Task Force on Supplemental Foods Delivery in the WIC Program

RECOMMENDATIONS REPORT

September 30, 2021

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Section 1 Executive Summary

Since 1974, the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) has enhanced access to healthy foods and delivered critical nutrition services for new and expectant parents, babies, and young children. WIC has a long history of innovating to strengthen the impact of its public health services, including a nationwide transition to electronic-benefit transfer payments (EBT) in retail settings in the 2010s. For WIC to maximize its proven nutrition support, swift and focused action is critical to provide a modern, accessible, and equitable shopping experience for the nearly 6.4 million current participants and the next generation of WIC families.

The Consolidated Appropriations Act for fiscal year 2021 (Pub. L. No. 116-260) authorized the U.S. Department of Agriculture (USDA) to convene a Task Force on Supplemental Foods Delivery ("Task Force") to "study measures to streamline the redemption of supplemental foods benefits that promote convenience, safety, and equitable access to supplemental foods, including infant formula". The Task Force was specifically instructed to review online and telephonic ordering, curbside pickup and payment, online and telephone purchasing, home delivery, self-checkout, and other measures that limit or eliminate consumer presence in a physical store.

The Task Force was convened in March 2021 and met regularly through the time of publication of this report. The Task Force's work was informed by prior and parallel processes to modernize shopping options for USDA nutrition programs, including: USDA staff scaling up the Supplemental Nutrition Assistance Program (SNAP) Online Ordering Pilot Project; the Gretchen Swanson Center for Nutrition, which administers the USDA WIC Online Ordering Grant; the WIC Online Ordering/Purchasing/Home Delivery Working Group, convened by the National WIC Association in spring 2020; and additional pilot projects and local innovations being developed across the country. The Task Force consisted of the following 18 member organizations, cutting across multiple sectors to ensure a diverse range of input from WIC providers, retailers, manufacturers, EBT processing companies, advocacy organizations, WIC participants, and additional stakeholders. Additional information about each member and their organization can be found in *Appendix A: Task Force Member & Organization Information.*

- Melinda Newport (Task Force Chair), Chickasaw Nation, Department of Health, Nutrition Services
- Ellen Thompson (Task Force Vice Chair), Maximus, Inc.
- Mary Anne Burghardt, North Carolina Department of Health and Human Services
- Maria Caranfa, Kellogg's
- Brian Dittmeier, National WIC Association
- Sarah Flores-Sievers, New Mexico Department of Health
- Jennifer Hatcher and Hannah Walker, FMI - The Food Industry Association
- Kurt Helwig, Electronic Funds Transfer Association, eGovernment Payments Council
- Cary Jeffers, Fidelity National Information Services
- Chuck Layosa, Inter-Tribal Council of Nevada
- Angela Milroy, First Data Corporation/FISERV
- Robert Rankin, Infant Nutrition Council of America
- Jay Saunders, GCOM – Three Sigma
- Hannah Smith, Food City/KVAT Foods Inc.
- Candice Trujillo, Southwest Region WIC Program, Las Cruces, NM
- Hannah Walker and Tres Bailey, Walmart, Inc.
- WIC Participant [name redacted for privacy purposes]
- WIC Participant [name redacted for privacy purposes]

The Task Force was assembled in the midst of the COVID-19 pandemic, which presented public health challenges to the in-person shopping experience. During the pandemic response in 2020, USDA recognized the imperative to provide a broader range of shopping options for participants in federal food assistance programs, significantly scaling up the SNAP online purchasing pilot to permit online shopping with SNAP benefits. Similar initiatives were not immediately feasible for WIC participants, as the SNAP and WIC programs have wide-ranging differences in their structure, administration, funding, and approach to transaction processing. In addition, SNAP had been developing online purchasing solutions since it was first authorized in the 2014 Farm Bill.

The need for modern shopping options for WIC participants predates the pandemic. WIC is an effective program that delivers healthier outcomes for participating families through nutrition education, supplemental nutritious foods, and referral to health care and other service programs. However, eligible individuals are less likely to access WIC services if the shopping experience is overly burdensome or stigmatizing. Driving innovation in WIC transaction platforms both affirms equitable treatment for low-income families and invests in the long-term health of America's next generation. The Task Force urges swift and focused USDA action to partner with WIC providers, retailers, suppliers, technology experts, processors, and all other interested stakeholders to develop and implement modern, forward-looking solutions that streamline the WIC transaction.

Online purchasing is currently prohibited in program rules, and the regulations do not allow for transactions via a virtual platform. To support the modernization of WIC benefit delivery, USDA must address outdated WIC regulations – many dating from an era when WIC benefits were issued on paper vouchers. These dated regulations are a significant barrier to present and future benefit innovation. Since the establishment of the Task Force, USDA has indicated in the Unified Regulatory Agenda that it will pursue rulemaking later in 2021 to address regulatory barriers to online ordering and modernize relevant regulations. **The Task Force urges that this report be considered in developing the proposed rule and serve as a foundation for additional stakeholder input during notice and comment in the rulemaking process.**

In contemplating the steps that would reduce regulatory barriers and unleash the potential of new delivery systems, the Task Force adopted four guiding principles as part of the development of its recommendations:

- **Pursue the most intelligent ordering and payment approach to the extent possible.** WIC benefits are issued monthly by food category. In a paper voucher system, participants had forfeited benefits when all issued foods on a food instrument were not redeemed in a single transaction. With the introduction of EBT and other forward-looking technologies, participants are permitted to redeem discrete items and conduct multiple transactions throughout the benefit month. When developing new transaction models, participants should have the clearest picture possible of their remaining benefits balance at all points of the transaction. This information should be used as part of the transaction to ensure that the appropriate foods and quantity limits are applied. While it is our preference that the most intelligent ordering and payment approach is pursued, the Task Force does not want to limit a vendor from using a less intelligent approach such as a telephonic ordering if it allows them to support improved service delivery to WIC customers.
- **Following existing commercial models, where possible.** WIC innovation builds on existing progress by the retailer community to scale up online shopping platforms for SNAP recipients and the general shopping public. In many cases, retailers will seek to create interoperable virtual platforms that can accommodate transactions across federal nutrition programs. WIC reforms

and innovation should be mindful of existing commercial models to prevent significant reformulation of existing platforms.

- **Treat WIC participants equally to other retail consumers.** WIC participants deserve an equitable and safe shopping experience that is equivalent to the general shopping public. Secure platforms should be established that ensure WIC participants can access the same variety of online shopping options without stigma, added difficulty, or personal cost.
- **Focus on best practices.** As retailers and WIC providers scale up new platforms, it is critical that existing safeguards continue to ensure convenient, safe, and equitable access. WIC innovation must continue moving forward to remain on par with, or even ahead of, other commercial transaction technologies. WIC EBT remains a relatively recent option, even though similar technology was available to the shopping public decades prior. Working within the parameters of WIC's federal purpose, new technologies should ensure convenient and equitable access to supplemental foods. WIC transaction models should inform broader innovation for retailer platforms, while also staying abreast of advances made on SNAP and other commercial platforms and ensuring responsible program integrity.

With these guiding principles, the Task Force proceeded with outlining the approach to online ordering and purchasing that we believe is the most intelligent option, follows commercial models, focuses on best practices, modernizes the regulatory framework, and provides for the best end user experience. The Task Force is cognizant that the approach recommended (and in fact, any approach) will require system updates and/or new development for all WIC stakeholder systems to include retailers, EBT processors, third party processors (TPPs), and WIC management information systems (MIS). The extent of the modifications will vary across systems, but in all cases, there will be a cost and time necessary to make the changes. To that end, the Task Force recommends moving forward with modernizing the WIC shopping experience in a way that upholds the safety and integrity of the delivery of WIC food benefits but doing so as quickly and efficiently as possible. We recognize there may be a need for interim stages that involve less intelligent methods in order to move online ordering and purchasing forward toward the long-term goal of the Task Force's recommended approach. Additionally, the Task Force agrees that designated funding to support system changes and other costs associated with the implementation of online ordering and purchasing for all WIC State Agencies will be critical to the success and timeliness of the efforts.

This final Task Force report includes comprehensive recommendations to USDA on next steps to advance WIC innovations associated with modern transaction models and participant redemption of supplemental foods. The report includes: in Section Two, definitions for terms utilized throughout the report; in Section Three, a narrative detailing recommendations on how transactions should be processed with the introduction of virtual platforms to WIC; in Section Four, a summary of proposed regulatory changes that will enhance innovation and reduce barriers to scaling up online shopping platforms; and in Section Five, a summary of additional considerations as USDA partners with stakeholders in the regulatory process to achieve progress in the WIC retail space.

Section 2 Glossary of Terms

Throughout the report, WIC and EBT specific terminology and acronyms are used. For your reference, we have provided a glossary of terms and their definitions as they have been used in this document.

Current Regulatory Definitions

A-50 Vendors	WIC vendors that derive more than 50 percent of their annual food sales revenue from WIC food instruments, and new vendor applicants expected to meet this criterion under guidelines approved by FNS.
CVV (or CVB)	Cash-Value Voucher means a fixed-dollar amount check, voucher, Electronic Benefits Transfer (EBT) card or other document which is used by a WIC participant to obtain authorized fruits and vegetables. Cash-value voucher is also known as cash-value benefit (CVB) in an EBT environment.
Days	Days mean calendar days.
EBT	Electronic Benefit Transfer (EBT) means a method that permits electronic access to WIC food benefits using a card or other access device approved by the Secretary.
Food Instrument	Food Instrument means a voucher, check, electronic benefits transfer card (EBT), coupon, or other document or platform? which is used by a participant to obtain supplemental foods.
FNS	Food and Nutrition Service. The agency within USDA that administers domestic food assistance programs.
Inventory Audit	Inventory audit means the examination of food invoices or other proofs of purchase to determine whether a vendor has purchased sufficient quantities of supplemental foods to provide participants the quantities specified on food instruments redeemed by the vendor during a given period of time.
Participants	Participants mean pregnant women, breastfeeding women, postpartum women, infants, and children who are receiving supplemental foods or food instruments or cash-value vouchers under the Program, and the breastfed infants of participant breastfeeding women. (Task Force Note: *For the purposes of this document, this term includes participants, parents/caretakers, and proxies that might redeem WIC benefits.)*
Peer Group	A classification of authorized vendors into groups based on common characteristics or criteria that affect food prices, for the purpose of applying appropriate competitive price criteria to vendors at authorization and limiting payments for food to competitive levels.
Rebate	Rebate means the amount of money refunded under cost containment procedures to any WIC State Agency from the manufacturer of a particular food product as the result of the purchase of the supplemental food with a voucher or other purchase instrument by a participant in each State's agency program.

	Such rebates shall be payments made subsequent to the exchange of a food instrument for food.
Secretary	Secretary means the Secretary of Agriculture.
SNAP	Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food Stamp Program, is the program authorized by the Food and Nutrition Act of 2008 (7 U.S.C. 2011, et. seq.), in which eligible households receive benefits that can be used to purchase food items from authorized retail stores and farmers' markets.
Supplemental Foods	Supplemental Foods means those foods containing nutrients determined by nutritional research to be lacking in the diets of pregnant, breastfeeding and postpartum women, infants, and children, and foods that promote the health of the population served by the WIC Program as indicated by relevant nutrition science, public health concerns, and cultural eating patterns, as prescribed by the Secretary in 7 CFR 246.10.
Vendor	Vendor, as currently defined in the regulations, means a sole proprietorship, partnership, cooperative association, corporation, or other business entity operating one or more stores authorized by the State agency to provide authorized supplemental foods to participants under a retail food delivery system. Each store operated by a business entity constitutes a separate vendor and must be authorized separately from other stores operated by the business entity. Each store must have a single, fixed location, except when the authorization of mobile stores is necessary to meet the special needs described in the State agency's State Plan in accordance with § 246.4(a)(14)(xiv).
Vendor Authorization	Vendor Authorization means the process by which the WIC State Agency assesses, selects, and enters into agreements with stores that apply or subsequently reapply to be authorized as vendors. (Task Force Note: *This process is distinct from payment authorization for individual transactions.)*
WIC State Agency	The health department or comparable agency of each State; an Indian tribe, band or group recognized by the Department of the Interior; an intertribal council or group which is an authorized representative of Indian tribes, bands or groups recognized by the Department of the Interior and which has an ongoing relationship with such tribes, bands or groups for other purposes and has contracted with them to administer the Program; or the appropriate area office of the Indian Health Service.

Additional Terms Used Throughout This Report

Account Balance	The issued benefits available that can be redeemed, in real-time, for supplemental foods. In EBT and other virtual settings, this balance can be verified against electronic records in the WIC State Agency MIS.

CFR	The Code of Federal Regulations. The codification of the general and permanent rules published in the Federal Register by the executive departments and agencies of the federal Government. The CFR includes the Federal requirements for WIC in Title 7, Part 246.
Food Category	A numbering sequence of two digits used to identify broad WIC food groups.
Food Sub-Category	A numbering sequence of three digits following the Food Category that identifies the foods, brands, and size of food item within each food group.
Home Delivery	The process in which a participant can receive supplemental foods redeemed with WIC program benefits at their home address, delivered by either the retailer or a third-party entity. Unless otherwise noted, this is distinct from a home delivery food delivery system that is currently authorized in 7 CFR 246.12.
MIS	Management Information System. The system used by a WIC State Agency to manage participant information and issue WIC benefits.
Mobile Payment	The process in which a participant can use a portable device, other than an EBT card, to conduct a WIC transaction that redeems benefits for issued supplemental foods.
Offline EBT	An EBT system that uses a payment card that has a computer chip embedded on the card. All WIC transactions are completed by updating the WIC food balances on the chip at the time of the sale.
Online EBT	An EBT system where the transaction is completed in real-time through messages sent from the Card Acceptor Device through the network to the WIC State Agency or their EBT Card Issuer Processor.
Online Ordering	The process by which a participant can use the Internet or another virtual platform, accessible to the general public, for the purposes of selecting food items for purchase.
Online Transaction	The process by which a participant can use the Internet or another virtual platform, accessible to the general public, for the purposes of conducting a WIC transaction that redeems benefits for issued supplemental foods.
PIN	Personal Identification Number. Participant-selected four-digit identifier required to be entered for all electronic EBT transactions.
Settlement	The process by which an authorized vendor is reimbursed for transacted benefits by the WIC State Agency.
Task Force	The Task Force on Supplemental Foods Delivery in the Special Supplemental Nutrition Program for Women, Infants, and Children, established by Section 723 of the Consolidated Appropriations Act of 2021.
Transaction	The process by which a WIC participant redeems supplemental foods with WIC benefits.

USDA	The United States Department of Agriculture. The Federal department responsible for agricultural production, rural services, and food assistance programs.
WIC	The Special Supplemental Nutrition Program for Women, Infants, and Children, authorized by section 17 of the Child Nutrition Act of 1966, 42 U.S.C. 1786.

Section 3 Online Ordering Process Recommendations

The Task Force has developed a set of recommendations related to how a WIC online order and purchase may ideally be accomplished. These recommendations follow the general guidelines outlined in the Executive Summary:

- Pursue the most intelligent ordering and payment approach to the extent possible.
- Follow existing commercial models where possible.
- Treat WIC participants equally to other retail consumers.
- Focus on best practices.

The online ordering and purchasing process is composed of four phases which are described in this section along with the Task Force's recommendations related to each phase. Note that some of these recommendations will require regulatory changes in order to be implemented. The related regulatory changes have been identified in *Section 4: Regulatory Recommendations.*

Ordering

Ordering is the initial phase of the process that starts when the participant accesses the ordering platform and involves the selection of products and the authorization of the purchase. This phase concludes upon submission of the order. The Task Force has identified the following recommendations related to the ordering phase.

- **The account balance should be available for use during the shopping/ordering experience.** A best practice would be for the participant to have access to their balance early in the process when shopping online. Having the WIC balance available 1) ensures that they have sufficient benefits for their purchase, and 2) allows the online shopping platform to support functionality that can aid in the shopping experience to include identifying WIC items available to the participant and showing an expected remaining balance as items are added to the cart. While it is possible for an online shopping platform to operate without obtaining the balance, it can result in participants selecting items that were not issued or selecting a larger quantity than authorized. These errors would not be identified until the items are picked up and the transaction processed.
- **Accessing Balance Inquiry Data:** The ordering system may use commercial transaction processing methods to obtain the balance, but other methods such as web-services (like those that exist in the WIC Universal MIS-EBT Interface) may also be considered. Whatever the method, appropriate security and validation protocols must be in place to verify the online retailer is authorized, that the account is valid, and that the participant is validated using a secure method of authentication.
- **Purchase Authorization:** The Task Force recommends that implementers use an approach whereby the WIC items that will be purchased as part of the online order are authorized for purchase at the completion of the ordering process, but rather than deducting the benefits, a hold is placed on the benefits until the order is fulfilled at which point the purchase is completed. This approach is similar to transactions at a gas pump where the purchase is preliminarily authorized for a certain value (often $100). When the driver finishes filling their tank and replaces the pump, the system submits the final transaction amount which clears the hold and completes the purchase.

As part of our research, the Task Force met with FNS staff involved in the SNAP online purchasing project and discussed the authorization and clearing approach. FNS indicated they had discussed it but decided to move forward with an approach where the purchase is completed at the time of the order. However, if there are adjustments in the fulfillment process the retailer must process a refund transaction to address any price differences. It was noted that a two-part authorization and purchase finalization might address some of the issues they are having with adjustments and refunds post fulfillment. In addition, retailers involved in SNAP online ordering provided feedback indicating a preference for the two-part approach.

The authorization and purchase finalization approach is not currently used in WIC EBT processing and would require additional transaction types to be developed. However, the Task Force agrees that for online ordering a two-part process would be the preferred method to account for adjustments or substitutions during the fulfillment process when originally selected products are not available.

The authorization and purchase finalization approach includes the following components:

- The participant would select their products and initiate their order.
- At the time of the order submission, an authorization transaction would place a hold on the benefits in the participant's account in the quantities required to complete the purchase.
- Benefits would not be deducted from the account until the order is fulfilled and any substitutions are addressed.
- Following the fulfillment of the order, a purchase finalization transaction would be completed to deduct the benefits based on the final list of items and quantities in the order. The quantity of benefits deducted in this transaction shall not exceed the quantity included in the authorization.
- The hold placed on any items not included in the final purchase will be removed as part of the purchase finalization.
- The participant can cancel the order at any time up to the point of fulfillment prior to completion of the final clearing transaction thereby canceling the hold on the benefits.
- Upon cancellation of the order, the hold that had been placed on the participant's benefits will be immediately released and available for use.
- The purchase authorization process applies to all authorized vendors.

- **Split Tender:** Online ordering systems should support split tender transactions (a transaction where the participant can pay with their WIC benefits and then use another form of payment or tender type to pay for the remaining items in the basket). Split tender transactions are currently allowed in physical retail locations. In a split tender transaction, WIC must be tendered before all other payment types because it is the most restrictive tender.
- **Mixed Basket:** A mixed basket purchase is one where both WIC and non-WIC items are commingled. Mixed basket transactions are allowed currently in physical retail locations. Online ordering systems should also support mixed basket purchases. System developers may consider offering solutions with multiple views that allow a WIC participant to see and purchase only WIC items in addition to offering the full array of WIC and non-WIC products.

Fulfillment

The fulfillment phase begins following the submission of the order and transaction authorization. It includes all processes related to the selection of items based on the order. If items selected by the participant are no longer available at the time of fulfillment or there is a quantity difference due to the weight of an item (such as produce) those changes need to be addressed in the final purchase by updating the items and quantities that are ultimately included in the order. This phase ends when all items have been collected, any substituted items have been updated within the transaction, and the items have been prepared/packaged for pick up or delivery. The Task Force has identified the following recommendations related to order fulfillment.

- **Allowing Item Substitution:** Items are allowed to be substituted with the consent of the participant. Only items within the same food category and subcategory of the previously selected item may be substituted. For example, if the participant selected an 18 oz box of Cheerios (category 05, subcategory 001), but that item was not available, then if approved by the participant, the fulfillment staff person can choose another 18 oz (or smaller) WIC approved cereal such as an 18 oz box of Kix or a 12 oz box of Cheerios.[1]
- **Validating Substituted Items**: If approved by the participant, substitutions must be validated to ensure that it is an allowable WIC food authorized by the State Agency in which the participant is participating and that there are sufficient benefits in the participant's account to purchase the item. Any items that are substituted for items previously selected in the ordering process must be included/updated in the final clearing transaction so that the purchase transaction data accurately captures the items included in the final order. WIC vendors can determine the best way to approach substitution validation, one approach discussed by the Task Force was for the fulfilment staff member to have a handheld device or smartphone that could be used to scan potential substitutes and update the order as the substitute is selected.
- **Weighted Items**: Some produce items are priced by item and some by weight. A participant may specify an exact weight for a weighed produce item, but in the fulfilment process there may be slight variations in sizes and weights. The Task Force recommends that the participant have the ability to identify the maximum weight and the associated cost they would like to set for a weighted item. The fulfilment staff person would then pick products that are equal to or less than the maximum cost without exceeding it. The order would be updated with the actual product cost. Any quantity of the authorized maximum cost that is more than the actual cost will not be deducted from the participant's balance as part of purchase finalization.

Purchase Completion/Receipt of Goods

The purchase completion and receipt of goods phase involves the application of any delivery fees, finalization of the purchase, and then either the delivery of the order or the pick up of the order by the participant , in store or curbside. This phase ends when the participant takes possession of the food items in the order. The Task Force has identified the following recommendations related to this phase of the ordering process.

[1] Note that infant formula benefits are issued specifically by brand, form, and size for example Enfamil A.R. Infant Formula Powder 12.9 oz can. Each infant formula is assigned to its own subcategory which in most cases is associated with one specific product and one UPC. Within the EBT transaction, it is not possible to substitute an infant formula for another brand, form, or size.

- **Fees:** WIC benefits shall not be used to pay for fees related to online ordering, a separate tender may be used to cover the cost of allowable fees. Note this is consistent with the approach used for SNAP online purchases.

  Additionally, the Task Force recommends the following related to delivery fees:

  - Retailers shall not impose fees for fulfilling an order but may charge for delivery.
  - If a retailer has a policy that requires minimum purchase amount for free delivery, the same policy may be applied to WIC participants.
  - A retailer may reserve the right to waive fees at their discretion, even if only for WIC participants.
  - Only one fee shall be applied per order even if multiple tender types are used or if the items are required to be split between multiple deliveries or shipments.
  - Information about fees shall be transparent and provided to the participant as early as possible during the shopping experience so that the participant knows if there are any minimum purchase amounts for free delivery and considerations of the cost of delivery, but no later than the selection of "delivery" as the method of receipt of food benefits.

- **Final Payment/Completion of Purchase:** The purchase finalization transaction that is performed by the vendor can occur at any time following the completion of order selection/confirmation resulting in an authorization of the benefits up to the point at which the customer arrives at the pickup location to retrieve their order or, optionally for food delivery, the point at which the food will leave the retailer's location for delivery. Where possible, the retailer should follow their purchase authorization and completion processes used for non-WIC online orders. Vendors may provide a digital receipt at the completion of the purchase and satisfy the requirements.
- **Benefit Expiration Grace Period:** Because the recommended approach involves a two-step process of authorization and finalization, it is possible that these steps may not occur on the same day. Therefore, it is necessary to address benefit expiration between these two points in the payment process. The Task Force recommends for online ordering that a grace period of 3 days be allowed to complete the purchase when benefits have been authorized prior to the expiration date, but the order is not completed/fulfilled until after the expiration date.

Post Pick Up/Post Delivery

Post Pick Up/Post Delivery is the final phase of the process. This phase starts when the order is received or picked up by the participant. In most cases, that should be the end of the process; however, if there is an issue with items in the order, the retailer will need methods to address the problem. It is assumed that retailers will want to make right any errors, omissions, or spoiled products. The Task Force has identified the following recommendations related to this phase of the ordering process.

- **Support for a Refund/Adjustment Transaction to Address Post-Purchase Issues:** While the Task Force believes that the approach of using a purchase authorization and purchase finalization will address item changes that may occur due to approved and verified substitutions during the fulfillment process, situations may occur that require an adjustment after the completion of the purchase finalization.

- For this reason, the Task Force recommends that a transaction that allows for the adjustment or refund of the cost of individual items be part of the online ordering transaction set to credit the participant's balance to rectify errors, omissions, or other issues within an order.
- Refunds should be an exception process. When this functionality is implemented, it should be added to program integrity monitoring activities.
- The State Agency should develop a mechanism to reverse rebate requests for any items that have been refunded for which a rebate has been requested.

Section 4 Regulatory Recommendations

The WIC online ordering and purchase process recommendations documented in Section 3 provide the Task Force's consensus on how the processes should be accomplished; however, under current regulations some aspects of this process would not be allowed. In developing our recommendations, the Task Force reviewed materials from FNS, the Gretchen Swanson Center for Nutrition and the National WIC Association that documented regulations that have an impact or may hinder State Agencies from implementing online ordering and purchasing, as well as additional vendor authorization, vendor monitoring, and clinic-based processes that require in-person interactions that can be minimized through technology advances. In addition, Task Force members reviewed the regulations for any other items that could impact overall modernization efforts for WIC benefit delivery.

In the following section, the recommendations that impact future innovation and program modernization have been identified. For each, there is a description of the regulation or restating of the language, an assessment of the potential impact to future modernization, and recommendations for changes to the regulation(s). Specific language changes are noted in red text otherwise a conceptual change is noted for which regulatory language may need to be developed. Three tables are included: Table 1 outlines proposed definitions for regulatory terms, including revisions to existing regulatory definitions in 7 CFR 246.2; Table 2 outlines modifications to regulations that govern vendor authorization, vendor management and transaction processes; and Table 3 describes the impacts of proposed revisions on different vendor forms, including virtual vendors and hybrid vendors that operate both virtual platforms and physical store locations.

Table 1: Regulatory Definitions Recommendations

The Task Force noted that several of the terms used throughout the federal regulations reflect an outdated transaction model, including paper vouchers. Thorough review of the regulations should update the terminology used throughout 7 CFR 246, with additional terms defined in 7 CFR 246.2 to reflect new processes outlined in this report that would enable online shopping options for WIC participants.

Current Regulation Description	Impact on Future Innovation	Task Force Recommendation
Vendor (7 CFR 246.2): Authorized vendors are limited to stores with "a single, fixed location."	Home delivery of supplemental foods may be possible under the retail food delivery system model provided that the retailer maintains a base of operations from a single, fixed, and physical location. The requirement for each store having "a single, fixed location" is a potential barrier to virtual-only business models. Establish new categories of vendors to address differing business models: - ***Physical vendors:*** Individual, physical store locations. This includes mobile vendors that may not have a fixed operating location. - ***Virtual vendors:*** Virtual platforms that are distinct from a single, physical store location. - ***Hybrid vendors:*** Physical store locations that also operate a virtual platform. See Table 3 for further detail.	*Vendor* means a sole proprietorship, partnership, cooperative association, corporation, or other business entity operating one or more stores, a virtual platform, or a combination of purchase platforms (physical and virtual) authorized by the State agency to provide authorized supplemental foods to participants under a retail food delivery system. Each store or platform operated by a business entity constitutes a separate vendor and must be authorized separately from other stores or platform(s) operated by the business entity. ~~Each store must have a single, fixed location, except when the authorization of mobile stores is necessary to meet the special needs described in the State agency's State Plan in accordance with Sec. 246.4(a)(14)(xiv).~~

Current Regulation Description	Impact on Future Innovation	Task Force Recommendation
Food Instrument (7 CFR 246.2): A voucher, check, EBT card, coupon, or other document which is used to obtain supplemental foods.	Food instrument is an antiquated term from the era of paper vouchers. With the possibility of multiple methods of conducting the transaction – including methods that are entirely virtual – the term food instrument could lead to further confusion. The Task Force proposes replacing food instruments throughout the regulations with "benefit."	*Benefit* means the authorized supplemental foods issued to a participant in a manner approved by the Secretary.
Virtual Platform (new definition)	Online ordering and transactions would not be possible without authorizing, establishing, modifying, and monitoring online platforms connected to WIC vendors. New rules should govern virtual platforms, which should operate either in conjunction with a physical store (hybrid vendor) or independently of physical store locations.	*Virtual platform* means any technology that is accessible to the general public and equipped to process transactions to provide authorized supplemental foods to participants under a retail food delivery system. Virtual platforms must be authorized separately from physical store locations, either by State agencies or in a nationwide authorization by FNS.
Vendor Authorization (7 CFR 246.2)	The Task Force encourages exploring the option for a national authorization process, with State opt-ins, that could streamline multistate authorization for virtual vendor platforms.	*Vendor authorization* means the process by which the State agency assesses, selects, and enters into agreements with stores that apply or subsequently reapply to be authorized as vendors. Vendor authorization is inclusive of the State agency decision to opt-in to a nationwide authorization of virtual platforms approved by FNS.
Authentication (new definition)	The Task Force encourages broader terminology to be inclusive of future technological innovations. Both the terms EBT and PIN could limit future development of the WIC transaction.	*Authentication* means a method, approved by the Secretary, that allows the transaction processing system to verify that the person attempting to access the benefits associated with the account identified in the transaction is authorized to access the account and associated benefits.

Current Regulation Description	Impact on Future Innovation	Task Force Recommendation
Preauthorization (new definition)	To enable online purchasing, the Task Force recommends that retailers be able to place a hold on issued benefits until the order is fulfilled and received by the participant. This process will account for substitutions, minimize refunds, and reduce administrative burden for retailers, processors, and WIC agencies.	*Preauthorization* means a process approved by the Secretary to place a hold on issued benefits that a participant is attempting to redeem when a transaction has been initiated on an authorized virtual platform to access approved supplemental foods. The hold shall last for no longer than three days and shall be removed upon a clearing transaction submitted by the vendor within a period of three days.
Fulfillment (new definition)	Online ordering and purchasing require a process where retail store staff or a third party conducts the shopping and prepares the package for either pick-up or delivery.	*Fulfillment* means a process in which an authorized vendor implements an order for redemption of supplemental foods.
Home Delivery (new definition)	Online ordering and purchasing systems should be equipped to deliver supplemental foods to participants and ensure adequate checks to confirm that participants received their ordered foods.	*Home delivery* means the process, under a retail food delivery system, in which the retailer or a third-party entity contracting with the retailer fulfills an order initiated by the participant or proxy and provides supplemental foods to a participant's home address.
Compliance Buy (7 CFR 246.2): A covert, *on-site* investigation in which a WIC representative poses as a participant and transacts one or more food instruments without revealing their role as a WIC representative.	Compliance buys must be conducted on-site, but this terminology will limit monitoring of virtual vendor platforms.	*Compliance buy* means a covert, ~~on-site~~ investigation in which a representative of the Program poses as a participant, parent or caretaker of an infant or child participant, or proxy, transacts food benefits, and does not reveal during the purchase that they are a program representative.
Routine Monitoring (7 CFR 246.2): Overt, *on-site* monitoring during which program representatives identify themselves to vendors.	Routine monitoring must be conducted on-site, but this terminology will limit monitoring of virtual vendor platforms.	*Routine monitoring* means overt, ~~on-site~~ monitoring during which program representatives identify themselves to vendor personnel.

Current Regulation Description	Impact on Future Innovation	Task Force Recommendation
Compliance Investigation (new definition)	"Compliance investigation" is utilized in numerous places in the regulations. For clarity, it should be defined.	Compliance investigation means a "compliance buy" or an "inventory audit" as those terms are defined herein.
Authorized Infant Formula Supplier	As new regulatory language refers to this term, it needs to be defined.	Shall have the same meaning as the list required in 42 U.S.C. Section 1786(h)(8)(A)(ix) (see also 7 CFR 246.12(g)(10)). The Task Force recommends that the Secretary recommends to Congress that the statute cited above be amended to provide for a federal list of authorized infant formula suppliers.

Table 2: Recommended Regulatory Changes to Support Future WIC Program Innovation

The following regulatory requirements have been identified as having an impact on WIC State Agencies' ability to implement online ordering and purchasing as well as other technological advances. The regulations have been grouped under the following major topic areas: vendor authorization, vendor management, and transaction processing.

Vendor Authorization		
Current Regulation Description	**Impact on Future Innovation**	**Task Force Recommendation**
Uniform Food Delivery System (7 CFR 246.12(b)): Each food delivery system must be procedurally uniform throughout the State Agency's jurisdiction.	The provision "food instruments must be uniform within each type of system" limits state agencies ability to implement alternative payment approaches such as using mobile payment at the same time that they use an EBT card. Having two payment types would provide the State Agency and the participants more options and would not reduce access to benefits. In most cases a State Agency may not be able to transition all participants to a new technology at once, which means that the State Agency must be able to support two methods of payment.	The Task Force recommends updating the regulation to allow for multiple payment options within a food delivery method. Additionally, in the regulation EBT is noted as a delivery system; however, it is a payment mechanism for a retail delivery system and therefore should be removed. **Recommended Update:** 7 CFR 246.12 (b) ~~Uniform f~~ Food delivery methods ~~systems~~. The State agency may operate ~~up to four~~ any of the following types of food delivery systems under its jurisdiction - retail, home delivery, direct distribution or another method approved by the Secretary~~, or EBT~~. Each system must be procedurally uniform throughout the jurisdiction of the State agency and must ensure adequate participant access to supplemental foods. A State Agency may employ multiple payment methods within a food delivery system (e.g., EBT cards and mobile payments). ~~When used, food instruments must be uniform within each type of system.~~

Vendor Authorization		
Current Regulation Description	**Impact on Future Innovation**	**Task Force Recommendation**
EBT requirement (7 CFR 246.12(x), (aa)(4)): State Agencies are required to operate an EBT system and shall not authorize vendors that cannot demonstrate EBT capability.	Although transition to EBT transaction models has been a step forward, the requirements that vendors adopt EBT could limit future innovation and more efficient models of retail transaction, such as mobile payments.	(4) *Statewide operations.* After completion of statewide EBT implementation, the State agency shall not: [. . .] (ii) Authorize a vendor, farmer, or farmers' market that cannot successfully demonstrate EBT capability in accordance with State agency requirements or comparable transaction technology approved by the Secretary, unless the State agency determines the vendor is necessary for participant access."
Home Delivery Systems (7 CFR 246.12(m)): State Agencies may authorize home food delivery systems that centralize food distribution outside of a retail system.	There may be confusion within the regulations about the difference between retail online ordering and delivery versus a home delivery system implemented by a State Agency (i.e., the type of delivery system Vermont employed prior to the implementation of EBT).	The regulations should distinguish between a state-procured home distribution food system and a retail-based home delivery option.

Vendor Authorization		
Current Regulation Description	**Impact on Future Innovation**	**Task Force Recommendation**
Vendor Authorization (7 CFR 246.12(g)(1), (h)(1)(i)): State Agency must authorize an appropriate number of vendors. Agreements must be signed by a representative with legal authority and specify all vendors covered by the agreement. Agreements last no more than three years.	Virtual and some hybrid vendors are likely to cross State borders, causing confusion about which State is responsible for authorizing and monitoring the vendor. Especially for vendor models of a certain scale, this could present administrative barriers to building national online purchasing solutions. The introduction of virtual and hybrid vendors will increase monitoring responsibilities. To address burden on State Agencies, FNS, and retailers, vendor authorizations should be increased to five years, with appropriate safeguards in place to uphold existing regulations and regular monitoring for compliance.	Without disrupting existing State vendor authorization protocols, FNS should explore establishing an option for national authorization and monitoring of virtual vendors and virtual platforms for hybrid vendors. With baseline authorization at the FNS level, States can opt-in to authorizing the virtual platform for participants in their State while assuming monitoring obligations for vendor sites that fulfill orders for participants in their State. State Agencies may collaborate to monitor vendor sites, including fulfillment centers, for the purpose of authorization in multiple States. Virtual vendors or virtual platforms of hybrid vendors shall not fulfill orders out of a location that has not been monitored or approved per their authorization agreement, either through FNS or a State Agency. States preserve the ability to opt-out (with certain notice to the vendor), but final authorization remains vested at FNS. Vendor authorization periods should be extended to five years to reduce burden on State Agencies, FNS, and retailers.
Application Periods (7 CFR 246.12(g)(8), (h)(1)(i)): Vendors must reapply for authorization every three years. State Agencies may limit the periods during which applications can be accepted.	The introduction of virtual and hybrid vendors will increase monitoring responsibilities. To address burden on State Agencies, FNS, and retailers, vendor authorizations should be increased to five years with regulatory monitoring and compliance.	States may opt-in to Federally-authorized virtual vendors or virtual platforms of hybrid vendors at any time, even if application periods exist for physical vendors in their jurisdiction. Vendor authorization periods should be extended to five years (with regular monitoring and compliance) to reduce burden on State Agencies, FNS, and retailers.

Vendor Authorization		
Current Regulation Description	**Impact on Future Innovation**	**Task Force Recommendation**
On-Site Preauthorization Visit (7 CFR 246.12(g)(5)): State Agency must conduct an on-site visit prior to or at the time of a vendor's initial authorization.	Virtual vendors and virtual platforms of hybrid vendors may use fulfillment centers or other channels to deliver supplemental foods outside of a physical store location. Before authorizing a virtual platform, State agencies should assess the vendor's ability to fulfill orders in compliance with program rules, including the ability to transact benefits, handle substitutions within program parameters, and maintain safety of supplemental foods throughout the fulfillment process. In-person monitoring of vendor sites before authorization should apply in the virtual context, with ongoing access for monitoring purposes to ensure continued compliance.	**Recommended Update:** 7 CFR 246.12 (g)(5) On-site preauthorization visit. The State agency must conduct an on-site visit at a physical vendor location prior to or at the time of a vendor's initial authorization. For virtual vendors or the virtual platform of a hybrid vendor, the vendor shall provide relevant health, safety, and compliance information requested by the State agency and receive approval by the State before authorization. The State agency must evaluate all of the requested information provided by the vendor, including the ordering mechanism from initiation to order completion and ensuring the vendor is purchasing infant formula from an authorized infant formula supplier. If the vendor has sites with inventory (i.e., store location, fulfillment centers, etc.) within the State agency's jurisdiction, the State must conduct an on-site visit to at least one vendor location before authorization. For vendor sites outside of the State agency's jurisdiction, the State agency may still conduct an on-site visit or request another State agency to conduct an on-site visit before authorization. The State may approve or reject a vendor. The State must provide notice to the vendor of its determination.

Vendor Authorization		
Current Regulation Description	**Impact on Future Innovation**	**Task Force Recommendation**
Farmer Authorizations (7 CFR 246.12(v)): State Agency may authorize farmers or farmers markets to redeem CVB, but may require individual authorizations for each farmer.	It is more cost effective for a farmer to participate as part of a farmers market than to have to support their own equipment for processing EBT transactions. Unless using new technology Mobile to Mobile App or Mobile to card	Recommend clarifying the regulations to explicitly allow for farmers markets to be authorized and redeem WIC CVB. Recommend Farmers and Markets have the ability to use multiple tender types.

Vendor Management		
Current Regulation Description	**Impact on Future Innovation**	**Task Force Recommendation**
Competitive Pricing (7 CFR 246.12(g)(4)): State Agency must establish vendor peer group systems that distinguish competitive prices and allowable reimbursement levels.	Virtual platforms are authorized separately from physical store locations, and State agencies must place virtual platforms in peer groups. State agencies should be sensitive to significant price disparities between the physical and virtual options of a hybrid vendor.	Food prices for virtual vendors shall be competitive with their assigned peer group. State agencies should not be required to group virtual vendors separate from physical vendors, and guardrails should be established to ensure substantially similar pricing between the virtual platform and physical location of a hybrid vendor. Broader regulations should be drafted as virtual platforms are introduced into the WIC space, permitting USDA to strengthen rules with guidance as more information is available.
A-50 Incentives (7 CFR 246.12(g)(3)(iv)): A-50 stores cannot provide incentive items, including services greater than nominal value provided to the customer.	As written, delivery could be interpreted to be an incentive item and therefore prohibited.	Recommended Update: 7 CFR 246.12(g)(3)(iv)(D) The State agency shall not consider delivery of supplemental foods as an incentive item. State agencies may approve home delivery options for above-50-vendors.

Vendor Management		
Current Regulation Description	**Impact on Future Innovation**	**Task Force Recommendation**
Vendor Training (7 CFR 246.12(h)(3)(xii), (xiii). (i)(1-4)): Vendor must inform and train staff on program requirements. At least one representative of vendor must participate in training annually.	Not all transactions will involve cashiers; additional personnel such as fulfillment personnel may require training. Virtual vendors operating across State lines must ensure that State-based operations are informed of State-specific vendor monitoring requirements.	(xiii) *Vendor training of staff.* The vendor must inform and train ~~cashiers and other staff~~ appropriate personnel on program requirements. (1) *Vendor training—General Requirements.* The State agency must provide training annually to at least one representative of each vendor. For virtual platforms that could be authorized nationally, each State agency that has opted-in to the authorization must provide annual training to a representative of the vendor's operations in that State. Prior to or at the time of a vendor's initial authorization, and at least once every three years thereafter, the training must be in an interactive format that includes [. . .]

Vendor Management		
Current Regulation Description	**Impact on Future Innovation**	**Task Force Recommendation**
Vendor Monitoring (7 CFR 246.12(j)): State Agency must design a monitoring system, including routine visits and compliance investigations of all high-risk vendors and a minimum of 5% of authorized vendors.	Introducing virtual platforms requires monitoring of all vendor sites involved in fulfillment of the order. Authorization agreements should indicate all vendor sites located in fulfillment, providing hybrid vendors the option to limit fulfillment to physical store locations. State agencies may coordinate monitoring activities of both a physical store location and a virtual platform.	Monitoring requirements shall not change for physical locations. For virtual platforms operated by both virtual and hybrid vendors, the State agency is responsible for conducting virtual compliance buys for State-authorized and opt-in Federally-authorized vendors in their State. Notice of noncompliance must be immediately presented to FNS. FNS shall also conduct virtual compliance buys for all Federally-authorized vendors each year and develop criteria for identifying high-risk virtual vendors and appropriate corrective actions. On-site monitoring visits can be conducted at any location in the fulfillment process as defined in the authorization agreement. In addition to compliance buys, inventory audits and other monitoring activities shall be conducted by the States consistent with requirements for physical store locations.

Vendor Management		
Current Regulation Description	**Impact on Future Innovation**	**Task Force Recommendation**
Vendor Sanctions (7 CFR 246.12(l)(1)(iii), (iv)): State Agencies may disqualify vendors permanently, for six years, for three years, and for one year based on differing criteria.	Existing sanctions can apply in virtual settings and should be clarified to apply. Sanctions deter inappropriate vendor activity, namely failing to provide foods redeemed online and providing inappropriate substitutions both (1) without participant consent and (2) beyond federal nutrition standards. FNS would be responsible for determining sanctions for Federally-authorized vendors, and may limit the sanction to specific jurisdictions.	(iii) *Three year disqualification* [. . .] (G) A pattern of charging for supplemental food on a virtual platform that is not received by the participant; (H) A pattern of providing substitutions for supplemental foods ordered on a virtual platform that are not aligned with the food packages defined in section 246.10(e); (j) A pattern of fulfilling orders from a vendor site that is not approved by the WIC State Agency or FNS; (k) A pattern of setting prices that are not substantially similar on a virtual platform and physical store location that are authorized by the same corporate entity; [. . .] (iv) *One-year disqualification.* [. . .] (C) A pattern of providing substitutions for supplemental foods ordered on a virtual platform without notice and receiving consent from the participant.

Vendor Management		
Current Regulation Description	**Impact on Future Innovation**	**Task Force Recommendation**
Infant Formula Wholesalers (7 CFR 246.12(g)(10)): The State Agency must provide a list in writing or by other effective means to all authorized WIC retail vendors of the names and addresses of infant formula wholesalers, distributors, and retailers licensed in the State in accordance with State law (including regulations), and infant formula manufacturers registered with the Food and Drug Administration (FDA) that provide infant formula, on at least an annual basis. States may permit purchase from sources on another State's list.	State agencies will need to ensure that virtual platforms are held to the same standards as physical store locations in the purchase of infant formula from an authorized wholesaler, distributor, or manufacturer, as required in federal law.	USDA should create a list of authorized infant formula suppliers (distributors, wholesalers, and manufacturers) for online ordering of infant formula and an application process for virtual infant formula suppliers to be listed on the USDA authorized infant formula supplier list. All authorized retailers shall be required to purchase infant formula from an authorized infant formula supplier. To conduct vendor audits, if an authorized infant formula supplier list is established by the USDA and used by the retailer, USDA shall have authority consistent with the state authority to audit vendor sales and require proof of purchase from an authorized infant formula supplier. If the State Agency-authorized infant formula supplier list is used, the State would continue to conduct vendor audits as appropriate including audits of sales and required proof of purchase from the USDA authorized infant formula supplier.
State Plan Requirements (7 CFR 246.4(a)(14)): State Agencies are required to report policies to FNS on vendor management priorities each year.	The State Plan is a centralized document that outlines State policies, receives input from community stakeholders, and is reviewed by FNS. The State Plan could be a useful place to articulate requirements for vendor authorization of virtual platforms and facilitate efforts to streamline authorization at a nationwide level.	The State Plan requirements should be modified to reflect the introduction of virtual platforms, including descriptions of vendor monitoring policies for both in-state and out-of-state vendor sites for virtual platforms.

Vendor Management		
Current Regulation Description	**Impact on Future Innovation**	**Task Force Recommendation**
Routine Collection of Shelf Prices (7 CFR 246.12(f)(4)(ii)(B)): State agency must collect vendor shelf prices at least every six months.	With daily EBT redemption data, State Agencies have vendor shelf price data that is more timely and accurate than shelf price surveys. State Agencies may want to perform shelf price surveys to spot check but should be able to use their EBT data to perform the required analysis. Shelf price data would still be required from applicants as part of the authorization process.	Strike section (original text below): (B) Routine collection of vendor shelf prices at least every six months following authorization to monitor vendor compliance with paragraphs (g)(4)(i)(C), (g)(4)(ii)(C), and (g)(4)(iii) of this section and to ensure State agency policies and procedures dependent on shelf price data are efficient and effective. FNS may grant an exemption from this shelf price collection requirement if the State agency demonstrates to FNSs' satisfaction that an alternative methodology for monitoring vendor compliance with paragraphs (g)(4)(i)(C), (g)(4)(ii)(C), and (g)(4)(iii) of this section is efficient and effective and other State agency policies and procedures are not dependent on frequent collection of shelf price data. Such exemption would remain in effect until the State agency no longer meets the conditions on which the exemption was based, until FNS revokes the exemption, or for three years, whichever occurs first;

Vendor Management		
Current Regulation Description	**Impact on Future Innovation**	**Task Force Recommendation**
Recordkeeping (7 CFR 246.12(h)(3)(xvi)): Vendor must maintain inventory and food instrument records and make records available to State Agency.	As transaction technologies adapt, retailers may not physically hold food instruments. This section should be updated to reflect transaction records and maintain the current requirement that relevant records be provided for inspection and audit. Updated language should be applied equally to physical, hybrid, and virtual vendors.	(xvi) *Recordkeeping*. The vendor must maintain inventory records used for Federal tax reporting purposes, transaction records, and other records the State agency may require for the period of time specified by the State agency in the vendor agreement. Upon request, the vendor must make available to representatives of the State agency, the Department, and the Comptroller General of the United States, at any reasonable time and place for inspection and audit, ~~all food instruments and cash-value vouchers in the vendor's possession and~~ all program-related records.
EBT minimum lane coverage (7 CFR 246.12(h)(3)(xxvii), (z)(2)): Vendors must deploy a certain number of point-of-sale terminals based on sales.	As transaction technologies adapt, broader terminology should be employed to permit further innovation.	(xxvii) ~~*EBT m*~~*Minimum lane coverage.* ~~Point of Sale (POS) terminals used to support the WIC Program~~ Technology equipped to conduct WIC transactions shall be deployed in accordance with the minimum lane coverage provisions of §246.12(z)(2). The State agency may ~~remove excess terminals~~ reduce minimum lanes for an individual vendor if actual redemption activity warrants a reduction consistent with the redemption levels outlined in §246.12(z)(2)(i) and (z)(2)(ii).

Vendor Management		
Current Regulation Description	**Impact on Future Innovation**	**Task Force Recommendation**
EBT third-party processing costs and fees (7 CFR 246.12(h)(3)(xxviii), (xxix), (xxx), (aa)(3)): Vendor shall not charge any third-party commercial processing costs or fees to the State Agency.	As transaction technologies adapt, broader terminology should be employed to permit further innovation.	(xxviii) ~~*EBT t*~~*Third-party processing costs and fees.* The vendor shall not charge to the State agency any third-party commercial processing costs and fees incurred by the vendor from transaction technologies, including EBT multi-function equipment. Commercial transaction processing costs and fees imposed by a third-party processor that the vendor elects to use ~~to connect to the EBT system of the State~~ shall be borne by the vendor. (xxix) ~~*EBT i*~~*Interchange fees.* The State agency shall not pay or reimburse the vendor for interchange fees related to WIC ~~EBT~~ transactions.

Transaction Processing		
Current Regulation Description	**Impact on Future Innovation**	**Task Force Recommendation**
Fees (7 CFR 246.12(c), (h)(3)(x)): Participants must receive supplemental foods free of charge.	As written this provision could be interpreted that a WIC participant cannot be charged any fee associated with a purchase, including a delivery that they pay for with a separate tender.	**Recommended Update:** 7 CFR 246.12 (c) No charge for authorized supplemental foods. The State agency must ensure that participants receive their authorized supplemental foods free of charge *with the exception of delivery fees that may be charged for the delivery of a purchase. Delivery fees shall not be paid with WIC food funds, but may be paid with another form of tender. Delivery fees charged to WIC participants shall be less than or consistent with fees charged to non-WIC customers, and a vendor may waive fees charged to WIC customers. Only one delivery fee may be applied per order even if multiple tenders are used. Information about delivery fees shall be transparent and made available to the WIC participant so that the participant is aware of the cost of delivery and if there is a minimum purchase amount for free delivery. Delivery fee information shall be provided as early as possible during the shopping experience but no later than selection of "delivery" as the method of receipt of food benefits.*

Transaction Processing		
Current Regulation Description	**Impact on Future Innovation**	**Task Force Recommendation**
Equal Treatment (7 CFR 246.12(h)(3)(iii), (v)(1)(ix)): Vendor must offer participants the same courtesies offered to other customers.	Regulations that require "same courtesies" or equal treatment are intended to assure that vendors do not penalize, mistreat, or discriminate against program participants. Although a logical interpretation would allow for vendor treatment that demonstrates preference for program participants, clearer language would ensure that vendors are empowered to waive fees or otherwise support program participants in redeeming benefits.	*Treatment of participants, parents/caretakers, and proxies.* The vendor must offer program participants, parents or caretakers of infant or child participants, and proxies the same courtesies offered to other customers. Vendors may demonstrate preferential treatment for program participants (i.e., waiving delivery fees).
Balance Inquiry (7 CFR 246.12(f)(2)(i), (x)(2)(i)): Food instrument must display the authorized supplemental foods.	With the introduction of EBT, participants have struggled to identify their existing balance. Shopping apps, participant portals, and other innovations are streamlining that experience, but a balance inquiry should be integrated into any online shopping experience.	*Electronic benefits.* Each electronic benefit must contain the following information: (i) *Authorized supplemental foods.* The supplemental foods authorized by food category, subcategory and benefit quantity, to include the cash-value benefit. This balance must be available to the participant before redemption of benefits in retail transactions.

Transaction Processing		
Current Regulation Description	**Impact on Future Innovation**	**Task Force Recommendation**
Grace Period (7 CFR 246.12(f)(2)(iv), (x)(2)(iii)): Benefits must have a last date of use set at a minimum of 30 days.	With online transactions, there could be a lag time between the time that a WIC account holder selects their food and the time that they take possession of the food. The requirement referenced above is not clear as to whether the time of transaction is the time of the order or the time of receipt of the food. Further, if a substitution occurs (e.g., if the WIC participant ordered one food item but it was out of stock, so it was replaced with another authorized food item), the original purchase price (charged in the online transaction) may not align with authorized supplemental food items actually provided. This price would need to be adjusted.	To support online ordering/shopping and provide time for WIC participants to pick up items or schedule delivery, the Task Force recommends that a grace period be allowed so that a transactions initiated prior to benefit expiration are able to be completed after expiration. **Recommended Update:** For benefits transacted in a physical vendor location, WIC benefits must be transacted within the first and last date of use. When a transaction is performed through a virtual shopping platform, the transaction must be initiated (authorized) prior to the expiration of benefits and may be completed (cleared) up to three days after the expiration of benefits to allow time for the customer to schedule pick up or delivery of items.
Split-Tender Transactions (7 CFR 246.12(f)(4), (h)(3)(xi)): Split-tender transactions are required only to pay difference where CVB exceeds.	Current regulations only anticipate a need for split-tender transactions for when the CVB is exhausted, but even in-person transactions could include greater quantities than what has been issued. Both physical and virtual transactions should provide participants with the opportunity to complete a split-tender transaction (ideally both SNAP and credit/debit/cash), while providing safeguards for participants to remove items from their cart before purchase.	*Split tender for cash-value benefits ~~vouchers~~.* The vendor must allow the participant, authorized representative or proxy to pay the difference when a fruit and vegetable purchase exceeds the value of the cash-value ~~vouchers~~ benefit (also known as a split tender transaction). Vendors operating virtual platforms must ensure that participants can conduct split tender transactions, with adequate notice to participants to cancel items in excess of issued benefits.

Transaction Processing		
Current Regulation Description	**Impact on Future Innovation**	**Task Force Recommendation**
Refunds (7 CFR 246.12(h)(3)(ii)): Vendor may only provide authorized foods listed on the food instrument. Vendor may not provide refunds or permit exchanges.	Account holders cannot exchange their WIC food for non-WIC items. This requirement was written when there were paper food instruments, and it was not possible to return benefits back to the account holder so that they could purchase a suitable replacement food. With EBT, it is now possible and easy to restore benefits to an account holder's account. In addition, a key component of this requirement is the use of the word, "obtained". This implies that the prohibition applies after the account holder has taken receipt of their food. This means that it may be possible (depending on the technical details of the transaction process) to restore benefits for foods ordered but not yet "obtained" by the account holder.	The Task Force recommends that refunds should be allowed to address issues that may occur in the fulfilment of online orders. The refund should allow for the crediting of the value/quantity of individual items within the order. Refunds could remain limited to only online orders/purchases but could be expanded to physical stores. **Recommended Update:** (A) *For purchase transactions initiated and completed in physical locations,* the vendor may not provide unauthorized food items, nonfood items, cash, or credit (including rain checks) in exchange for food instruments or cash-value vouchers. The vendor may not provide refunds or permit exchanges for authorized supplemental foods obtained with food instruments or cash-value vouchers, except for exchanges of an identical authorized supplemental food item when the original authorized supplemental food item is defective, spoiled, or has exceeded its "sell by," "best if used by," or other date limiting the sale or use of the food item. An identical authorized supplemental food item means the exact brand and size as the original authorized supplemental food item obtained and returned by the participant. For transactions performed in a virtual platform, the preceding requirements associated with physical locations apply except a refund that allows for item quantities to be credited back to a participant account may be used to address issues within an order or errors in fulfilment.

Transaction Processing		
Current Regulation Description	**Impact on Future Innovation**	**Task Force Recommendation**
Signature (7 CFR 246.12(h)(3)(vi), (f)(2)(vii)): Vendor must ensure participant or proxy signs the food instrument/enters PIN in presence of a cashier.	The requirement of cashier presence at the time of the transaction is a barrier to online transactions. The regulations are ambiguous as to the definition of cashier, whether EBT Personal Identification Number (PIN) entry must be in the presence of a cashier, or how cashiers oversee a self-checkout transaction. With the transition to electronic transactions, cashier oversight is a superfluous program integrity measure that complicates online transactions and can be readily replaced by electronic authentication. The regulation also requires vendors to ensure that participants either sign or enter a PIN number to authenticate the transaction. While authentication is an important program integrity measure, broader language that aligns with industry standards for authentication of transactions could incorporate industry accepted multi factor authentication options and help the program adapt to rapidly evolving technologies.	The Task Force recommends: ● Eliminating cashier presence and physical signature requirements ● Updating reference to PIN usage as a form of signature to terminology that would allow for other methods of authentication that may be available as technology evolves. **Recommended Language:** (7 CFR 246.12(h)(3(vi)): Signature on food instruments and cash-value vouchers. *WIC Transaction Authentication* For printed food instruments and cash-value vouchers, the vendor must ensure the participant, parent or caretaker of an infant or child participant, or proxy signs the food instrument or cash-value voucher in the presence of the cashier. In EBT or other electronic systems, ~~a Personal Identification Number (PIN) may be used in lieu of a signature.~~ *WIC transactions must be authenticated* using methods consistent with commercial practice (e.g., PIN or password). The Secretary may approve additional methods.* ***See Table 1 for proposed definition of authentication.**

Transaction Processing		
Current Regulation Description	**Impact on Future Innovation**	**Task Force Recommendation**
Benefits Receipt (7 CFR 246.12(r)(2), (4)): Participants or proxies must sign for receipt of food instruments at least every three months.	In-person pickup requirements for issued benefits are a relic of the paper voucher regime, with COVID-19 waiver authorities demonstrating that State and local WIC providers are equipped to remotely issue EBT benefits. Signature requirements – especially in-person signatures – should be phased out to recognize the new technologies available in WIC.	Strike both sections.
Benefits Issuance (7 CFR 246.12(r)(5)): Participants may only receive a maximum of three months of benefits at any one time.	During the pandemic, offline EBT states were permitted the opportunity to issue up to four months of benefits. To minimize in-person interactions, a higher benefit issuance – particularly for offline EBT states – would be helpful.	(5) *Maximum issuance of food instruments and cash-value voucher.* Ensure that no more than a six~~three~~-month supply of food instruments and cash-value vouchers or a one-month supply of authorized supplemental foods is issued at any one time to any participant, parent or caretaker of an infant or child participant, or proxy.
Vendor Identification (7 CFR 246.12(f)(3), (x)(3)): Food instrument must identify the vendor that is claiming reimbursement.	Introduction of virtual platforms, including virtual platforms authorized at the FNS level, will require uniform standards for vendor identification. Vendor identification should not be limited to paper vouchers or EBT but broad enough to encompass additional technologies.	*Vendor identification.* The State agency shall ensure each ~~EBT~~ purchase submitted for electronic payment is matched to an authorized vendor, farmer, or farmers' market prior to authorizing payment. Each vendor operated by a single business entity must be identified separately.

Table 3: Proposed Impacts of New Vendor Forms in WIC Program Management

The following table provides an overview and comparison of the proposed vendor types.

Vendor Categories	**Physical Vendors**	**Virtual Vendors**	**Hybrid Vendors**
Description	All transactions are initiated and completed onsite at a physical location Foods are selected and obtained by the participant from the vendor's physical location Includes mobile vendors that may not have a fixed operating location	Vendors that do not have a physical location Transactions are initiated and completed though a website, mobile app, or other technology Food benefits are delivered to the participant or they may be picked up at a specified location that is not a physical vendor location (i.e., food warehouse, locker, or mobile vendor location)	A vendor that has a physical location and has a virtual shopping platform or employs a service that provides virtual shopping services Transactions may be initiated and completed at the physical store or through virtual location. Food benefits may be delivered to the participant or picked up at the physical location
Authorization	No change from current regulations except to include mobile vendors	Establish a nationwide authorization managed by FNS that reconciles differing State program requirements and accounts for the potential of fulfillment across State lines May still be authorized by State agencies on a State-by-State basis Recommend collaboration with SNAP for authorization activities. Recommend a FNS maintain a list of authorized virtual vendors, then SA can opt-in and authorize vendors Virtual vendors still have to meet all of the WIC vendor authorization requirements Requirements in vendor agreements for Virtual Vendors should be as consistent as possible across SAs and limit State addendums	No change from current regulations for the physical location Virtual platform does not require a separate authorization if retailer signs agreement limiting fulfillment to in-store Virtual platform requires a separate authorization if retailer is fulfilling from locations other than the authorized physical store (i.e., another store location, fulfillment centers, etc.). The State Agency shall review the virtual shopping site and ordering/purchasing process prior to authorization or prior to an existing physical vendor implementing virtual shopping

Vendor Categories	**Physical Vendors**	**Virtual Vendors**	**Hybrid Vendors**
Peer Grouping	No change from current regulations except to include mobile vendors	State Agencies may assign Virtual Vendors to peer groups with Physical or Hybrid Vendor or they may assign them to a separate Virtual Vendor peer group	Peer grouping based on physical location; however, the State Agency may consider the impact of the virtual platform on the peer grouping assignment and/or require the virtual platform to be grouped separately from the physical store location
Pricing	No change from current regulations except to include mobile vendors	Food prices shall be competitive with the assigned peer group	Prices must be substantially similar between the physical store and virtual platform
Monitoring	No change from current regulations except to include mobile vendors	Virtual compliance buys. On-site visits to fulfillment centers. Inventory audits to ensure f health, safety, and compliance.	No change from current regulations for physical locations Virtual compliance buys and inventory audits for virtual shopping platforms.

Section 5 Additional Considerations

In the previous sections, the recommendations report has focused on the specific areas of the ordering and purchasing process and the regulations impacted by the modernization of WIC benefit delivery. In our deliberations, the Task Force also identified a number of other areas that need to be addressed as FNS plans for the authorization of a process for online ordering/purchasing and other benefit delivery modernization efforts.

Funding to Support Benefit Delivery Modernization

Description/Impact: Effective implementation of online shopping options will require significant modification to State WIC Management Information Systems, processor systems, and retailer systems. Since many WIC State Agencies operate in partnerships to facilitate administration of MIS and EBT systems, implementation costs may exceed the available technology funding for any one WIC State Agency. WIC State Agencies will also incur additional costs to manage technology projects and conduct outreach to inform participants and retailers of systems changes.

Recommendations: Congress should authorize an additional $75 million in additional funding, until expended, for WIC State Agencies to develop and adapt MIS platforms, EBT processing systems, and retailer platforms to scale up online shopping solutions by October 1, 2025.

Regulation Waivers During the Transitional Period

Description/Impact: As State agencies plan for the implementation of online ordering and purchasing, there are currently regulations that prohibit activities that are key components to these transactions. In addition, as individual retailers opt in to provide an online shopping option for redemption of WIC food benefits, specific implementation guidelines are needed to transition to or establish an online shopping option. Transitional compliance allowances to assure state agencies and retailers are or remain in compliance with applicable regulations during implementation are needed.

Recommendation: The retail landscape has changed while the regulations have remained unchanged. To accommodate the transition to or addition of an online shopping solution for WIC food benefit redemption, USDA should as needed utilize waiver authority under the American Rescue Plan Act to facilitate systems transitions consistent with regulatory changes being evaluated in the forthcoming rulemaking process. USDA should consider waivers in the following areas:

- Traditional definition of vendor that includes a single, fixed location.
- Cashier presence for WIC transactions.
- State authorization of WIC vendors. Allowing FNS to establish a Federal authorization for vendors operating in multiple states.
- Onsite preauthorization visits for virtual vendors. A limited waiver should clarify that on-site visits to an in-store vendor site responsible for fulfilling the order is appropriate for preauthorization purposes.
- Current limitation of uniform food delivery systems and that each food delivery system be procedurally uniform excluding multiple electronic payment types.

- Vendor selection criteria. Modify vendor authorization to include criteria/guidance for online only WIC vendors
- Current peer group structure. Expand to include option for virtual vendors to be considered as a separate peer group, regardless of geographical location
- Allow refunds or exchanges for online shopping platform purchases in the case of damaged or expired foods included in an order.
- Allow for the payment of delivery fees with non-WIC tender type
- Allow for a grace period for the expiration of benefits in order for orders to be fulfilled when orders are made during the final days of benefit availability

Ongoing Advisory Workgroup to Provide Input and Feedback to FNS

Description/Impact: As online ordering and benefit delivery modernization moves forward, FNS will need to update regulations, develop standards, and provide guidance. Input or feedback from industry and state agencies may be needed to accomplish these activities.

Recommendation: An ongoing work group should be convened that includes a cross section of industry and state agency advisors that can provide programmatic, functional, and technical assistance to FNS as they make critical decisions impacting how online ordering and purchasing will be accomplished. The structure of the group should be similar of size, experience, and knowledge as the members of the Task Force on Supplemental Food Delivery but does not have to be the same members.

Nationwide Authorization of Virtual Platforms

Description/Impact: Authorized virtual platforms are likely to cross State lines and require a new regulatory regime for the purposes of authorization and monitoring. Virtual platforms can be operated by a virtual vendor or a hybrid vendor, which also operates physical store location(s). Although States should retain the option to individually authorize virtual platforms, a new option for FNS-level authorization should be considered that streamlines the authorization process across all 89 WIC State Agencies and scales up access to virtual platforms as swiftly as possible. The FNS-level authorization should not operate autonomously from State policies or systems, but instead create a framework to simplify State-level authorizations through an opt-in that reduces or eliminates additional State-imposed criteria.

Recommendations: FNS should develop transparent vendor authorization criteria for virtual platforms that satisfy existing State vendor policies. When a vendor seeks authorization at the federal level, they must identify all applicable vendor sites that would be involved in fulfilling a WIC order and provide relevant health, safety, and compliance information. State agencies seeking to opt-in to the authorization would assume responsibility for any on-site monitoring of vendor sites requested by FNS, and may coordinate with additional WIC State Agencies to conduct preauthorization visits. Federally authorized virtual platforms must meet the Federal minimum stock requirements.

Once authorized at the Federal level, States may opt-in to the authorization before participants can access the platform. The State opt-in process involves testing of the virtual platform to ensure that transaction systems are interoperable with the State MIS. Once a State has fully opted-in, the State assumes ongoing monitoring responsibility for vendor sites within their geographic jurisdiction *as well as* vendor sites that fulfill orders delivered within their geographic jurisdiction. States may coordinate and

are encouraged to share monitoring information with other State agencies to reduce duplicative monitoring.

States may withdraw from a nationwide authorization upon notice to the retailer and FNS. States must communicate any findings from routine monitoring/auditing activities to FNS and may make recommendations for vendor sanctions. FNS is responsible for administering vendor sanctions for Federally authorized vendor sanctions and may limit sanctions to a specific vendor site (i.e., a single fulfillment center) or specific geographic jurisdiction.

Solutions for Small Vendors

Description/Impact: Compared to larger chain vendors, small vendors tend to have less sophisticated retail systems supporting their operations and less resources to support expanded functions like online ordering and purchasing. As an example of the challenges with small vendors' systems, the State of New Mexico has implemented online ordering with some of their small vendors using a third-party platform. This project has revealed that small retailers often do not have automated inventory management systems that account for what is/is not on the shelf, and pricing may/may not be automated. Therefore, when an online storefront is created for a small retailer, that store likely is not integrating with the retailer inventory system (if s/he has one) and may not have pricing that aligns with what is on the shelf. The result is that items may appear as available to the participant when they really are not and pricing might be inconsistent between what is noted online and what is the actual price in the store. This causes consumer confusion and hinders adoption. These factors contribute to as many as 25% of orders abandoned at pickup (order placed, but not picked up).

Many of the smaller retailers that participate in the WIC Program serve critical populations often in rural communities where they provide essential participant access to WIC foods. As benefit delivery is modernized, these retailers should not be left behind. Additional support and consideration will need to be made to ensure that they are able to participate in online ordering and purchasing for the WIC Program and maintain the integrity and quality of the WIC program and safety of foods delivered.

Recommendations: The Task Force recommends actionable direction to FNS regarding what is needed to transact WIC online in the small/independent retail community to include:

- Standardizing requirements for POS equipment vendors, software providers, wholesalers, and other relevant parties in order to consistently provide outputs based on approved product list (APL) files that seamlessly integrate with online storefront providers.
- Working closely with national retailers to leverage already developed solutions that small vendors can adopt without having to invest in system design.
- Create a government funded plug and play standalone solution for commonly available POS system(s) and allow independents to utilize without cost to the vendor.
- Provide grant funding to provide technical support as needed to ensure participation by independent and regional grocers.

Competitive Pricing for Hybrid Vendors

Description/Impact: The introduction of new vendor forms requires clarity about peer group structures and maximum reimbursement levels. Most virtual platforms will be authorized independently and

sorted into peer groups based on Federal and/or State criteria. Certain hybrid vendors, which can attest to fulfilling orders exclusively from an authorized physical store location, may not necessitate separate authorization for their virtual platforms.

Recommendation: FNS should set broad regulations that encourage substantially similar pricing between virtual platforms and physical store locations operated by the same corporate entity. Hybrid vendors should not be required to maintain the exact same pricing, to afford retailers autonomy to set in-store or online-only promotions while avoiding complex monitoring. FNS should continue to monitor the impacts of virtual platforms on peer group structures and issue supplemental guidance in the near-term to inform State management of competitive pricing.

Minimum Stock

Description/Impact: State agencies maintain minimum stock requirements for vendor authorization that seek to ensure physical store locations can provide a variety of supplemental foods for redemption. Minimum stock policies were often adopted in the era of paper vouchers and may warrant revision in light of technological advances such as EBT; however, minimum stock policies are demonstrated to have an impact on retailer behaviors, including increasing the availability of fresh produce in low-income neighborhoods after the 2009 food package changes. The introduction of virtual platforms, including those authorized at the Federal level, creates a new opportunity to revisit minimum stock policies.

Recommendation: The Federal minimum stock policy remains relevant, ensuring that WIC-authorized vendors can provide two forms of fruits, two forms of vegetables, and one form of whole grain cereal. WIC should draw lines to prevent fragmentation of the virtual market and continue to authorize retail platforms that address the wide range of WIC participant needs. States may continue to require additional minimum stock for State-authorized vendors, but cannot require Federally-authorized vendors to stock items beyond the Federal minimums.

Non-Traditional Vendors of Exempt Infant Formula and WIC-Eligible Nutritionals

Description/Impact: Federal law permits State agencies to exempt certain vendors from competitive price criteria and allowable reimbursement levels, including pharmacy vendors that supply only exempt infant formula or medical foods eligible under the program (42 U.S.C. 1786(h)(11)(D)(i)). Pharmacy vendors may be standalone entities or co-located with a physical store location that is an authorized WIC vendor.

Recommendation: USDA should assess the impact of virtual platforms on access to exempt infant formula and WIC-eligible nutritionals and contemplate whether additional vendors would be appropriate in a virtual context to serve the needs of WIC participants with Food Package III. Recognizing that virtual platforms encouraged by this report are rooted in retail models, USDA should evaluate whether statutory revisions to permit additional forms of specific vendors beyond pharmacies would be beneficial to the participant experience in unique circumstances.

Ensuring Infant Formula Safety and Quality

Description/Impact: As WIC online ordering and delivery moves forward, it is critical that systems are in place to ensure the safety and quality of WIC infant formula, including replicating program compliance mechanisms for a virtual environment and supporting the contracting/rebate process.

Recommendations:

- There should be no substitutions allowed by the vendor or the participant for any WIC-contracted infant formula or any WIC-exempt infant formula.
- For all vendors that have a virtual component, practices for purchasing infant formula from authorized manufacturers and distributors, preventing the substitution of infant formula and delivery of expired/damaged infant formula, properly disposing of all infant formula returns, verifying benefits have been received by program participants prior to triggering any requests to the State for payment reimbursement, and not submitting any returned or refunded infant formula for reimbursement and subsequent invoicing by the State (for rebate from the contracted manufacturer) should be documented and regularly verified.
- For all vendors that have a virtual component, incorporate compliance mechanisms (similar to in-person vendors) to monitor compliance (e.g., designating "high risk" vendors, conducting prescribed audits and verifying participant identity) , and ensuring transactions are properly completed).
- If the wrong (i.e., non-contract) infant formula is provided but the State has initiated reimbursement to the retailer and triggered a charge and subsequent rebate for the contract formula, there must be a system for the State to reverse any rebates for returned infant formula.

Development of Standards and Operating Rules Specific to Online Ordering and Purchasing

Description/Impact: The introduction of online ordering and purchasing will introduce new technical processes, procedures, and data elements into the existing EBT transaction processing environment. If these implementations are not done in a standardized and consistent way, it could result in multiple variations of online ordering and purchasing that will be both costly and confusing.

Currently, there are four technical documents that guide state agencies and industry all of which will be impacted by online ordering and purchasing. These documents are:

- X9.93-1-2014 Financial transaction messages — Electronic Benefits Transfer (EBT) — Part 1: Messages and Part 2: Files.
- WIC EBT Technical Implementation Guide 2018 Version.
- WIC EBT Operating Rules September 2014 Version.
- WIC Universal MIS–EBT Interface (WUMEI) Functional Requirements Specification 2015 Version.

At this time, online ordering concepts are not addressed in these documents and it is likely that updates will be required to all four with the implementation of online ordering and purchasing. Depending on the approach taken, it is possible that additional standards documents specific to online ordering and purchasing may be required.

Recommendation: To avoid costly and duplicative development, online ordering and purchasing should be implemented in a consistent way across all state agencies. It is recommended that:

- Early online ordering and purchasing projects work together across projects, state agencies, EBT processors, and retailers to maintain standard concepts to ensure that divergent approaches are not implemented.
- As the initial projects move forward, information should be gathered to determine the areas of the standards documents that require changes and additional content and areas where there are potential gaps that could impact the integrity and quality of the WIC program and safety of foods delivered.
- A work group of state agency and industry representatives that have experience with online ordering and purchasing as well as the standards documents should be convened with participation by FNS to develop the updates and additions to the standards to support online ordering, purchases, and auditing.

Processing Fees

Description/Impact: Vendors of all sizes invest significant resources to accept WIC and comply with all regulations. Investments include purchasing hardware and software, paying the merchant acquirer for processing and other costs. WIC State Agency contracted processors are sole service providers selected and paid by the respective WIC State Agency through a competitive bidding process. This structure works to ensure that all links in the WIC processing chain are invested and are not unfairly burdened with additional expenses. As WIC moves into new channels such as online and mobile, it is essential that vendors remain protected from any new or mandated processing fees or interchange. Increasing vendor costs to accept WIC could result in fewer vendors investing to accept WIC online or mobile payment. Even worse, it could result in vendors leaving the program creating greater access issues for participants.

Recommendation: The Task Force recommends that vendors maintain the statutory protections from interchange or any processing fees levied by a state contracted or subcontracted WIC provider. These protections will maintain the current balance that sole service providers and their subcontracted providers are paid under a competitively awarded contract and may require vendors to pay fees in order to process WIC transactions.

Above-50-Percent Vendor Reimbursements

Description/Impact: Several WIC State Agencies authorize A-50 vendors, which provide a well-documented service to WIC clients. A-50 vendors are distinguished from other physical vendors by statutory cost containment requirements, including separate peer groups and limitations on maximum reimbursements. Peer grouping is based on the recognition that stores of different types have different costs of doing business, but A-50s are typically limited to a statewide average price for reimbursements. The introduction of virtual platforms, which lack certain operational costs and may charge delivery fees, could further drive down the statewide average reimbursements and introduce another vendor form that is not comparable to existing A-50 physical vendors.

Recommendation: USDA should assess the impact of introducing virtual platforms and contemplate contingencies that sustain the viability of A-50 models, potentially include a statewide average calculation that excludes virtual platforms. FNS should also articulate clear guidance on whether virtual platforms can be designated as A-50 vendors and assess whether further changes are needed to ensure program integrity while supporting a full complement of authorized WIC vendors to meet participant needs.

Self- Checkout

Description/Impact: In WIC online ordering, self-checkout (SCO) lanes are not applicable to an online transaction.

Recommendation: Considerations for SCO lanes need not be included in the online ordering platform as long as the technology equipped to conduct online WIC transactions meets the minimum lane coverage provisions of §246.12(z)(2) and USDA will ensure program integrity measures that align with industry standards of authentication. As transaction technologies adapt, broader terminology for checkout lanes should be employed to allow for further innovation.

Telephone Ordering

Description/Impact: Telephone ordering for WIC purchases occurs now. If a vendor allows it, they can take an order from a participant and complete the purchase when the participant picks up the order in person. It requires the retailer to take the risk that the participant has the benefits to pay for the purchase and has selected the correct items as part of the order. It is understood that telephone ordering is more common in smaller communities where the retailer is familiar with the customer making the order. It is likely that telephone ordering for WIC items will decrease in use when WIC online ordering is launched. However, it's continued use will not directly impact the ability to offer online ordering or the performance of online ordering.

Recommendation: If a retailer or store owner wishes to offer or continue to offer phone ordering for WIC customers, then this service should be allowed regardless of online ordering status. Payment will still be processed either in-store or curbside with a handheld card reader. Maintaining the ability to offer a phone ordering service will facilitate access to WIC for underserved populations with minimal technology access and for regions with poor broadband internet services so they can have a similar shopping experience to WIC online ordering.

Scan & Go Check Out

Description/Impact: New technologies are being implemented in brick-and-mortar stores that enable consumers to bypass a checkout register while shopping in-store. These technology solutions such as Scan & Go allow customers to actively scan items using a handheld scanner or mobile device or passively uses item tracking technology that doesn't require scanning by the customer. Customers may checkout at a specific checkpoint where they can select a payment method to check out via the store's online platform or app.

Recommendation: In Scan & Go stores, the store typically uses its online platform system to complete the checkout process. Once WIC is enabled as a tender option on a store's online platform, customers should automatically be able to use Scan & Go technology in-store and pay with WIC benefits. Allowing WIC customers to shop with Scan & Go would be impactful as more stores expand the use of this technology. As new transaction technologies emerge that bypass a register, the Task Force recommends that the checkout process utilize the store's online platform system that already includes the ability to use WIC as tender to enable WIC customers to shop in these stores.

Appendix A: Task Force Member & Organization Information

Information has been provided on the following pages about the Task Force member's background, their organizations, and their representation on the Task Force. As required under the Consolidated Appropriations Act, 2021, the members represent the following stakeholder groups:

A. Retailers of supplemental foods.
B. Representatives of State agencies.
C. Representatives of Indian State agencies.
D. Representatives of local agencies.
E. Technology companies with experience maintaining the special supplemental nutrition program information systems and technology, including management information systems or electronic benefit transfer services.
F. Manufacturers of supplemental foods, including infant formula.
G. Participants in the special supplemental nutrition program from diverse locations.
H. Other organizations that have experience with and knowledge of the special supplemental nutrition program.

Melinda Newport (Task Force Chair)
Director, Nutrition Services/Department of Health, Chickasaw Nation

Having been with the Chickasaw Nation for most of her career, **Melinda Newport** has administered over a dozen different USDA Food & Nutrition Services programs, demonstration projects and research initiatives. Excellence in nutrition programs has always been a priority for Melinda – as evidenced by receiving, on two occasions, one of the most distinguished awards USDA gives, the Secretary's Excellence Award. Melinda provided leadership to the first State Agency Model (SAM) MIS system consortium, SPIRIT, launched in 2008 and was an early adopter of online EBT technology in 2010. As former President of the National Association of WIC Directors and the National Association of Farmers' Market Nutrition Programs, she has long been actively involved in advocacy for nutrition programs.

The Chickasaw Nation is a federally recognized First American tribe located in south central Oklahoma. Presently, there are over 72,000 enrolled Chickasaw citizens, 58 percent of whom reside within Oklahoma. The Chickasaw Nation's treaty territory includes 7,648 square miles that encompass all or part of 13 Oklahoma counties. The Chickasaw Nation WIC Program is one of many tribal, state and federal nutrition programs that make up the Nutrition Services department, positioned within the Chickasaw Nation Department of Health. This structure allows the program a close partnership with all health, wellness and nutrition programs within the tribe, optimal integration of services and delivery of consistent nutrition education messages. The Chickasaw Nation Nutrition Services has a long-standing history of administering USDA FNS programs.

Task Force Representation: Melinda represents Group C, representatives of Indian State agencies.

Ellen Thompson (Task Force Vice Chair)
Maximus, Inc.

Ellen Thompson has more than 23 years of experience in the EBT industry and 18 years of experience working specifically with the WIC Program and WIC systems. She is considered an expert in EBT and WIC information systems technologies. Ellen has managed multiple EBT and WIC information system

projects, provided procurement support, quality assurance and technical assistance to numerous states, assisted states in system conversions, and managed system design and implementation efforts. In addition to her technical knowledge, she has a strong understanding of the benefit programs delivered by EBT. She was involved in the development of WIC EBT standards and is current involved in the maintenance and update of the WIC EBT technical standards documents as part of a USDA FNS project. Ellen is currently a Vice President at MAXIMUS where she leads a consulting practice focusing on EBT, WIC, and Integrated Eligibility Systems. She also serves as the Vice Chair for Rules and Practices on the eGovernment Payments Council.

Maximus, Inc. Since 1975, Maximus has operated under its founding mission of Helping Government Serve the People®, enabling citizens around the globe to successfully engage with their governments at all levels and across a variety of health and human services programs. Maximus delivers innovative business process management and technology solutions that contribute to improved outcomes for citizens and higher levels of productivity, accuracy, accountability, and efficiency of government-sponsored programs. With more than 30,000 employees worldwide, Maximus is a proud partner to government agencies in the United States and internationally. MAXIMUS has been recognized throughout the past twenty-five years for its continued contributions to the nationwide implementation of EBT technologies for both SNAP and WIC. Our staff of experts have provided EBT and/or information system consulting services to the majority of WIC State Agencies (states, territories, and tribal agencies) across the country. We have kept pace with the changing WIC EBT environment through our role in the development and maintenance of EBT standards, leadership in the eGovernment Payments Council, and participation with other national organizations.

Task Force Representation: Ellen represents Group H, other organizations that have experience with and knowledge of the special supplemental nutrition program.

Mary Anne Burghardt
North Carolina Department of Health and Human Services

Mary Anne serves as the State WIC Director in North Carolina. North Carolina WIC serves over 250,000 participants each month, making it the fifth largest WIC Program in the nation. She also serves on the National WIC Association Board of Directors as the Southeast Region State Director representative. She is a Registered Dietitian (RD) and a Licensed Dietitian/Nutritionist in North Carolina. Mary Anne leads a dynamic team of dedicated WIC employees at the State agency. The North Carolina team won the National Association of State Chief Information Officers (NASCIO) 2019 State IT Recognition Award in the category of Digital Government: Government to Citizen for the NC eWIC implementation project.

Task Force Representation: Mary Anne represents Group B, representatives of State agencies.

Brian Dittmeier
National WIC Association

Brian Dittmeier is the Senior Director of Public Policy for the National WIC Association. He manages the Association's advocacy strategy to advance public policy priorities, including efforts to secure WIC funding and ensure efficient program administration.

National WIC Association is the non-profit voice of the 12,000 public health nutrition service provider agencies and the 6.3 million mothers, babies, and young children served by WIC. NWA provides

education, guidance, and support to WIC staff, and drives innovation and advocacy to strengthen WIC as we work toward a nation of healthier families.

Task Force Representation: Brian represents Group H, other organizations that have experience with and knowledge of the special supplemental nutrition program.

Maria Caranfa
Kellogg's

Maria Caranfa is a Senior Wellbeing and Regulatory Business Partner for Kellogg Company. In this capacity, Maria leverages Kellogg's commitment to physical, emotional and societal wellbeing to embed wellbeing into its business to unlock growth for its brands and provide positive consumer impact.

Maria is inspired by the intrinsic power of food to bring health and joy to people's lives. She has built an incredible career as award winning Registered Dietitian Nutritionist in the food industry by showing passion and commitment to developing nutrition strategies, creating new foods, increasing nutrition information transparency, and communicating the benefits of food and nutrition. Maria made an impact at leading companies like Kellogg's, National Restaurant Association, Bloomin' Brands Inc., Mintel, and Barilla America Inc. Today's Dietitian named Maria one of its "TD10: Incredible RDNs Who Are Making a Difference" and the National Restaurant Association recognized her for "Outstanding Leadership" of its Nutrition Executive Study Group.

Maria also served as a board member of Healthy and Natural Chicagoland. She is a graduate of Purdue University with a Bachelor of Science in Dietetics and Nutrition, Fitness and Health Promotion. She completed her Dietetic Residency at Virginia Commonwealth University's School of Medicine.

Outside of work, Maria enjoys spending time with her family including her cat Lucky, practicing yoga, creating new recipes, drinking coffee, and catching the latest streaming mystery series.

The **Kellogg Company,** doing business as Kellogg's, is an American multinational food manufacturing company headquartered in Battle Creek, Michigan, United States. Kellogg's produces cereal and convenience foods, including crackers and toaster pastries and markets their products by several well known brands including Corn Flakes, Frosted Flakes, Pringles, Eggo, and Cheez-It. Kellogg's mission statement is "Nourishing families so they can flourish and thrive."

Task Force Representation: Maria represents Group F, manufacturers of supplemental foods, including infant formula.

Sarah Flores-Sievers
New Mexico Department of Health

Sarah Flores-Sievers has been the WIC and Farmers Market Director for the New Mexico Department of Health, Family Health Bureau since 2012. Prior to that, she was the Eight Northern Indian Pueblo WIC Director. Sarah had a crucial role in the creation and implementation of the MOSAIC "regional MIS/EBT solution" with New Mexico, Texas, Louisiana and the two Indian Tribal Origination (ITO's). She was selected and currently serves on the Governor's Hunger Task Force and is the current Chair on the National WIC Association (NWA.) She firmly believes that WIC families deserve everything that we are all entitled to and is why she continues to push the boundaries for equitable access to life-changing services, including advanced technology for improved services and education. Sarah knows it's vital that we strive to streamline our programs to simplify the shopping and application process and remove the

burden placed on our families and allowing us to serve more participants. She believes that we must think of the next generation to align with their expectations on technology, as they are our future. In October, Sarah will start a proof of concept mobile to mobile app solution for the WIC and Seniors Farmers Market Programs.

The **New Mexico WIC Program** serves an average of 38,000 participants/month and a total of 456,000 families a year at 41 permanent WIC offices and 26 satellite clinics. Nearly half of all infants born in New Mexico participate in WIC. In 2019, the Centers for Disease Control reported that obesity in NM toddlers declined by 3.7%, as a result of the updated changes in the WIC food package. New Mexico WIC was one of the first states in the nation to successfully implement "curbside" WIC operations in response to the COVID-19 pandemic. The transition to curbside WIC operations was made possible by waivers that Congress granted and swiftly working with Vexcel, our MIS vendor. Not one day of service was missed.

On March 8, 2021, NM WIC began offering online shopping to WIC participants in Southern New Mexico. This pilot project with 9 WIC authorized vendors will allow WIC participants to shop online and pick up their prepared order curbside. New Mexico will be the first in the nation to offer this statewide cost-effective shopping solution with the emphasis on small and midsized vendors.

Task Force Representation: Sarah represents Group B, representatives of State agencies.

Jennifer Hatcher & Hannah Walker
Food Marketing Institute

Jennifer Hatcher is the Chief Public Policy Officer for FMI - the Food Industry Association. Jennifer leads FMI's government relations team and has worked with FMI retailer, wholesaler and product supplier members on SNAP and WIC policy and operational issues for 23 years including working with FMI's Electronic Payment Systems Committee, FMI's SNAP Working Group and the FMI WIC Task Force to develop innovative policy approaches. Jennifer has testified before the U.S. House of Representatives Committee on Agriculture, Nutrition and Forestry on EBT issues and has served as a resource on a number of policy panels focused on SNAP and WIC issues.

FMI: As the food industry association, FMI works with and on behalf of the entire industry to advance a safer, healthier and more efficient consumer food supply chain. FMI brings together a wide range of members across the value chain — from retailers that sell to consumers, to producers that supply food and other products, as well as the wide variety of companies providing critical services — to amplify the collective work of the industry.

Task Force Representation: Jennifer and Hannah represented Group A, retailers of supplemental foods.

Kurt Helwig
Electronic Funds Transfer Association, eGovernment Payments Council

Kurt Helwig is widely recognized as a leader in the rapidly expanding e-payment/e-commerce field. As president and CEO of the Electronic Funds Transfer Association - whose members process 90% of all electronic payment transactions in the U.S. - he's led policy initiatives since 1995 that have significantly shaped the course of the industry.
Kurt is sought out as a subject matter expert by Members of Congress and staff, journalists and leaders in the Consumer Financial Protection Bureau (CFPB), U.S. Department of Treasury, Federal Reserve Board, General Accountability Office and the Department of Agriculture (FNS) on a variety of payment

systems issues. His knowledge is an invaluable resource to policy makers on critical subject matter areas such as mobile payments, faster payments/real-time settlement, prepaid cards, fraud and risk, ATM, POS and Electronic Benefits Transfer (EBT) services, data privacy/security issues, and General Data Protection Regulation (GDPR).

eGovernment Payments Council is an industry council within the Electronic Funds Transfer Association (EFTA) that focuses on the business, policy and operating issues involved in government electronic payment programs. The mission of the eGPC is to promote policy and business practices favorable to the expansion of government-driven electronic payment transactions and systems. The council is a public-private partnership consisting of state and federal entities, advocacy groups, and for-profits firms. The council is actively involved in shaping the future of EBT in terms of technology, operations, and influencing state and federal policy.

Task Force Representation: Kurt represents Group H, other organizations that have experience with and knowledge of the special supplemental nutrition program.

Cary Jeffers
Fidelity National Information Services

Cary Jeffers is the Director of Product for the Government Division at FIS and has more than 29 plus year in the Government Payment space which includes Supplemental Nutrition Assistance Program (SNAP formerly Food Stamps), Cash program including Temporary Assistance for Needy Families (TANF), Women Infants and Children (WIC), Child Care, Unemployment Insurance, Workman's Compensation, Prepaid technologies and other payment programs.

Cary's role as the Director or Product is to defines the market for the Government programs such as digital payments, Filtered Spend, eWIC, Website design, Prepaid payment programs, Mobile technologies, retailer integration that will continue to look for new ways to innovate and drive efficiencies and new products to the Government space.

Cary is involved with Standards Boards (X9) for both the SNAP and WIC specifications, a member of the EGPC/EFTA, WIC Technology workgroup, Prepaid Compliance Network, as well as associated with Payment Acquirer, Payment Networks, work group to implement the Online Purchase Pilot SNAP program , pandemic response, and various encryption technology work groups. Cary is a trusted industry advisor to USDA FNS. In 2015 Cary was awarded the industry Tim O'Connell Pioneer of the year award, for his contributions to the EBT industry.

FIS is the world's largest global provider with over 40 years as a leading Fin Tech company, dedicated to payments and banking technologies. With a long history deeply rooted in the financial services sector, FIS serves more than 20,000 institutions in over 100 countries. FIS delivers the most comprehensive range of solutions for the broadest range of financial markets and holds leadership positions in payment processing and banking solutions, providing software, services and outsourcing of the technology that drives financial institutions. Our motto is Advancing the way the world pays, banks and invests™

Task Force Representation: Cary represents Group E, Technology companies with experience maintaining the special supplemental nutrition program information systems and technology, including management information systems or electronic benefit transfer services.

Chuck Layosa
Inter-Tribal Council of Nevada

Chuck Layosa is Director of Women Infant and Children program at the Inter-Tribal Council of Nevada since 2019. Serving all Nevada communities in need to include the 27 Native American tribal nations who call Nevada their home. I see first-hand how programs such as WIC benefit the development of children and its long-term effects on the communities where they are raised. Most of his career he has been in the private sector with a background in adult education having served many years in senior management for one of the largest private universities in the world as well as leadership experience in wholesale/Retail distribution and manufacturing. Chuck enjoys solving problems and this panel allows me to see how solutions are brought to bear in a very relevant and collaborative manner for the benefit of vulnerable demographics throughout the country.

Task Force Representation: Chuck represents Group C, representatives of Indian State agencies.

Angela Milroy
First Data Corporation/FISERV

Angela Milroy: Angela (Angee) Milroy is Director of Product, Global Business Solutions, at Fiserv. She is responsible for development and implementation of Debit and EBT solutions. She led efforts in facilitating the acceptance of online Electronic Benefits Transfer (EBT) payments in support of the United States Department of Agriculture's (USDA) Supplemental Nutrition Assistance Program (SNAP) Online Purchasing Pilot. The program scaled rapidly in 2020 to allow millions of underserved Americans to buy groceries online for the first time.

Throughout her 25+ years at Fiserv/First Data, Angee has held a variety of positions. She started her career in Fraud Investigations, moving on to Account Management, Training and rising to her current position as a Product Director.

She is based in Omaha, NE.

Fiserv:

Task Force Representation: Angela represents group E, technology companies with experience maintaining the special supplemental nutrition program information systems and technology, including management information systems or electronic benefit transfer services.

Robert Rankin
Infant Nutrition Council of America

Robert Rankin is the Executive Director of the Infant Nutrition Council of America (INCA). Robert has worked with the infant formula industry for over 16 years, during which time he has led INCA legislative, regulatory, and operational strategy including engaging with FNS on WIC issues.

INCA is the association representing manufacturers of infant formula and toddler nutritional drinks. INCA's four member companies produce over 95% of the infant formula that is consumed in the U.S. Three INCA members provide all of the infant formula consumed by infants enrolled in the WIC program. As the largest private partner to the WIC program, INCA members contribute $1.5-2.0 billion annually to the WIC program in the form of infant formula rebates. This accounts for approximately 60% of WIC's total food costs and 25% of total program costs.

Task Force Representation: Robert represents Group F, manufacturers of supplemental foods, including infant formula.

Jay Saunders
GCOM – Three Sigma

Jay Saunders is the Senior Director for Product Development in GCOM Software's Nutrition Services team. Jay has worked with WIC management information systems and WIC banking services for over 15 years. During that time he has been responsible for the development, maintenance and implementation of 2 State Agency Model (SAM) WIC systems and 3Sigma's WIC on the Web platform. Jay has managed 5 statewide WIC implementation projects and assisted with many others. In his product development role, Jay is responsible for the creation of GCOM's next generation of WIC solutions and services.

GCOM Software provides a variety of public sector solutions and services. GCOM's 3Sigma WIC team currently supports over 43% of all WIC participants nationally. Our nutrition team has extensive experience with the development, implementation, and maintenance of WIC management information systems.

GCOM's Technical Headquarters is located in Albany, NY, and its Business Headquarters is located in Columbia, MD. GCOM has office locations around the country, including Kansas City, MO, New York City, and Tallahassee, FL. GCOM LLC is backed by Sagewind Capital, a middle-market private equity firm, and Bagnols Family Office Investment Partners.

Task Force Representation: Jay represents Group E, technology companies with experience maintaining the special supplemental nutrition program information systems and technology, including management information systems or electronic benefit transfer services..

Hannah Smith
Food City/KVAT Foods Inc.

Task Force Representation: Hannah represents Group A retailers of supplemental foods.

Candice Trujillo
Southwest Region WIC Program, Las Cruces, NM

Candice Trujillo is a native of Las Cruces, New Mexico. In 2015, she made the career move to the New Mexico WIC program as the Southwest Regional Program Manager fulfilling her passion to work with pregnant women, infants and children. The Southwest region was selected to partake in the online shopping pilot with the emphasis on small and midsized vendors. Candice has been an integral part of the success of the pilot and working closely with the vendors. Candice graduated from New Mexico State University with a bachelor's degree in Community Health and continued her education obtaining a master's degree in Education, with an emphasis on Curriculum and instruction for adult learning. She began her career working as a promotor for a rural community program, focusing on prenatal care and healthy pregnancies. Which led her to discover her passion in working towards healthy outcomes for pregnant women and babies. Candice went on to work for NMSU as an extension associate faculty member where she taught parenting classes in the community for seven years.

Task Force Representation: Candice represents Group D, representatives of local agencies.

Hannah Walker & Tres Bailey
Walmart, Inc.

Hannah Walker is Senior Director, Payments Policy & Strategy on Walmart's Global Treasury team. Hannah leads Walmart's payments policy work setting strategy and serving as a subject matter expert focusing on driving sound public policy to improve the U.S. payments system. Hannah joined Walmart in July 2021 after working at FMI – The Food Industry Association for over nine years. As FMI's Vice President of Political Affairs, Hannah handled a broad portfolio of issues that included payments, SNAP, WIC, data security and privacy. At FMI Hannah ran the Electronic Payments System (EPS) committee focused on improving the U.S. payments system to work more equitably for all stakeholders. Hannah is a native Tennessean, she earned her bachelor's degree from Middle Tennessee State University and her law degree from the University of Memphis. In 2019, Hannah was honored as a Top Woman in Grocery by Progressive Grocer.

Task Force Representation: Hannah and Tres represent Group A retailers of supplemental foods.