

Above Fifty Percent Vendor Assessment**Policy No. VM-100.03**

Effective Date: October 1, 2016

No. of Pages: 6

Policy

Vendors that derive more than 50 percent of their annual food sales revenue from WIC food instruments, and new vendor applicants expected to meet this criterion under guidelines approved by FNS, are defined as above-50 percent vendors. Georgia WIC will conduct an annual assessment of each current vendor, except pharmacies and military commissaries, to determine if they derive more than fifty (50) percent of their food revenue from WIC food instruments. Vendors will also be assessed at re-authorization. New vendors will be assessed within six (6) months of authorization to determine if they derive more than fifty (50) percent of their food revenue from WIC food instruments.

Purpose

To identify authorized vendors and vendor applicants that meet the criterion for above 50% vendors in compliance with the requirements of the federal regulations.

Procedures

The Georgia WIC Program's Office of Vendor Management (VM) must conduct Above-50% (A50) vendor assessments for all new vendors within 6 months of authorization as well as annual A50 assessments of all existing vendors. The GAWIC-VM also must determine whether vendor applicants are expected to be A50 vendors prior to authorization. If any vendor is determined to be deriving more than 50% of their food sales from WIC redemption transactions, *GAWIC will terminate the vendor's contract for no longer meeting one of its selection criteria.* If a vendor's SNAP redemptions exceed its WIC redemptions, no further assessment is required. The vendor would be deemed a regular vendor.

The definition of "food sales" when identifying A50 vendors, is the sale[s] of all foods that are eligible items under the Supplemental Nutrition Assistance Program (SNAP). The annual period may be the most recent calendar year, fiscal year, or other 12-month period. If the food sales data obtained by GAWIC-VM covers less than a year (e.g., for a vendor that has been in operation for six months), GAWIC-VM will not annualize the amount of food sales. WIC redemption data used in the State agency's calculations should cover the same period covered by the vendor's food sales amount.

Although GAWIC-VM will take steps to minimize the reporting burden imposed on vendors (e.g., by using WIC and SNAP redemption data to identify the vast majority of vendors who are regular vendors), GAWIC-VM will need to obtain documentation of food sales data from vendors whose status cannot be determined based on data already available. It is the vendor's responsibility to maintain and submit the documentation required by the program. The vendor must maintain inventory records used for Federal tax reporting purposes and other records GAWIC-VM may

Above Fifty Percent Vendor Assessment**Policy No. VM-100.03**

Effective Date: October 1, 2016

No. of Pages: 6

require for the period of time specified in the vendor agreement. Upon request, the vendor must make available all program-related records.

Vendors determined to be probable A50 must be provided the opportunity to refute the designation. For all vendors who are moved to Peer Group G, notification to the vendor is required. The notification must include the proposed peer group designation decision along with details specifying the vendor's rights to an Administrative Appeal. GAWIC prohibits the use of incentives and will not except such goods or services. This is to ensure no conflict of interest or result in a liability for the WIC Program.

Step 1

GAWIC-VM must determine whether vendor applicants are expected to be above-50% vendors. GAWIC-VM must ask vendor applicants:

1. Whether they expect to derive more than 50 percent of their annual revenue for the sale of food items from transactions involving WIC redemptions.
2. If the store is dependent upon receiving WIC Authorization before it can open for business.
3. To indicate whether the store SNAP redemptions exceeded \$2,100 for the prior tax year.

A vendor who answers in the affirmative must be treated as an above-50% vendor and will not be authorized as a WIC Vendor.

Step 2***SNAP TO WIC COMPARISON***

The GAWIC-VM must reassess the status of new vendors within 6 months after authorization to determine whether or not the vendors are probable above-50% vendors. Upon completion of this assessment, if the vendor's WIC Redemptions are more than 50% of total WIC and SNAP redemptions combined, the vendor is identified as potential A50. A Food Sales Calculation & Self Report Verification is performed to definitively determine the vendor's Peer Group status.

Based on the calculation of WIC redemptions as a percent of total WIC and SNAP redemptions combined for the same period, the GAWIC-VM must determine whether a currently authorized vendor meets the above-50% criterion. If GAWIC-VM determines WIC redemptions are more than 50% of total WIC and SNAP redemptions combined, the vendor must be deemed to be a probable above-50% vendor. A Food Sales Calculation & Self Report Verification must be performed. See [Above 50% Verification Form](#) for more information

WIC to SNAP redemption ratios for new and existing vendors are conducted by utilizing the WIC Reporting – A50 database, which also performs the total A50 evaluation. The Integrity Profile (TIP) system’s “Potentially Above 50% Vendor” report can be used for existing vendors, which also compares vendors’ WIC and SNAP redemptions.

Step 3

FOODS SALES CALCULATION

The next step in definitively determining the vendor’s Peer Group status, GAWIC-VM will collect food sales data from the vendor and compute the ratio of annual WIC redemptions to annual food sales in order to designate the vendor properly. After obtaining the annual food sales amount for a vendor, GAWIC-VM will calculate the ratio of annual WIC redemptions to total annual food sales (i.e., WIC redemptions divided by total food sales) and designate the vendor as an above-50-percent vendor or a regular vendor.

The food sales amount used in this calculation must be a documented amount that includes sales of SNAP-eligible items only. A documented food sales amount is an amount that is supported by written sales or financial statements, reports, tax forms, or other records sufficient for establishing SNAP-eligible food sales. SNAP-eligible food sales amount from a vendor’s annual gross food sales amount can be determined by utilizing the WIC Reporting – A50 Database. The other measures included in the Food Sales Calculation are:

1. WIC Redemption Total Exceeds 50% of Gross Sales
2. WIC Redemption Total Exceeds 50% of Exempt Sales
3. WIC Redemption Total Exceeds 50% of Estimated Food Sales
4. WIC Redemption Total (2X) Exceeds Vendor Calculated Food Sales

Step 4**VENDOR SELF REPORT VERIFICATION**

In order to ensure vendors are providing the correct information, basic reliability and validity of self-reported information is tested. Since there may be many sources of bias in self reporting, it is important to demonstrate external validity for self-reports even when face validity is very high. The Vendor Self Report Verification process seeks to identify discrepancies that exceed the reporting threshold of 15%. Legitimacy of self-reported data can be determined by utilizing the WIC Reporting – A50 database. These measures include:

1. GDOR Gross Sales To Vendor Self-Reported Gross Sales Differs By 15%
2. GDOR Exempt Sales To Vendor Self-Reported Exempt Sales Differs By 15%
3. GA-WIC Calculated Eligible Food Sales To Vendor Self-Reported Eligible Food Sales Differs By 15%
4. GDOR Taxable Sales To Vendor Self-Reported Taxable Sales Differs By 15%

Step 5**VENDOR EVALUATION**

This is a multi-criteria decision making process based on set parameters. The WIC Reporting – A50 database performs a series of one-to-one comparisons, thereby synthesizing the results.

There are established relationships between the aforementioned parameters. Any changes for the parameters will result in a different evaluation status. The process examines the relationship between:

1. WIC Redemption Total (2X) Exceeds Vendor Calculated Food Sales (*In combination with 1,2 & 3*)
2. WIC Redemption Exceeds \$300,000 Per Year (*In combination with 1,2 & 3*)
3. Vendor Square Footage Is More Than 10,000 (*In combination with 1,2 & 3*)

Step 6**VENDOR NOTIFICATION**

The vendor is notified of the Probable A50 Status and provided the opportunity to refute the designation. The vendor is moved to PG-G in VIPS in 15 days if the vendor fails to respond to the notification and within 25 days if the refutation process fails. In the notification, the vendor is provided 15 days to communicate an objection to the Probable A50 Status and provide appropriate documentation that supports the objection.

If the vendor follows the procedure to object and fails to refute their Probable A50 status or if the vendor fails to follow the proper procedure to object within 15 days of notification, the vendor will receive a final designation as a A50 vendor along with a notice to begin using new redemption rates within 25 days of the original notification. The final designation will also include details specifying the vendor's rights to an Administrative Appeal.

Authority

7 CFR Part 246.12(g)(4)(I)

7 CFR Part 246.12(h)

7 CFR Part 246.18(a)

Interim Guidance On WIC Vendor Cost Containment, June 2006

Fiscal Year 2014 State Plan for the Georgia WIC – File Code: FNS-16-1 (GA) WIC Program

Definitions/Supporting Information

Above-50-percent vendors- Vendors that derive more than 50 percent of their annual food sales revenue from WIC food instruments, and new vendor applicants expected to meet this criterion under guidelines approved by FNS.

Food sales- The sale[s] of all foods that are eligible items under the Supplemental Nutrition Assistance Program (SNAP).

WIC Reporting – A50 Database

Georgia WIC A-50 Reporting Database – Functional Overview

Georgia WIC A-50 Vendors Decision Document

Georgia WIC Process Steps for Above 50% Vendors – Standard Operating Procedures

Effective Date: October 1, 2016

No. of Pages: 6

Contact Information

Georgia Department of Public Health
Georgia WIC Program
Office of Vendor Management
Cost Containment & Analytics Unit
2 Peachtree Street, NW, 10th Floor
Atlanta, Georgia 30303