



California
Department of
Health Services

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State of California—Health and Human Services Agency
Department of Health Services

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GROCER ALERT 2005-12



ARNOLD SCHWARZENEGGER
Governor

TO: ALL WIC GROCERS
SUBJECT: INCENTIVES OFFERED BY 50% VENDORS

Purpose

I am writing to provide you information on what is permitted by 50% vendors offering incentives to participants of the California Women, Infants, and Children (WIC) Supplemental Nutrition Program. Effective December 1, 2005, 50% vendors will be limited to only providing specific food items as incentives once they have requested and received permission to do so.

Background

Federal law, Public Law 108-265, Section 17(e)(11)(D)(ii)(I), of the Child Nutrition and WIC Reauthorization Act of 2004, which amends Title 42 of the United States Code, Section 1786(h)(14), prohibits a State agency from authorizing or making payments to 50% vendors that provide incentive items or other free merchandise, except food or merchandise of nominal value, to program participants unless the 50% vendor provides to the State agency proof that the 50% vendor obtained the incentive items or merchandise at no cost.

Definition of 50% Vendor

A 50% vendor is defined as vendors:

- (a) for which more than 50 percent of the annual revenue of the vendor from the sale of food items consists of revenue from the sale of supplemental foods that are obtained with food instruments: or
- (b) who are new applicants likely to meet the criteria of item (a) under criteria approved by the Secretary.

Grocer Implications

If you are not a 50% vendor, this policy will not apply to you. If, however, you are a 50% vendor you must:

- not provide incentives unless you meet the requirements of the new federal law, including obtaining prior approval from the WIC Branch.
- provide incentives to WIC participants only at the time that you are transacting a food instrument.
- not discriminate against WIC participants with regard to any restrictions on incentive items. This means you may not provide incentive items to non-WIC customers without the same restrictions set forth in this grocer alert regarding WIC participants.

**Approved
Incentive
Items**

50% vendors may only offer incentives to a participant family once per calendar day. The incentive items shall be purchased from a wholesaler with a wholesale cost of less than two dollars. The two dollar limit pertains to the wholesale cost of all incentives offered to a participant family on a given calendar day. Approved incentive items include only the following:

- (1) Prepackaged fresh fruit and vegetables, purchased from a wholesaler.
- (2) 14-ounce to 16-ounce cans of any brand or variety of mature beans; mature peas; lentils; or baked beans in the plain, with pork, with bacon, or vegetarian varieties, purchased from a wholesaler.
- (3) Any variety of prepackaged uncooked, plain, dried, mature beans, peas, or lentils purchased from a wholesaler.
- (4) Commercially made, prepackaged, 100 percent corn tortillas, purchased from a wholesaler.
- (5) Commercially made, prepackaged, whole wheat bread, purchased from a wholesaler. Whole wheat or whole wheat flour shall be the first item in the ingredient list on the product label for it to qualify as whole wheat bread.
- (6) 6-ounce cans of chunk light, water-packed tuna purchased from a wholesaler.

**Customer
Services**

50% vendors may only offer the following customer services: obtaining items from shelves or display cases, bagging purchased items, and assisting participants with packages to their vehicle. 50% vendors shall not provide any services other than those listed above.

**Requesting
Personal
Information
from
Participants**

50% vendors shall not collect any personal information from the participant in order for the participant to receive an incentive item. Personal information means information that identifies or describes a participant such as: name; address; telephone number; social security number; driver's license; physical description; education; financial information; employment history; medical history; and Program appointment information. Personal information does not include identification provided by the Program to participants that identify them as participants.

Monitoring All 50% vendors are subject to monitoring for adherence to the provisions of the vendor agreement addendum.

Invoices 50% vendors must keep all invoices for each incentive item offered for three years from the date of purchase and must, if asked, provide all of these invoices to agents of the State, the WIC Program, and the Comptroller General of the United States. Each invoice shall indicate the following items:

- a) Specific incentive item(s) the 50% vendor offered as incentives;
 - b) The quantity of the incentive item(s) purchased;
 - c) The purchase price by unit of the incentive item(s) purchased;
 - d) The total purchase price of the incentive item(s) purchased;
 - e) The name, address, and phone number of the wholesaler;
 - f) The name and address of the 50% vendor; and
 - g) The date the 50% vendor took delivery of the incentive items(s).
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Requesting Permission to Provide Incentives If choosing to offer incentives, the 50% vendor must request an addendum to its vendor agreement. Once the 50% vendor and an authorized WIC Branch representative sign this addendum, the conditions are binding.

You may request this vendor agreement addendum by writing your assigned vendor analyst at:

Department of Health Services
Women, Infants, and Children Supplemental Nutrition Program
Food Management and Integrity Section
3901 Lennane Drive
Sacramento, CA 95834
Fax: (916) 928-0608

Your written request will be processed in the order that it is received. The WIC Branch will mail you an addendum, which you must sign and return for processing. Once the Branch has received your signed addendum, a WIC Branch representative will sign and mail back your final copy. Since the addendum will become part of your existing vendor agreement, we suggest you keep it with your contract. Authorization to provide incentive items shall begin on the date the Program signs the addendum.

Permission to offer incentives will expire with the expiration of your vendor agreement period. Therefore, if you wish to continue to offer incentives during a subsequent vendor agreement contract period, you will need to complete a new addendum.

WIC Website Please refer to the WIC website at: www.wicworks.ca.gov for other WIC program information.

Questions Thank you for your cooperation in this matter. If you have any questions, please contact your WIC Grocer Consultant at (916) 928-8705.

David Markell, Chief
Food Management and Integrity Section
California Women, Infants, and Children (WIC) Supplemental Nutrition Branch