but no later than 90 days from the time when significant changes are anticipated to occur. The APDU As-Needed is not optional but mandated by the triggers discussed above.

4.1.5.2.1. *Required Documentation for an APDU As-Needed*

State agencies should include the following components in an APDU As-Needed. Detailed information on each item may be found in Section [2.4.2.3](#) under APDU As-Needed.

Transmittal Letter—Cover letter, signed by the appropriate State official, identifies the State agency sponsor of the project who has the authority and responsibility to commit State resources to the project, to request Federal funding and approval, and to ensure the project goals and activities are carried out as identified within the IAPD. [Appendix D](#) provides an outline as well as a sample letter.

Executive Summary—Describes at a high level the business need for a new information system.

Project Status—Includes major accomplishments, challenges and resolutions, and outstanding issues.

Changes to the Approved APD—Addresses significant language changes that affect the meaning and intent of the APD. Examples include transferring from another State a system that performs similar functions, instead of developing a new system; performing project management in-house instead of contracting it outside; or adding another program as a system user.

Revised Technical Approach*— Addresses significant changes that affect the technical specifications and requirements of the system under development. Examples include a change from a distributed closed system to a web-based system, or from a proprietary programming language to an open-source language.

Revised Functional Requirements*— Incorporates additions to or deletions from the last defined functional requirements for the system. Examples include removing an interface or a function such as growth chart plotting or adding customized reports.

Revised Project Management Plan and Resource Requirements*—Addresses changes in key personnel, staffing, and associated duties. Examples include moving project management in-house instead of contracting it outside, replacing key State or contracted personnel, losing essential resources in either the program or technical area, or changing the scope of quality assurance (QA) duties.

Revised Schedule of Activities, Milestones, and Deliverables*—Includes changes (increase or reduction) in the amount of time needed to complete any activities, milestones, or deliverables, the addition or deletion of new activities or deliverables, or the combining of activities to reach a milestone or deliverable.

Revised Budget*—Addresses any increase or decrease in the approved budget.

Resource Requirements*---Identifies any changes in funding sources or amounts, and updates the State's funding request, if applicable. Addresses any changes in State resources, including staff, assigned to the project.

Revised Cost Allocation Plan*—Addresses any change in the approved cost allocation plan resulting from budget increases or the addition or removal of participating programs.

Contractor Performance (optional)—Identify any issues, resolutions, strengths, and weaknesses, and any significant change orders.

4.1.5.2.2. *APDU As-Needed Review and Approval*

When the State agency submits the APDU As-Needed, FNS responds to it in the same manner and time frame as it does to an APD. FNS approval of an APDU As-Needed constitutes its acceptance of the State's activity update and any significant changes, unless otherwise stipulated. FNS will notify the State agency in writing of its approval or disapproval and/or any need for additional information or clarification of the information submitted.

Federal approval of the APDU As-Needed for project changes is required no later than the time when the next Annual APDU is due. State agencies may proceed with the change without first obtaining Federal approval to avoid disruption in project activities. **In such instances, the State agency would be liable for costs associated with the project change until FNS approval is granted. If the APDU is subsequently disapproved, the costs associated with the project change would not be allowed.**

State agencies are urged to communicate with FNS early and often when undertaking an IS project to avoid disallowances. Retroactive approvals are granted only in the most extreme circumstances. Poor planning or communication is not considered a valid reason for retroactive approval of funding.

4.1.5.3. *IAPD Closure*

It is the responsibility of FNS to formally close an IAPD once the State agency has successfully completed all activities approved in the IAPD. Closure of an IAPD occurs when all activities associated with the design,

* *As applicable*

development, and implementation phase, approved through the IAPD, have been successfully completed to the satisfaction of FNS and any other contributing Federal agencies. Before closing the IAPD, FNS may conduct a post-implementation review of costs and systems functionality, and will require submission of a final APDU to update all aspects of the project. Official closure of the IAPD must occur to document the end of the implementation phase and the actual costs incurred.

4.1.6. Systems Maintenance and Operations

The State agency moves into the maintenance and operations (M&O) phase of the SDLC when the implementation phase is complete. Although FNS reserves the right to request limited documentation for any project or acquisition, regardless of cost, an APD document is **not usually required** for the following:

- ▶ Routine hardware and software replacements
- ▶ Maintenance activities.

All significant projects requiring dedication of NSA funds should be included in the State plan submissions or subsequent amendment for RO review and concurrence. States are reminded that all requests for WIC funding that are greater than \$100,000 are subject to prior approval whether or not an APD is required (see [Figure 4-1](#)). This includes those efforts being undertaken with Operational Adjustment, NSA, or any special funding from FNS. States are advised to contact their Regional Office with any questions regarding prior approval of WIC funds.

Prior approval is required when significant hardware upgrades, platform changes, and software enhancements are made to the system. Contract amendments that cumulatively exceed 20% of the base contract or are greater than \$100,000 must be submitted for FNS prior approval, including amendments to M&O contracts.

Some enhancements or modifications are more than corrections to errors or deficiencies which may have been present in the software or hardware affecting operational performance. Enhancements or modifications that will change the functions of the software and hardware beyond their original purposes may include adding new software components, transitioning to web-based systems, and implementing enterprise architecture or systems. An example of a major hardware upgrade would be the replacement of a mainframe computer and its storage devices. Refer to [Figure 2-14](#) for Maintenance and Operations Examples.

Once it appears that a software enhancement will substantially increase risk, cost, or functionality, it may trigger an IAPD or an IAPD Update (IAPDU). Otherwise, the following information requirements are necessary during the M&O phase.

- ▶ A description of hardware or software changes
- ▶ A budget reflecting State and Federal costs by Federal Fiscal Year and Quarter
- ▶ A description of how the contracted services and any changes to current operations will benefit the Federal programs being served by the system.

These information requirements may be satisfied by the RFP and contract along with a transmittal letter signed by the State official who has authority to commit State resources. Just as in an initial implementation project, States must submit the RFP to FNS sufficiently in advance to assure adequate time for review and approval. Procurements which are carried out without FNS approval may risk funding for contractor costs. FNS recommends that States begin preparation of an RFP or other plans for continuation of operations at least two years before the expiration of the current contract. This assures adequate time for internal state review, FNS review, conduct of a fair and open competitive procurement, a sound evaluation process, and a strong, stable hand-off between contractors.

Additional details on systems M&O activities may be found in Section [2.3.3](#).

4.1.7. Emergency Acquisition Request

An Emergency Acquisition Request (EAR) is a brief written request from the State to FNS that would allow the use of Federal funds to take prompt action for acquisitions in urgent situations, while allowing FNS sufficient time to establish that the acquisition can otherwise be approved under normal IAPD provisions. Examples of such situations include equipment failure attributed to physical damage or destruction caused by natural or other disasters and changes imposed by Federal legislative requirements that necessitate immediate acquisition of IS equipment or services. FNS will not consider circumstances arising from poor planning on the part of State agencies to be emergency situations.

Section [2.5](#) contains detailed explanation and instructions for submission of an EAR.

4.2. THE APD PROCESS FOR WIC ELECTRONIC BENEFIT TRANSFER

The Food and Nutrition Service's (FNS) goal for WIC Electronic Benefit Transfer (EBT) is the development and implementation of an affordable system solution that replaces paper checks or vouchers with an electronic food instrument. This section provides guidance and information on EBT planning and implementation. Specifically, this section includes guidance to State agencies (SA) on how to determine whether to submit an APD for EBT versus an APD for a WIC information system (IS) when overlap exists in projects (Section 4.2.1); potential funding sources for WIC EBT (Section 4.2.2); requirements for APD document preparation and submission (Sections 4.2.3 and 4.2.4); and APD requirements for situations where the Supplemental Nutrition Assistance Program (SNAP) EBT contract includes WIC as an add-on program (Section 4.2.5).

The WIC EBT 5-Year Plan (<http://www.fns.usda.gov/wic/EBT/wicebt5yearplan.htm>) cites FNS' vision for EBT and lays the foundation for achieving EBT goals and objectives. FNS developed [Appendix G](#), titled "Getting Ready for WIC EBT", for SAs beginning the process for undertaking an EBT project. SAs should contact their FNS Regional Office (RO) prior to embarking on EBT to obtain assistance and guidance.

To assess progress in EBT implementation nationwide, FNS has divided WIC EBT projects into phases (not to be confused with the standard phases found in the System Development Life Cycle (SDLC)). WIC EBT phases are planning, pilot project implementation, and statewide expansion. During the planning phase, State agencies are required to submit to FNS for approval a Planning APD (PAPD). Prior approval of the PAPD must occur before the SA expends funds for EBT planning activities. Next is EBT pilot project implementation, followed by EBT statewide expansion. Prior approval of an Implementation APD (IAPD) is required before the SA expends funds for pilot project implementation and statewide expansion.

Specific documentation is required to receive prior approval to spend funds on WIC EBT initiatives. FNS will make every attempt to approve documents as soon as possible, but not greater than 60 days from the date of receipt. All EBT documents must be submitted to the WIC EBT Coordinator at the FNS RO. (Electronic submission of these documents is preferred.) The RO will be responsible for forwarding SA documents to the Supplemental Food Programs Division at FNS Headquarters for concurrent review and approval. The FNS State Systems Office is currently not a part of the review and approval process for WIC EBT documents. The following is a list of WIC EBT document types required for review and prior approval.

- PAPD
- Paper Cost Analysis

- Feasibility Study
- Request for Proposals (RFP) or other procurement documents
- Contracts
- IAPD
- APD Updates (Annual and As Needed)
- Cost Evaluation
- Statewide Expansion Retailer Management Plan

A detailed discussion of these documents follows in this chapter.

4.2.1. EBT APD Versus Information System (IS) APD when Overlap Exists in Projects

This section is intended to help SAs prioritize needs when faced with an aging system that needs replacement and the desire to move away from paper benefits to an electronic solution. Experience has shown that taking on a new IS and EBT at the same time adds risk to an automation project and can impact a successful outcome. Implementing a new WIC system and an EBT system at the same time can be done, but it is not advisable. The development and implementation of EBT in the WIC Program is a complex process and requires dedicated staff and resources. The magnitude of undertaking a WIC EBT project should not be underestimated. Thus, FNS strongly recommends that IS and EBT projects be implemented consecutively rather than concurrently. Ideally, SAs should upgrade their information system in advance of EBT implementation.

When implementing a new WIC system, State agencies should include clinic functions that will enable them to eventually implement EBT. Information on IS functionality to support EBT can be found in the Functional Requirements Document for a Model WIC Information System (FReD). See http://www.fns.usda.gov/apd/WIC_FRED.htm for FReD documents. The APD requirements in Section 4.1 of Handbook 901 should be followed for a WIC system automation project. It is likely that modifications to the State agency's WIC clinic system will be necessary as part of the EBT project. The EBT PAPD or IAPD should discuss which IS functions will be modified and identify them in a separate section within the EBT document(s). Clearly delineating these IS-type functions and needed system modifications will facilitate internal FNS review and approval.

If in doubt as to whether to follow the APD requirements for a WIC IS or the APD requirements for a WIC EBT system, State agencies should contact their FNS RO.

4.2.2. Funding for EBT Projects

There are several funding sources for WIC EBT. State agencies may use their nutrition services and administration (NSA) grant funds, regional operational adjustment (OA) funds, special EBT grant funds and/or regional infrastructure funds. A combination of these funding sources may be used for EBT planning, implementation, and expansion. Decisions related to the type of funding used will depend on availability, application timelines, life of the funds, etc.

State agencies must follow the APD process when moving forward with EBT using any funding received outside the special EBT grant process, which includes NSA, OA, regional infrastructure funds, or non-WIC funds. State agencies must obtain prior approval from FNS for all proposed expenditures for EBT, **regardless of dollar threshold or funding source**. Approval of an EBT PAPD, IAPD or APD Update (APDU) does not guarantee the availability of funds.

Limited funding may be available to State agencies through the WIC EBT grant process. Notification of the availability of FNS EBT grants occurs annually, along with instructions for submitting an application. Grant funding is cyclical and is dependent upon funds appropriated by Congress.

State agencies applying for a grant should follow the application requirements specified in the grant announcement. Grant application requirements closely align with the WIC EBT APD requirements. Where applicable, information prepared for the PAPD or IAPD is usable in the grant application.

If a State agency applies for and receives EBT grant funds, and does not have an approved PAPD or IAPD, FNS may accept the grant proposal document as a substitute for the APD. If there is a need for additional funding beyond the initial grant, State agencies must compete with other WIC EBT projects for any future grant funds should they become available.

4.2.3. WIC EBT Planning APD (PAPD)

A PAPD is required for EBT regardless of dollar threshold, except as described in section 4.2.2 above. The PAPD provides FNS, as well as State agency officials, with notification of the SA's intent to begin a formal planning process and describes the EBT planning activities and SA management of the activities. Section 4.2.3.1 identifies the types of planning activities that should be included in a PAPD. Should the State agency decide to expand the scope of planning activities after the PAPD has been approved, an APD Update As-Needed (see Section 4.2.7) is required to be submitted for prior approval

4.2.3.1. EBT Planning Activities

Planning encompasses a wide range of activities. [Appendix G](#) is provided as a resource. An analysis of the cost of the paper benefit delivery system is an essential component of the planning process, as is a feasibility study.

Cost Analysis

The PAPD must identify the need for a comparative analysis of paper costs and EBT operational costs using the EBT national cost evaluation tool (or other approved tool) as a guide, and describe how the comparative analysis will be accomplished. The purpose of the EBT cost analysis is not to prove that EBT costs will be less than paper costs, but the analysis must show that EBT is affordable, i.e., can be sustained within the State agency's NSA budget. FNS policy requires State agencies operate EBT systems using their NSA funds once the system is operational statewide. For those State agencies re-procuring an EBT system, a paper cost analysis is not necessary. However, a cost analysis is still required to show that the new EBT system is affordable.

Identification of EBT costs is an iterative process. The cost analysis performed during the EBT planning process will be refined during pilot implementation as more accurate cost data becomes available. Following is a list of potential areas for cost savings resulting from elimination of paper food instruments. This list is *not* all-inclusive. State agencies may wish to contact existing EBT State agencies to obtain additional information.

- Banking costs
- Food instrument handling, storage, and printing
- Food instrument reconciliation
- Accounting for food instrument disposition
- Processing of rejected food instruments
- Review of overcharges or other discrepancies, if not done by the bank
- Fewer vendor hearings/appeals through elimination or reduction in overcharges
- Follow-up on pre-payment and post-payment overcharges, if not done by the bank

- Reductions in vendor training on allowable foods
- Staff time spent on vendor management

Following is a list of potential areas for cost increases resulting from EBT. This list is *not* all-inclusive. From the list below, start-up costs versus on-going operational costs need to be determined and factored into the overall cost analysis.

- Testing and demonstration
- Travel
- Review and evaluation
- Retailer equipment purchase
- Retailer system certifications
- Retailer equipment maintenance and support
- Retailer integration
- Third party processor
- EBT contractor
- Training
- State staffing
- Technical staffing
- Computer equipment (clinic and State)
- EBT cards and card management
- MIS software modifications and interfaces
- Settlement, claims processing, and associated reports

EBT costs will differ depending upon the card technology selected, i.e., smartcard or magnetic stripe card and the decision to process transactions in-house or to hire an EBT contractor for this function.

Feasibility Study

The feasibility study should include all of the following components to determine whether EBT is feasible within the State's operating environment:

- WIC Information System (IS) Capability – Assess the readiness and practicality of adapting the WIC IS to electronically issue and track benefits.
- WIC Business Capacity – Assess the skills and abilities and organizational impact an EBT system will have on WIC Program and IS staff and services.
- Retailer Technical Capabilities – 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.
- Retailer Equipage – Analyze and plan for retailer equipage strategies – integrated and stand-beside.
- Financial Considerations – 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 an EBT processor.
- Infrastructure Considerations – Assess WIC clinic telecommunications capabilities and any other operational issues.
- Electronic Card Options – Examine the choices of cards for the development, testing, and evaluation of integrated EBT solutions.

- Recommend a Technical Solution – 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.
- Recommend a Plan – Based on pertinent data, recommend a 2-5 year plan for the State to pursue WIC EBT.

4.2.3.2. Required Documentation Contents for a PAPD for EBT

Before preparing the PAPD, the State agency should also consult with their internal State IT department to determine whether any additional documents or procedures are required as part of the State's internal monitoring process or if the PAPD requirements will suffice.

The following components are required when submitting a PAPD for EBT:

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

Table of Contents – Contains page numbers for each component of the PAPD beginning with the Executive Summary.

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

Project Description – Address the following:

- **Narrative Statement** – Describes the planning activities to be undertaken and EBT planning activities conducted to date and the outcome of those activities. Include analysis of baseline paper food instrument costs and anticipated operational EBT costs, if available, or an estimated timeline for completion of this cost analysis. In addition, it should explain any compelling reasons why EBT is being pursued by the State agency at this time, such as a State mandate, if applicable. Finally, if other entities will be involved in the project, they should be identified.
- **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.
- **Project Manager** – A project manager must be identified or plans to hire a project manager must be stated. The project manager must either be a certified project manager or have project management experience.
- **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 planning phase, and if contractor assistance will be required.
- **Schedule / Timeline of Activities, Milestones, and Deliverables** – Includes a project timeline that outlines the key planning tasks, events, dates, and deliverables for the project. Milestones with major Go/No-go decisions should be identified within the schedule.

- **Proposed Budget** – Identifies estimated State and contractor costs associated with the planning phase. A budget narrative to justify the funds to be expended should explain how the estimated costs were derived, including salary information for State and local staff that will be utilized, and information in support of State travel, if applicable. Budgets must be broken out by federal fiscal year and fiscal year quarter. Source of funding should also be addressed. Details are provided in Section 7.5.
- **Cost Allocation Plan (as appropriate)** – Describes the methodology used to determine the share each entity will pay in a joint planning effort. Details are provided in Section 7.3
- **State Agency / Contractor Assurances** – If IS modifications are to be identified as an activity in the EBT PAPD, the State Agency must provide assurances that the system modifications will be planned in accordance with existing standards. This would include the ASC X9, Inc., standards for EBT, commonly known as ANSI X9.93 standard message and batch formats for electronic transaction processing and 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. Systems should have the capability to use data downloaded from the National Universal Product Code Database. This assurance should be included in the State's appropriate procurement contracts. State Agencies should contact FNS for more information concerning these and other standards that may be applicable.

4.2.4. WIC EBT Implementation APD (IAPD)

Once the State agency has completed all PAPD activities and the results of those activities are favorable for EBT implementation, the SA must prepare an IAPD to initiate an EBT project. As noted in [Section 4.2](#), FNS has divided WIC EBT projects into phases (not to be confused with the standard phases found in the SDLC). WIC EBT phases are planning, pilot project implementation, and statewide expansion. The EBT IAPD must address both the EBT pilot and statewide expansion. Prior approval of an Implementation APD (IAPD) is required before the SA expends funds for pilot project implementation / statewide expansion.

4.2.4.1. Pilot Project Implementation and Statewide Expansion Requirements

The IAPD for pilot project activities identifies funds expended to date and funds for which prior approval is sought. The IAPD should describe the scope of the pilot project (number of participants, clinics and retailers), the anticipated duration of the pilot project, and cost evaluation plans. If the State agency has determined through its planning efforts that a pilot project is not feasible due to its small size, and this is an FNS approved approach, a State agency may implement EBT statewide without conducting a pilot project. The IAPD should identify all resources, both State and contracted, required for this phase. It should also address open competition and coordination with State information technology, contracts management, and WIC staff.

The following is a general description of the requirements for IAPD documentation. Once pilot project implementation is achieved, the State agency must evaluate costs (paper, pilot, and expansion) prior to statewide expansion to determine affordability of the EBT system. The scope of the cost evaluation will be determined by FNS on a case-by-case basis.

4.2.4.2. Required Documentation Contents for an IAPD for EBT

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

Table of Contents – Contains page numbers for each component of the IAPD beginning with the Executive Summary.

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.

Project Description – Address the following:

- **Narrative Statement** – Describes the implementation and pilot activities to be undertaken by the State Agency, a description of the WIC EBT automation initiative and the 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.
- **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.
- **Project Manager** – A project manager must be identified. The project manager must either be a certified project manager or have project management experience.
- **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.
- **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.
- **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.
- **Cost Allocation Plan (as appropriate)** – Describes the methodology used to determine the share each entity will pay in a joint project effort. Details are provided in [Section 7.3](#).

- **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) for more information).
- **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
- **Request for Waiver of Depreciation** (if desired) – 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.
- **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.
- **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.

- **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.
- **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.
- **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

4.2.5. SNAP EBT Contracts with WIC as an Add-on Program

Some State SNAP EBT contracts contain provisions to add on other programs, including the WIC Program. An IAPD/IAPDU will be necessary to obtain prior approval for WIC EBT systems. The contract mechanisms the SA wishes to use to procure such services, specific WIC EBT requirements, contract provisions relating to performance standards specific to WIC, and non-WIC provisions that would not be applicable to WIC EBT operationally should be addressed as part of the APD.

4.2.6. Request for Proposals (RFP)

RFP’s must be submitted to FNS for prior approval before releasing an RFP for contractor services. Please refer to [Section 2.8](#) for more details.

If the State agency plans to release an RFP (or RFPs) to secure contractor assistance, the final RFP must be approved by FNS prior to release. The RFP should provide full details about the current system so bidders can recognize and plan for all aspects of system integration and interface. The time required to prepare one or more RFP's, obtain FNS approval, receive and evaluate bids, and award a contract must be factored into the PAPD or IAPD schedule.

4.2.7. Advance Planning Document Update (APDU) for EBT

The requirements for APDU Annual and an APDU As-Needed are the same for WIC IS automation initiatives and WIC EBT. See Section [4.1.5](#) of Handbook 901 for details.

4.2.7.1. Annual APDU

As the project progresses, an annual update must be provided to FNS. This update is due annually 60 days before the one-year anniversary date in which the IAPD was initially approved. The APD Update should discuss accomplishments to date, any problems that may have caused delay, and an updated project schedule and budget. Budgets should be broken out by Federal fiscal year and by quarter. See Section [4.1.5](#) of Handbook 901 for details.

4.2.7.2. APDU As-Needed

In addition, any time the budget changes more than 10 percent or there is a change in project scope, a significant change in schedule, or a change in procurement strategy, an APDU As-Needed must be submitted. See Section [4.1.5](#) of Handbook 901 for details.

4.2.8. EBT Project Management

A project manager must be identified or plans to hire a project manager must be stated. The project manager must either be a certified project manager or have project management experience. The project management plan should identify the staff resources to be devoted to the project, whether new positions will be created, and the percent of time key personnel will devote to the project. See [Chapter 5.0](#) for detailed Project Management guidance. Exceptions to this requirement will be approved on a case-by-case basis; however, in any case, a designated lead person must be identified.

4.3. SUMMARY

Every IS competes with nutrition services, vendor monitoring, or other aspects of program operations that compete for limited administrative dollars. It is, therefore, extremely important to understand the APD process and have a clear idea of the objectives the new system—traditional IS, SAM, or EBT—is expected to accomplish for a State WIC program, well before any effort is invested in the functional operations.

It is important to conduct research and have sufficient information on the advantages and disadvantages of the various WIC systems to determine which path (i.e., system) is appropriate for the State agency based on current conditions. No State should begin planning for a WIC system without conducting a thorough needs assessment of its current system, comparing existing functionality with WIC core functional requirements.

Efficient information systems are critical in WIC's ability to meet its mission and the nutritional needs of the program's primary stakeholders—mothers and children. SAM and EBT systems are paving the way to improve customer service and program accountability, especially in minimizing duplicative development costs and identifying fraud and abuse.