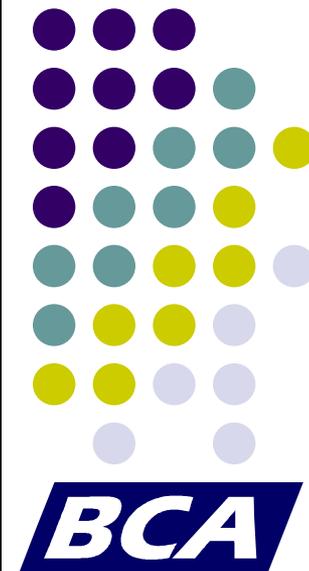


WIC EBT Users Group Meeting
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WIC EBT Planning in the Post-Mandate Age

Art Burger
President
Burger, Carroll & Associates, Inc.
artburger@burgercarroll.com



The Context



The Healthy, Hunger-Free Kids Act of 2010 (P.L. 111-296) included several provisions related to Electronic Benefit Transfer (EBT), including a mandate that all states implement EBT systems by October 1, 2020.

*As a result, the analysis of WIC EBT shifted fully away from a “**what-if**” to a specific “**how-to**” focus.*

“Affordability” is Key Focus



“The purpose of the EBT cost analysis is not to prove that EBT costs will be less than paper costs, but the analysis must show that EBT is affordable, i.e., can be sustained within the State agency’s NSA budget.”

*USDA FNS Handbook 901,
Section 4.2. The APD Process for WIC EBT,
4.2.3.1. EBT Planning Activities, Cost Analysis,
Revised 6/2010, page 3*

FNS Feasibility Study Requirements



- MIS Capability
- Agency's Business/Operations Capacity
- Retailer Capacity and Requirements
- Financial Settlement Process Requirements
- State and Clinic Infrastructure and Telecommunications Capabilities
- Card Technologies (e.g. EBT Alternatives)
- Cost Analysis
- Technical Solutions Recommendation
- Comprehensive 2-5 year WIC EBT plan

Cost Analysis

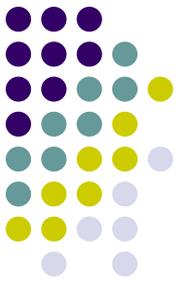


Begin by documenting the WIC Program's current reference data that establishes the baseline metrics for comparing EBT



SS#1 - State Specific Reference Data		
Instructions: Complete each of the applicable lines below. Enter percentages if appropriate. These cells are used to populate cells on other sheets.		
This Cost Analysis Conducted For:	NIRVANA WIC EBT FEASIBILITY STUDY	
State-Specific Baseline Data		Values
1	Baseline State Fiscal Year Start Month	July
2	Baseline State Start Fiscal Year	2009
3	Baseline Federal Fiscal Year Start Month	October
4	Baseline Federal Start Fiscal Year	2009
5	Annual Cost of Living Adjustment (COLA) For Agency Staff	2.25%
6	Annual Assumed Inflation Rate	2.50%
7	Fringe, Benefit & Indirect Cost Rate for Staff (enter a percent value)	57.0%
8	Indirect Cost Rate for Services (enter a percent value)	
9	Average Monthly Participation For the Current Federal Fiscal Year	105,512
10	Average Number of WIC Participants Per WIC Household	1.60
11	Annual Anticipated Case Load Growth	10.5%
12	Rate of Card Loss (lost, stolen or failed)	19.0%
13	Estimated Annual WIC Household Turnover	45.0%
14	Average Number of Food Prescription Instruments Issued Per Year	3,671,818
15	Average Number of Cash Value Vouchers Issued Per Year	2,532,288
16	Average Number of FMNP Coupons Issued Per Season	
17	Average Number of Food Instruments Paid Per Month	282,447
18	Average Number of Cash Value Vouchers Paid Per Month	211,024
19	Average Number of FMNP Coupons Paid Per Season	
20	Average Number of Redemptions Rejected for NTE Per Month	
21	Average Number of Redemptions Rejected for Out-of-Date Per Month	
22	Number of Authorized Retailers For the Baseline Federal Fiscal Year	246
23	Total Number of Retailer Checkout Lanes	1,340
24	Initial year of Retailer POS extended maintenance Paid by State	4
25	Average Monthly WIC Households (computed using items 9 & 10 above)	65,945
26	Annual New Households	29,675
27	Annual Case Months (computed using items 9 & 10 above - annualized)	791,340

Two of the Hardest Baseline Metrics to Establish



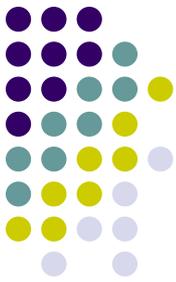
- Average Number of Clients Per Household
- Number of New Households in Baseline Year

Then Collect the Staffing, Services and Materials Costs of the Paper System



- These are not Theoretical Estimates but Actual Budget Outlays
- The Cost of Paper may or may not Require an Assessment of the Specific MIS Costs Associated with Food Delivery

Next Envision New Roles for Current Staff



CURRENT WIC STAFFING		
Position Title	Current Job Functions/Role	EBT Job Functions/Role
WIC Director	<p>80% of this position allocated to WIC</p> <ul style="list-style-type: none"> Represents IA at the national and federal level Grant management Provides guidance & technical assistance to local WIC agencies, IWIN and Ciber staff Education – develop or purchase nutrition ed resources. Ensure that appropriate amount of state budget is expended on nutrition ed. Monitoring and evaluation of WIC services and local agencies 	<p>Job duties are not significantly changed with EBT. However, the time needed for meetings and reviewing documents during the assessment phase through implementation will be significant.</p>
ITS 4- Database Administrator -DAPL	<p>50% of this position allocated to WIC</p> <ul style="list-style-type: none"> Manages DPH's core applications Manage development database servers Install, test and implement database upgrades, patches, follows detailed scripts from external vendors or DPH developers Run ad-hoc reports, create SQL queries 	<p>This FTE will be key to the implementation of EBT and ensuring the correct transmission of data from the EBT contractor to the WIC MIS system.</p>
Program Planner 2/ Vendor Coordinator	<p>100% of this position allocated to WIC</p> <ul style="list-style-type: none"> Monitors WIC vendors for compliance with regulations Renew contracts with vendors Manages the sanction component for WIC. Provides input on food package development. Requests data to be used in the food selection process. Completes price assessment reports semi-annually. Liaison to the bank for WIC check processing. 	<p>Many of the job duties of this FTE will remain the same. Some modifications of the monitoring process may be needed during rollout and first few months of implementation.</p> <p>Although banking services will change under EBT, this FTE may be able to assist retailers with payment issues or refer them to the EBT contractor.</p>



Then Estimate the Staffing, Services and Materials Costs for Each EBT Alternative

The Alternatives are Known

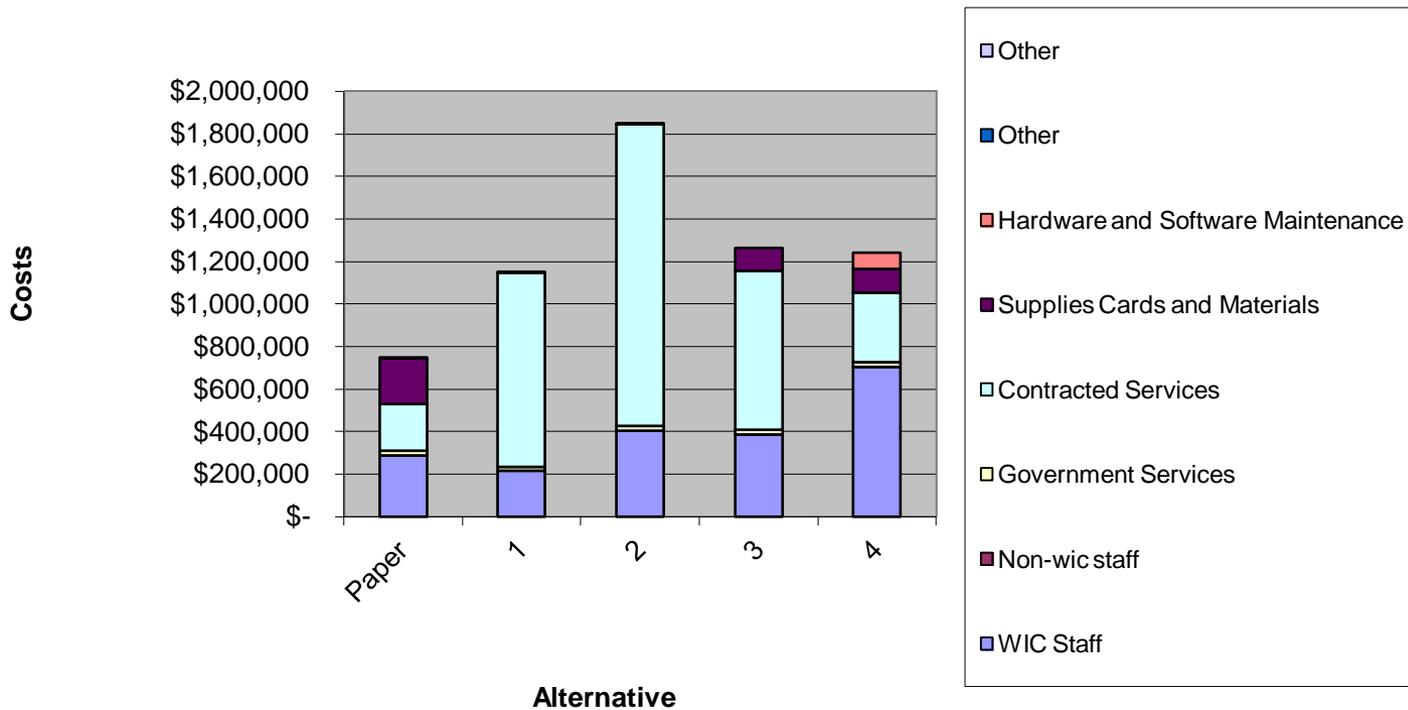
- 1. On-Line, Full Service Outsource
- 2. On-Line, Partial Outsource (e.g. hybrid)
- 3. Off-Line, Full Service Outsource
- 4. Off-Line, Partial Outsource (e.g. hybrid)
- 5. Off-Line, In-House



Comparing “Real” NSA Apples-to-Apples



Paper and EBT Costs by Alternative



Staffing Comparability is Essential for Realistic Cost Estimation



- Direct State Staffing - Account for all types: WIC Employee; WIC Contract Staff; Department Employees; Department Contract Staff
- Indirect State Staffing – IT Services; Financial Services; Senior Management/Executive Sponsor
- Local Staff – Likely No Change Due to EBT
- Contractor Staff – Costs may Include Non-Personnel Expenditures

Paper Cost Elements that are Likely to Help Pay for EBT

- Banking Services Contract
- Food Instrument Stock
- Printer Acquisition and maintenance
- MICR Ink Cartridges



The Shades of Feasibility

- Technical
- Organizational
- Operational
- Economical
- Political and/or political
- Evolving Technology (e.g. Chip & PIN; Smartphone)



So How Do I Plan Well?

- 3 Milestones (e.g. Feasibility/Cost Analysis; IAPD; IRFP) do not Require all the Answers
- Beware: Process Management Does Not Necessarily Guarantee and Could Diminish Innovation
- Rearrange Priorities
- Understand Limited Capacity to Operate in Change Mode
- Recognize Risk of Lengthy Technology Initiatives



QUESTIONS?

