EXECUTIVE SUMMARY

The WIC State Agency Information System (IS) Profile is a compilation of information on each State agency's information system. The profiles cover topics such as system architecture; development plans; system functionality; hardware, software and communications; and various technologies of interest to the WIC Program. Development and operating costs will be added in Spring 2004 after final fiscal year 2003 costs are submitted. The profiles provide a snapshot of the system operated by each WIC State agency during fiscal year 2003. All 88 WIC State agencies submitted a profile for inclusion in this report.

Functionality. WIC systems differ from State to State, and the degree of automation varies as well. In fiscal year 1999, a joint FNS/National WIC Association workgroup was formed to assist FNS in the development of a long-range strategic plan for WIC system development and implementation. The workgroup identified 24 automated functions that they believe every WIC system should perform in order to operate efficiently and effectively. These include complex functions such as automated income calculation, and tedious or redundant functions such as rejecting food instruments that exceed a maximum price. They also include functions that help ensure integrity in the WIC program such as the inclusion of edits to prevent overissuance in the food package. The 24 functions were further defined to create 30 core functions. Data were submitted by 87 State agencies. The Profile results show that 90 percent of the State agencies perform 50 percent or more of these 30 core functions. While WIC systems are improving, only 47 percent have achieved between 75 and 100 percent of core functionality.

WIC systems have evolved and improved over time; however, improvements are still needed. With the early WIC systems, participant certification forms were hand-written, batched, and mailed to a central computer site for data entry. A turnaround document was sent back to the local agency for the participant's file. This procedure was done on a monthly basis to reflect each change in participant status and to correct data entry errors. Mississippi and Washington, D.C. still operate "paper batch" systems today. Still, the use of hand-written certification forms exists in many clinics today. Fourteen State agencies indicated on their survey that there are insufficient computers to allow for data entry at the point of certification. Usually this means data is handwritten initially and entered in a PC on-site at the end of the day.

WIC System Development. The two largest WIC State agencies, California and New York, implemented new systems in 1996 and 2001 respectively. On a regional basis, the Mid-Atlantic Region has had more development activity in recent years than any other region. Six of the nine State agencies in that region are in the process of developing new systems or have just implemented a new system.

Nationally, recently implemented systems include: New Mexico (1998), Washington (1999), Alaska (1999), Hawaii (1999), Indiana (2000), New York (2001), Pennsylvania (2002), and Maryland (2002). Several small and mid-sized State agencies are exploring the concept of joint procurements in order to achieve economies of scale. This has worked well with many of the WIC Indian Tribal Organizations (ITO's) that currently use the WIC Indian Networking Data System (WINDS). WINDS is utilized by all nine of the Mountain Plains Region tribal organizations and three other ITO's outside the Region. Current joint procurements include SPIRIT, which is comprised of 14 ITOs in the Southwest Region, and an ongoing effort between North Dakota and Iowa, which will be based on the Pennsylvania system.

System Costs. Unlike the Food Stamp Program where there is a State match in Federal funds, WIC systems are nearly 100 percent federally funded. The primary source of funding is the WIC nutrition services and administration (NSA) grant. These grant funds are used to pay for nutrition services, vendor management, staff salaries, breastfeeding promotion and support, etc. Information system needs compete with all these other needs for the limited NSA funds available. The total funds spent on information systems in fiscal year 2003 was $135.7 million, or 11 percent of the total NSA expenditures.

Of the $135.7 million spent, new acquisitions ($13 million) and major equipment upgrades ($12 million) represented 9.6 percent and 8.8 percent respectively of the total NSA expenditures. On-going operations ($110.7 million) accounted for 81.6 percent of the total NSA expenditures. About 24 percent ($32.2 million) of the total funds spent on information systems in fiscal year 2003 were spent in California ($14.3 million) and New York ($17.8 million). The most significant system costs for WIC are on-going costs, particularly food instrument processing ($20.9 million), staffing ($13.8 million), and telecommunications ($10 million). Operations costs include the cost of CPU time, report printing, data storage, backup tape production, and other associated costs.

This profile report was last produced in fiscal year 2001. The system costs in fiscal year 2001 were $145.5 million. Thus total costs have decreased about $9.8 million, primarily due to the development of fewer systems and associated acquisition costs.

The costs shown in this report were incurred in fiscal year 2003. Development of projects, and therefore costs, generally span 3 to 4 years. Currently, 8[1] State agencies have obtained FNS approval via an Advanced Planning Document for the acquisition of a new system or transfer of an existing system. The estimated total cost of these new acquisitions range from $3.3 million in Washington, D.C. to $7.5 million

[1] The Pennsylvania APD is still open, but it is not included in this list of 8 State agencies since the system development has been completed and is in production.

in Oregon. The most expensive systems to date were implemented in California ($18 million) in 1996 and New York ($33 million) in 2001.

Communications. Data were reported by 84 State agencies. The number of State agencies connected to their FNS regional office was 99 percent; connected to other offices within the State, 83 percent; connected to their local agencies, 67 percent; connected to WIC clinics, 49 percent, and connected to other WIC State agencies, 94 percent. Improvements are still needed in communications, especially between State agencies and their clinics, as only about half of the State agencies have these electronic connections.

System Age. Of the 86 State agencies that reported the age of their system, the majority, 69 percent, were implemented statewide sometime prior to 1999. Many of these systems will likely need replacing within the next few years. The oldest systems in existence at the time of this survey were located in Vermont and Washington, D.C. These systems were built in 1978 and 1981 respectively. About 29 percent of State agency systems are relatively new, having been implemented within the past 5 years.

WIC's Place Within the Health Department. More and more States are moving toward one-stop shopping for clients. This is a slow process, requiring the restructuring of programs and systems. Approximately 20 percent of all WIC systems are integrated with other systems within the State. More State agencies have integrated WIC systems in the southeast region than in any other region. Over half (52 percent) of WIC State agencies indicated that the WIC Program is part of a long-range information technology plan within the State.

***WIC System Trends*:** The early WIC systems consisted of centralized databases with centralized data processing. Over the years, State agencies have slowly migrated toward decentralized, distributed client server systems, where client data are maintained and processed locally using one or more local area networks and file servers. With the advent of the internet and web browsers, many State agencies are now interested in developing a web-based centralized WIC system. This is likely to be the next generation of WIC systems. However, at the time of this report, only one State agency, the Pennsylvania WIC Program, had completed the development and deployment of a WIC web-based application on its State intranet. Maryland, North Dakota, Iowa, Louisiana, and a consortium of 14 ITOs (SPIRIT) are currently at various stages of developing their own web-based systems. Some of them will be based on the Pennsylvania system.

MIS Funding: The development of new web-based systems is supported by the State Agency Model (SAM) project. SAM is a five-year effort to develop multiple model systems through collaborative efforts

by State agency and FNS consortia. It also includes the transfer of these models to other WIC State agencies in order to eliminate duplication and streamline the procurement process. This process supports the agency's goal to improve the stewardship of federal funds by replacing State agency legacy systems to increase the efficiency, capability, and consistency for tracking program expenditures, infant formula rebates, program income and other financial aspects of the Program. The modernization of WIC systems will also improve the efficiency of program administration by streamlining clinic operations, and reducing the incidence of WIC Program fraud through development and enhancement of fraud detection systems.

Electronic Benefit Transfer (EBT). The WIC Program provides about $4 billion in food benefits to WIC participants annually. The vast majority of State agencies issue paper food instruments to participants, which are then exchanged for food at the grocery store. However, FNS is committed to streamlining the food delivery, payment, and reconciliation process by replacing the paper food instrument with an electronic transaction. While there are many advantages to an electronic benefit delivery system, State agencies have yet to find an affordable approach to WIC EBT. The Wyoming WIC Program has been the only WIC State agency to rollout EBT statewide, but requires additional State funds to support ongoing operations. This was accomplished in March 2002. Eleven other State agencies have received grants to conduct EBT pilot projects. Thus far, the systems tested have utilized off-line technology. However, Michigan is planning to test a partially on-line EBT system in the Fall of 2004. Thus, the merits of an on-line WIC EBT system are yet to be explored and tested.

In April 2003, FNS contracted with Information Systems Support, Inc. (ISS) to test the feasibility of using on-line magnetic strip cards in retail grocery stores to provide electronic benefits to WIC participants. The on-line demonstration project is being conducted over a 3 year period. In the fall of 2003, four State agencies participated in the design sessions: New Mexico; Washington; Washington, DC; and California. In January 2004, FNS selected Washington State to conduct the functional demonstration. Washington State will conduct a field demonstration in February 2005.

A National Evaluation Model has been developed. It will serve as a uniform framework for use by State agencies and FNS in deciding whether to continue or expand WIC EBT initiatives as WIC carefully manages program resources while moving toward broader implementation of EBT.

Conclusion. The WIC Program will face many challenges in the coming years. State WIC Programs will be challenged to maintain a quality nutrition program and still meet the ever increasing demands placed upon them to develop new technology, improve basic system functionality, replace aging systems, as well as maintain those systems, all within a limited budget. Additional funding through SAM, as well as State

agency adoption of a more cost-effective multi-State collaborative approach, will greatly enhance the ability of State agencies to upgrade their WIC systems to modern technology.