

SNAP Electronic Healthy Incentives Project (eHIP) Request for Applications (RFA)- FY2023

Clarifying Questions and Answers

1. Who are eligible applicants for these awards? (Please see the change to the eligibility criteria outlined in the RFA)

Answer: Eligible entities include the 53 State agencies who administer SNAP Supplemental Nutrition Assistance Program (SNAP). State agencies in the process of Electronic Benefit Transfer (EBT) system re-procurement are eligible as long as they can ensure the project can operate within the given timeline stated in the RFA. As a point of clarification, State agencies that are in the process of converting their EBT processor and have finished building out the requirements at the time of applying will not be considered eligible applicants. Each eligible applicant may only submit one application in response to this grant solicitation.

2. Has the RFA due date been extended?

Answer: Yes, the RFA due date has been extended through 11:59 p.m. Eastern Time on Monday, April 17, 2023.

3. Is my State eligible if we have started the re-procurement process or plan to begin the process during the project timeframe?

Answer: State agencies in the process of EBT system re-procurement are eligible as long as the State agency can ensure the project can operate within the given timeline stated in the RFA. This clarification has been updated in the modification summary section on Grants.gov where the RFA can be found.

All applicants must abide by the grant project timeframe as stipulated in the RFA on page #16 (Key Timeframes). The anticipated period of performance for this grant project is 4 years. Priority will be given to proposals that plan to launch the project in a fully operational form within 18 months of executing a signed cooperative agreement.

4. What's considered eligible fruits and vegetables (F/V)?

Answer: Qualifying F/V are considered whole fruits and vegetables (including legumes); 100% fruit or vegetable juice; and any variety of fresh, canned, dried, or frozen whole or cut fruits and vegetables without added sugars, fats, or oils, and salt (i.e., sodium).

5. Can a State implement both incentive models – F/V for F/V and F/V for any SNAP eligible item?

Answer: Yes, States agency can implement both incentive models. However, they must clearly define the difference in costs for each model and explain how the EBT processor will make the necessary changes for this to work.

6. Does a State need to have Memorandums of Understanding (MOUs) already in place with partnering retailers by the application due date?

Answer: No, only a Letter of Commitment is needed. MOUs will need to be signed only after applicant's have been selected and awarded, as indicated on page 21 of the RFA. Awardees must work with their retailer partners to enter into a MOU before the retailer(s) can participate in the eHIP project.

7. Will all participating State agency need to offer the same incentive cap?

Answer: No, each State agency should propose an incentive monthly cap that they feel best works for their respective State's program.

8. Will the eHIP program continue after this initial grant?

Answer: The SNAP E-HIP grant will be funded during the grant's period of performance. As indicated on page 16 of the RFA, the anticipated period of performance for this grant project is four (4) years. After the period of performance end date, this grant will conclude and grant funds will no longer be available.

Keep in mind that the purpose of eHIP is to develop and provide a cost effective and consistent way to deliver incentives via EBT integration. After this initial grant, the eHIP incentive delivery method can be used to deliver other incentives, such as the Gus Schumacher Nutrition Incentive Program (GusNIP), the Healthy Fluid Milk Incentive (HFMI), State-funded SNAP incentives, privately funded SNAP incentives, and others offered during or after the eHIP project.

9. Will participating retailers need to apply for an incentive waiver to offer incentives under eHIP?

Answer: No. While each State agency selected for an award will receive a waiver before project implementation, individual retailers will not need an incentive waiver. Please refer to page #20 in the RFA.

10. Should eHIP incentives be a new program or new benefit type under SNAP?

Answer: While there are definite advantages to a separate incentive account, it can be either, depending on what the State and EBT processor determine is the most feasible way to set up the program.

11. Is there any exception if an applicant's plan isn't fully operational in the 18 months or is it just that State agencies will lose points on scoring if their plan is ready to go closer to the two years?

Answer: The anticipated period of performance for this grant project is 4 years. Priority will be given to proposals that plan to launch the project in a fully operational form within 18 months of executing a signed cooperative agreement. In terms of scoring, points will not be deducted but there will be preference given to applicants who propose to be fully operational within 18 months. Please refer to RFA on page #16 (Key Timeframes).

12. Do Third Party Processors (TPPs) need to provide a letter of commitment?

Answer: No, the retailer's TPP(s) will not need to provide a letter of commitment. However, retailers will need to talk with their TPP(s) to ensure all necessary changes can be completed and that the retailer understands the costs associated with it. Retailers should confirm they've spoken with their TPP(s) in their letter of commitment.

As stipulated on page #31-32 of the RFA, Letter of commitments are required from the:

- State applicant
- Partnering retailer(s) to provide incentive(s).
- EBT contractor
- Other partnering organizations who will partner with the applicant (if applicable)

13. Does FNS anticipate future eHIP grants being available or is this anticipated to be a one-time grant?

Answer: Future grant awards are subject to the availability of funding and/or appropriations by Congress.

14. Can the \$25M be used to cover State and EBT Vendor system changes?

Answer: Yes, the funds are intended to be used primarily for the EBT Processor and incentives (RFA pg. 23). However, we understand there is a cost to the retailer as well, so a portion of the funds may be used for POS system costs for retailers located in the priority areas specified in the RFA who serve marginalized and/or food insecure communities (RFA page #13).

15. Are there any major retailers expressing interest in eHIP that applicants should be aware of?

Answer: No, we are not aware of any. State applicants should find interested retailers in their State and partner accordingly.

16. Can a portion of the \$25M be used to fund the incentives until another source is found?

Answer: Yes. A portion of the funds *must* be allocated towards the incentives, along with the necessary changes for the EBT Processor. For more information the Funding Allocation Guidance section in the RFA (page 23).

17. How detailed do the EBT system requirements need to be in the proposal? Will applicants have the opportunity to modify them once the grant is awarded?

Answer: Please refer to page #44 in the RFA for the Systems Functionality and Requirements.

The proposal should ensure all functional requirements are addressed so that FNS can clearly identify and understand the overall solution design being proposed. However, because FNS understands that not everything is completely defined right now, adjustments may be needed as work with the State to finalize the design after award.

18. Do the incentives have to be made available immediately? Or later that month? Does it matter?

Answer: FNS would like to revise the response to a question asked in the February 28th webinar. FNS was asked if the incentives must be made available for the household to spend immediately upon earning them. We responded in the affirmative at that time. However, upon further consideration, we would like to instead encourage proposals that do not make the incentives available immediately, preferring that they be made available no sooner than the next day.

Having the incentive available immediately allows households to earn an incentive on an incentive on the same shopping trip. For example, in a dollar-for-dollar scenario, a household could spend \$1 on F/V, run a separate transaction while still in lane with the \$1 incentive that they just earned to buy more F/V, run a 3rd transaction with the \$1 earned on the 2nd transaction to buy another \$1 worth of F/V and so on. By only spending \$1 in SNAP benefits, households would be able to earn up to the cap, essentially creating benefits in one shopping trip without making the intended SNAP purchases.

If the State proposes to make the benefits available immediately, the State should indicate how it will prevent the above scenario from occurring. For more information, see Section 4 Incentive Amount (page 11) in the RFA.

- 19. Scenario – If we’re proposing to work with 10 retail locations and four of those meet each of the Priority Zones Target Areas, would we get all 20 bonus points? Even if the other six remaining locations don’t hit those criteria.**

Answer: There’s a chance to get *up to* 5 points for each priority area targeted. If a portion of the participating retailers meet the agencies priorities, then the applicant will receive *up to* 5 bonus points for each priority area the project targets. For further information on bonus points please refer to: Page 37 (Agency Priorities (20 Bonus Points)) in the RFA.

- 20. Are the incentives separate from regular SNAP? Do they need to be reported separate?**

Answer: Yes, the incentives will need to be tracked and reported separately from SNAP transactions. See page 44 of the RFA. for further EBT tracking requirements.

- 21. Does the funding for incentive benefits follow the regular AMA route for settlement? If not please specify the potential new agency that processes funding requests.**

Answer: No. The incentive funds will be provided to the State as a grant and will be drawn down outside of AMA.

- 22. Is FNS thinking this will be part of the modernization project where benefits are reported by benefit type?**

Answer: No. See answer above. Based on new information, FNS is revising the requirement in the RFA. Incentives will be issued as a sub benefit type under SNAP and incentive grant funds will be drawn down outside of AMA.

- 23. Does the state require Incentive Benefits file to link to their Eligibility System? Note: The incentive benefits are 'added' by the processor per business rules as opposed to the traditional Benefit File processing from the State.**

Answer: It is not the intention at this time to have incentive benefits linked to the eligibility system. However, a State agency may do so if it believes there is value to having the incentive information on the eligibility system.

- 24. Are expiration dates required, or is it acceptable to use the normal SNAP benefit expungement timeframe (274 days of non-use)?**

Answer: The 30-day expiration requirement was put in to help mitigate against the ability to earn an incentive on an incentive as well as being able to redistribute unused incentive funds for other households. Please refer to page #14 of the RFA, under Household eHIP Earnings Information. FNS will consider alternatives to the 30-day expiration requirement if the State can show that the benefit of doing so outweighs the expected advantages or can improve the intended impacts of the 30-day expiration.