



Food and
Nutrition
Service

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DATE: February 6, 2024

SUBJECT: WIC Informational Memorandum: Updated Guidance on Thresholds and Procedures for WIC MIS/EBT Implementation Advance Planning and Procurement Documents Requiring FNS Approval

TO: Regional Directors
Special Nutrition Programs
All Regional Offices

WIC State Agency Directors
All State Agencies

This memorandum replaces the WIC Informational Memorandum dated August 10, 2022. In particular, the USDA Food and Nutrition Service (FNS) State Systems Office (SSO) has revised the section titled **Threshold for FNS Review of EBT Projects after Statewide EBT**. Handbook 901 will be updated to reflect this revised guidance.

When conducting technology projects, WIC State agencies must comply with the Advance Planning Document (APD) requirements consistent with Section 17 of the Child Nutrition Act (P.L. 89-642, as amended), 7 CFR Part 246, and Federal procurement requirements at 2 CFR Part 200, Part 400, and Part 416.

The purpose of this memorandum is to inform WIC State agencies of the:

- Dollar thresholds at which WIC technology projects (Management Information System (MIS) and Electronic Benefit Transfer (EBT)) will require FNS approval, including new thresholds for both the Advance Planning Documents (APDs) and procurement documents.
- Planning documentation requirements for FNS approval of an EBT procurement subsequent to the State Agency-reaching statewide EBT, (commonly referred to as “re-procurement”); and
- Other FNS review and approval processes are impacted as a result of these two changes.

Thresholds for FNS Review of MIS Projects

Prior to the August 2022 memorandum, the cost thresholds at which State agencies are required to submit project planning documents to FNS have not been raised in over 30 years. This resulted in FNS reviewing projects of comparatively low cost, risk, and complexity. Further, technology costs have increased in the years since FNS set the prior dollar thresholds. Therefore, to reduce WIC State agency burden, and to target FNS review more effectively, FNS is instituted higher cost thresholds for MIS project review, where permitted by regulation.

Consistent with SSO’s August 2022 guidance, the threshold at which a full APD for an MIS project is required now begins at \$1,000,000 rather than the previous \$500,000. For projects costing \$100,000 to \$999,999, only limited project documentation is required.

Further, consistent with prior guidance, the requirement to provide written notification to FNS of any costs between \$5,000 and \$99,999 applies only to MIS *projects*, not individual purchases. State agencies need not notify FNS of purchases such as routine hardware replacements, telephonic/call center management software, and other small technology purchases that do not constitute a project and are not part of a project.

The project cost thresholds are:

- <\$5,000 - No federal review needed for MIS.
- \$5,000 to \$99,999 - Written notification to the RO within 60 days of project initiation or contract execution
- \$100,000 to \$999,999 – Requires FNS approval of limited project documentation:
 - a. Description of needs
 - b. Explanation of purchases
 - c. Budget
 - d. Cost allocation (if applicable)
 - e. Procurement documents (Request For Proposals (RFPs) and contracts)
- ≥\$1 Million - complete Planning APD (PAPD) and Implementation APD (IAPD) review and approval process applies (see FNS [Handbook 901](#))

In addition, in 2022, FNS raised the thresholds at which an APD-Update (APDU) “As-Needed” is required. The thresholds are currently \$250,000 or 10% of the total project cost (whichever is less) or a schedule change of 120 days or more. Note the requirements for an *Annual* APDU, which are not based on cost, have not changed.

Note: The State Agency Model (SAM) funding process will remain the same and is not affected by the revised thresholds. The SAM User Groups will continue to use the annual APD process to obtain funding. Please consult with your Regional Office (RO) if needed to clarify applicable requirements.

Threshold for FNS Review of EBT Projects after Statewide EBT

Previously, a State agency planning to re-procure EBT processor services would be required to submit an IAPD, regardless of anticipated cost. This refers to the *planned activity*, distinct from the cost thresholds for the submission of the *procurement* documents themselves, discussed further below. The Implementation Advance Planning Document (IAPD) is no longer required prior to any WIC Electronic Benefit Transfer (EBT) re-procurement activities. This process will now be aligned with the SNAP process. Accordingly, the IAPD will now be required to be submitted after the new contract is negotiated and prior to the beginning of the new contract period and before incurring any costs under the contract. At this point, the State agency will have more accurate cost data upon which to estimate the budget for the life of the new contract.

The contents of the IAPD for EBT re-procurement are brief – as little as a few pages. The IAPD need only include a transmittal letter, executive summary, procurement schedule, procurement plan, cost allocation plan (if applicable), and anticipated budget. Please see the table in the Attachment for a specific list of required components in an IAPD for EBT in comparison to MIS.

An IAPD update (IAPDU) will only be needed once it is determined the total projected costs of the project will exceed the amount approved in the IAPD.

Thresholds for FNS Review of Technology Procurements

In addition to the revised thresholds at which a technology project plan requires Federal review, in 2022 FNS also changed the threshold at which procurement documents in WIC, such as RFPs and contracts, require FNS review. Currently, only RFPs and contracts for services anticipated to exceed \$250,000 total, including option years, must be submitted to FNS for review. This threshold conforms to the Simplified Acquisition Threshold specified in the Federal Acquisition Regulation (FAR) Subchapter A, subpart 2.1. Definitions are referenced in Federal Regulations at 2 CFR Part 200, Appendix II, which applies to WIC. This applies to:

- Both MIS and EBT procurements
- All RFP/contract types (i.e., system development, “Transfer and Implementation” (T&I), EBT processing services, MIS or EBT “enhancement” or “modernization,” planning, project management, Quality Assurance (QA), Independent Verification & Validation (IV&V), etc.)
- Both competitive and single-source procurements

Procedures for Re-Procurement of EBT Services or Procurement of MIS Maintenance and Operations (M&O) or Maintenance, Operations and Enhancement (M&O/E) Service Contracts

Some WIC State agencies may incorrectly assume procuring EBT processor services will take significantly less time than it did for their initial agency-wide implementation. The procurement process for any technology project or service can take up to two years, from drafting an RFP to signing a contract. If selecting a different vendor than the one which currently holds the contract, the State agency also needs to allow for a sufficient period of transition. FNS strongly recommends adherence to the following timeframes:

- 3 years before the current contract expires - State agencies should begin assessing their needs, analyzing gaps in the current contract or where improvements and cost savings can be made, reviewing new WIC Program requirements, and begin writing the RFP for the next period of contractor services. (The process of writing the RFP and securing internal State approval can take up to a year.)
- 2.5 years before the current contract expires - The RFP should be submitted to FNS for review. It typically takes a year for the following: allowing sufficient time for FNS review and concurrence, releasing the RFP for bids, allowing at least 90 days for bids, conducting the evaluation and selection process, negotiating the new contract with the selected vendor, and submitting the contract to FNS for review.
- 1 year before the current contract expires - For EBT processor services - The State agency and the newly signed processor should begin the process of transition, testing, data conversion, and other activities necessary to ensure completion before the old EBT contract expires. (The activities and timeframe following contract execution differ if the incumbent vendor is selected.)

- Approximately 6 months before current contract expires – For MIS M&O/E services – The State agency and the newly signed M&O/E service provider, together with the outgoing provider, should begin the process of transition. Even though there is likely no data conversion involved in a transition from one MIS contractor to another, a strong handoff, assuring the new provider is fully able to support the system, users and WIC clients, takes at least six months, and a sound change-management approach. (An APD is not required for continuing M&O services unless significant changes to platform, functionality, etc. are planned. Discuss the scope of your planned M&O procurement with the FNS Regional Office (FNS RO) before proceeding without an APD, to ensure there is no risk of disallowed costs.)

Submission and Review Procedures

There is no change to submission and review procedures. State agencies will submit both the APD and procurement documents for review to the appropriate FNS RO staff, and cc: the appropriate SSO analyst, if known. FNS will acknowledge receipt. Any comments or questions will be provided to the State agency within 60 days. The State agency's IAPD and procurement timelines must take FNS review times into account, including the possibility an additional review of any revisions may be required. The State agency may not incur any new costs prior to FNS approval.

FNS Procurement Oversight

There is no change to submission and review procedures. State agencies must comply with the minimum Federal procurement requirements contained in 2 CFR Part 200.315 (*Intangible Property*), and Appendix II of 2 CFR 200 (*Contract Provisions for Non-Federal Entity Contracts Under Federal Awards*).

FNS reviews State agency procurement documents (RFPs and contracts) to ensure compliance with these regulations. In addition, FNS' review will include an assessment of the following to ensure the project or work described in the procurement is consistent with the project or work described in the approved IAPD, and is in compliance with regulations regarding utilizing Federal funds:

- Project description
- Scope of work
- Functional requirements
- Deliverables
- Draft project schedule
- Implementation plan
- Project governance/ management approach (who the contractor will be accountable to)

Finally, FNS will provide technical assistance or advice on other aspects of the RFP or contract that may impede competition or may jeopardize the State agency's ability to successfully negotiate or enforce a contract.

Conclusion

This memorandum provides the current thresholds for submission of APD and procurement documents for FNS review. These thresholds and guidance in this document for approval of a WIC EBT re-procurement supersede FNS Handbook 901. Handbook 901 will be updated to reflect the process guidance provided in this memorandum. The process and requirements in Handbook 901 *remain in effect for State agencies which have not yet completed Statewide implementation of EBT.*

In addition, WIC State agencies are encouraged to continue to reference [Handbook 901](#) on topics such as conducting a fair and open procurement, and writing a strong Request for Proposal (RFP) and contract. These are still relevant to MIS projects and EBT re-procurements.

This memorandum supersedes WIC Policy Memorandum #2007-4, *WIC Advanced Planning Document (APD) Policy Changes*, which will be cancelled given these updates.

Finally, FNS reserves the right to require alternate processes and documentation requirements to fast-track key priorities. If a project is subject to alternate requirements, FNS will clearly outline the process State agencies must follow and outline documentation requirements State agencies must meet.

We hope this information provides the clarity needed until Handbook 901 is updated. If you have any questions, please contact your FNS RO or SSO analyst.

Mark Barner
Director
State Systems Office

Attachment

ATTACHMENT

Components required in IAPDs for MIS or for EBT Re-Procurement

IAPD Components	WIC MIS IAPD (remains the same as in HB901)	WIC EBT Re-procurement IAPD
Transmittal Letter	X	X
Executive Summary	X	X
Functional Requirements Document (FReD)	X	
Feasibility Study/Alternatives Analysis	X	
Cost Benefit Analysis	X	
General System Design	X	
Capacity Plan or Study	X	
Project Management Plan	X	
Resource Requirements	X	
Schedule of Activities, Milestones and Deliverables	X	Procurement timeline only, not transition/conversion timeline
Procurement plan		X
Proposed Budget <ul style="list-style-type: none"> • With Funding sources table 	X	X
Cost Allocation Plan	As appropriate	As appropriate
Security Plan	May be submitted later	
Training Plan	X	
Test Plan	X	
Request for Waiver of Depreciation (if desired)	X	
Conversion or Transition Plan		Submitted later, not part of the IAPD
Data conversion plan		Submitted later, not part of the IAPD

USDA FNS reserves the right to require additional documentation as needed. Further, FNS reserves the right to require alternate processes and documentation requirements to fast-track key priorities. If a project is subject to alternate requirements, FNS will clearly outline the process State agencies must follow and outline documentation requirements State agencies must meet.

Please note, the point in the process at which the IAPD and IAPDU are required differs between the WIC and the Supplemental Nutrition Assistance Program (SNAP). States pursuing a joint WIC/SNAP EBT re-procurement should consult with their FNS RO and SSO team as early as possible for additional guidance.