September 12, 2002

SUBJECT: Food and Nutrition Service (FNS) Position on Women, Infants and Children (WIC) Electronic Benefits Transfer (EBT) System Development Approaches and Funding Support.

TO: Regional Directors
Supplemental Food Programs
All Regions

This memorandum presents the FNS position on WIC EBT system development approaches and funding support.

The FNS WIC EBT priority first and foremost is the development and implementation of an affordable electronic system solution that replaces paper checks or vouchers with an electronic food instrument. FNS is neutral with respect to technical solutions, as long as the system meets functional expectations and is financially sustainable. FNS has supported off-line, smart card technology for WIC EBT because it makes possible a fully functional electronic solution for WIC benefit delivery. FNS will support an on-line, magnetic stripe card solution, as long as it successfully meets WIC EBT functional requirements. In the case of both technologies, EBT must fit within a State's budget parameters.

To the extent current WIC EBT projects hold promise for statewide viability and system transfer, FNS will continue to support State agencies planning, developing, implementing, and evaluating EBT systems. EBT system functionality to maintain nutritional integrity for food benefit issuance and redemption, and financial sustainability will continue to be FNS' top priority in the pursuit of a viable WIC EBT system solution. Concurrently, FNS will support the testing and implementation of alternative technologies for WIC EBT in line with current trends in commercial retail transaction processing including on-line system solutions.

FNS is exploring alternative means for WIC EBT project funding. In the meantime, funding support for WIC EBT will continue to come primarily from annual WIC EBT grants, which have been awarded to State agencies through an annual grant solicitation process every year since fiscal year (FY) 1997. WIC EBT grants are intended for system design, development, and implementation. Once WIC EBT systems are implemented, FNS expects system operation and support to be funded through annual State agency nutrition services and administration grant funding.

The contents of this guidance document do not have the force and effect of law and are not meant to bind the public in any way. This document is intended only to provide clarity to the public regarding existing requirements under the law or agency policies.

Please convey this information to your State agencies immediately. If you have any questions about this memorandum please contact us.

/S/

PATRICIA N. DANIELS
Director
Supplemental Food Programs Division