



# NUTRITION INCENTIVES RETAILER POS REQUIREMENTS

Resource Prepared by  
The National Grocers Association Foundation Technical Assistance Center and  
the POS Nutrition Incentives Workgroup

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CREATED BY GUSNIP NTAE CENTER

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**TABLE 1: VERSION CONTROL**

VERSION	DATE	DOCUMENT CHANGE	RESPONSIBLE PARTY
V 1.0	12/2/2021	Initial Version of Document	Workgroup



**TABLE 1: ACRONYMS AND TERMS**

ACRONYM/TERM	DEFINITION
EBT	Electronic Benefits Transfer
FNS	Food and Nutrition Service
GusNIP	Gus Schumacher Nutrition Incentive Grant Program
HFFI	Healthy Food Financing Initiative
NGAF	National Grocers Association Foundation
NTAE	GusNIP Training, Technical Assistance, Evaluation and Information Center
PCI DSS	Payment Card Industry (PCI) Data Security Standard (DSS)
PLU	Price Look Up Codes
PM	Project Management or Project Manager
POS	Point-of-Sale
SNAP	Supplemental Nutrition Assistance Program
TBD	To Be Determined
TPP	Third Party Processor
UPC	Universal Product Code
USDA	United States Department of Agriculture
WIC	Special Supplemental Nutrition Program for Women, Infants and Children



**FOREWORD** The working group that developed this document had the following members:

**TABLE 2: WORKGROUP MEMBERS**

ORGANIZATION REPRESENTED	REPRESENTATIVE
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Chico Natural Foods Cooperative	Joey Haney
Community Farm Alliance	Brittany Steffey
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**TABLE 2: WORKGROUP MEMBERS (CONT.)**

ORGANIZATION REPRESENTED	REPRESENTATIVE
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University of Nebraska-Lincoln	Vanessa Wielenga
Washington State Department of Health	Lauren Lubowicki
West Virginia Food & Farm Coalition	Bethany Lewis



We would also like to acknowledge the POS providers, developers, and organizations that reviewed, provided input, and expressed their support for this document.

**TABLE 4: POS PROVIDERS AND PROCESSORS PROVIDING INPUT**

ORGANIZATION REPRESENTED	REPRESENTATIVE
Conexus	Gray Taylor
DUMAC/RORC	Steve Methvin
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Interstate POS	Scott Doody
IT Retail	Luke Henry
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National Retail Systems (NRS)	Michael From
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S4 Retail Solutions	Rick Goertzen
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TotilPay	Josh Wiles
Truno Retail Technology Solutions	Greg Moody





## 1. INTRODUCTION

The purpose of this document is to establish a common set of guidelines for Point-of-Sale (POS) providers to use when enhancing a store's POS system to support nutrition incentive projects funded by the Gus Schumacher Nutrition Incentive Program (GusNIP).



GusNIP is funded by the **U.S. Department of Agriculture (USDA)** through the 2018 Farm Bill to support nutrition incentive and produce prescription projects. GusNIP is authorized under 7 U.S.C. 7517, which allows the USDA to provide funding to conduct and evaluate projects providing incentives to increase the purchase of fruits and vegetables by low-income consumers.



GusNIP was funded at \$250 million in the 2018 Farm Bill and is now a permanent part of Farm Bill legislation that will continue regardless of political administration.



Funding is expected to continue in subsequent farm bills and demand for POS solutions to implement this program is anticipated to increase annually at a significant rate. At the time of writing this paper, nearly 1,000 brick-and-mortar retailers participate in nutrition incentives projects in nearly all 50 states.



By bringing together various stakeholders, including local and state governments, non-profit organizations, educational institutions, farmers markets, and grocery store operators, GusNIP grants help to increase fruit and vegetable intake/purchases by participating households.

In fiscal year 2019, \$8.5 million was provided by USDA for the creation of the **GusNIP Training, Technical Assistance, Evaluation and Information Center (NTAE)**. The NTAE created what is now called the Nutrition Incentive Hub, a coalition of partners that actively supports GusNIP grantees as well as nutrition incentive and produce prescription projects through training, technical assistance, reporting, and evaluation support.

One of the efforts of the Nutrition Incentive Hub is to develop and provide a set of standard requirements and functions that can be used by POS providers to implement GusNIP incentive projects in retail food store locations in a generic manner, thereby supporting multiple GusNIP grantee incentive projects across multiple states and retailers.



**The goal of the standards outlined in the sections below is to do the following:**

- Allow POS providers to implement nutrition incentive projects through system configuration without having to develop additional software or use of one-off custom programming (GusNIP produce prescription projects are not included in this document).
- Provide a list of the suggested configurable parameters to support development of incentive program solutions as enhancements for existing POS systems and included as core functionality for future product updates or releases.
- Provide a list of standard reports that should be provided by the POS system in support of the incentive program.
- Provide a basic transaction flowchart for developer reference.

## 2. SYSTEM REQUIREMENTS

**Recipients of a GusNIP grant (non-profit organizations, local governments, or educational institutions) partner with food retailers authorized under the Supplemental Nutritional Assistance Program (SNAP) to establish incentive projects for increased purchasing of qualifying food items. The following bullet points provide a high-level recap of how the incentive program works.**

- Incentive discounts or coupons are provided by the store, through the POS system, to SNAP recipients who use their SNAP benefits to purchase qualifying food items, usually fresh fruits and vegetables. Food retailers are then reimbursed by the GusNIP grantee for the value of nutrition incentives redeemed.
- Incentives may be an immediate discount/rebate against the cost of the food items being purchased or may be a coupon that is redeemable in future shopping trips. A third method, utilizing loyalty programs, has also been implemented by some projects. This document does not include the loyalty card model.
- Discount or coupon match should not exceed program earning limits per transaction.



The flow of incentive transactions is provided in the bullet points below.

- Customer purchases qualifying items with their SNAP/EBT benefits.
- Customer earns incentive match in the form of a coupon or automatically applied discount.
  - If coupon model, cashier provides incentive coupon issued by the POS system.
  - If automatic discount model, neither cashier nor customer take further action. Incentive has been applied as a discount.
- Ideally the incentive amount received—in both models—is printed on the transaction receipt.
- If coupon model, the customer redeems their incentive coupon on a qualifying purchase during a future transaction. Depending on the requirements of the program, a qualifying purchase may be fruits and vegetables or it could be any SNAP-eligible item.
- Retailer provides monthly report from POS to grantee for reimbursement of redeemed incentives.

## 2.1 SOLUTION FUNCTIONALITY

This section of the document outlines the assumptions being made, provides a more detailed description of the two incentive alternatives, includes a list of the system parameters to allow program configuration, and provides a standard set of reports that grantees would like to receive from the stores. The following are the assumptions being made on the solution functionality for the incentive payments.

- Incentive is provided on specific items (e.g., fresh fruits and vegetables) being purchased on a specific tender type (e.g., SNAP). The SNAP tender is the regulatory mechanism allowing a food retailer to provide a nutrition incentive to a SNAP shopper.
- Eligible items for incentive will be identified either by store department/ sub department number or by an indicator on the UPC/PLU record in the POS System database.
- The store POS system determines the incentive amount to be provided to the customer based upon the total amount of eligible food items being purchased. The calculation of the incentive amount is determined by system parameters set-up by each incentive program.
- Store systems do not have a cap on the total budget for an incentive program (e.g., incentives will be provided by store POS until incentive program is turned off).



- The store system supports a cap on incentives earned per transaction, as determined through the system parameters.
- The store system does not require cashier intervention at issuance or redemption of the incentive (i.e., issuance and redemption of the incentive is automated).
- The store system automatically recognizes a SNAP tender to trigger incentive earnings.
- The incentive payment works in a “mixed-tender transaction” with a combination of tender types (SNAP, WIC, credit/debit and cash) during the same transaction. WIC items that may also be eligible for SNAP incentives and paid for using WIC funds are then excluded from SNAP incentive calculations. GusNIP incentive funding is allowed only for eligible items purchased using SNAP as tender.
- The incentive is communicated clearly to the customer on the receipt and/or coupon with customizable lines text and addition of program logo(s).

## 2.2 INCENTIVE MODELS

The workgroup has developed two models by which retailers can provide nutrition incentives to eligible customers. The two models are:



Register Generated Coupons



Automatic “Instant” Discount

As mentioned above, some retail outlets have developed incentive models connected to store loyalty programs. In this paper, loyalty programs are not explored due to the high level of specificity of these programs. While loyalty programs can be an effective method for implementing incentives, this paper focuses on the two most widely used POS-based methods. Each method is described separately below.

### 2.2.1 METHOD 1 – REGISTER GENERATED COUPONS

The first method for providing an incentive payment to customers is through the issuance of store POS system printed coupons, which would be generated when eligible food items are purchased with the incentive tender type (e.g., SNAP). The processing requirements for this method are:

- Incentive coupon is issued for incentives earned in a shopping trip.
- The incentive coupon cannot be used as tender in the same transaction in which it is earned.
- Customers cannot earn incentives on items purchased with incentive funds.
- An incentive coupon can be used in a future transaction regardless of whether the incentive tender type (e.g., SNAP) is used.



- Incentive coupons will have an expiration date, after which the coupon will no longer be valid.
- Customers can redeem multiple incentive coupons in one transaction.
- Incentive coupons can only be used in store/chain that issued the coupon.
- If purchase total for incentive food item (e.g., fresh fruits and vegetables) is less than amount of incentive coupon (e.g., \$3 coupon is used to buy \$2 of incentive food item), the POS system issues a new coupon for the difference.
- Customers can redeem incentive coupons and earn additional incentive on any remaining qualifying eligible incentive balance beyond the incentive redemption amount during the same transaction. For example, a returning customer presents a \$10 incentive coupon to the cashier for a purchase that has \$15 of eligible incentive items. The \$10 coupon would be applied leaving \$5 in qualifying items. If that customer pays for those items using their SNAP EBT card, they would earn an additional incentive that could be redeemed on a future transaction.

## 2.2.2 METHOD 2 – AUTOMATIC “INSTANT” DISCOUNT

The second method for providing incentives is to provide an immediate discount to the customer based upon the eligible food items being purchased through the incentive tender type (e.g., SNAP).<sup>1</sup> The processing requirements for this method are:



Customer receives an immediate incentive in the form of a discount on eligible incentive items being purchased.



The incentive amount is used to reduce the amount of the payment being requested from the customer's EBT account for payment of eligible purchases.

<sup>1</sup> An instant rebate, which is a similar, but slightly different functionality, was developed by retailers in Massachusetts as part of USDA's 2012 Healthy Incentives Pilot. In this design, the state's EBT system rebates incentives back to a customer's EBT account. This functionality is also currently in development by retailers, working with POS manufacturers and others, in California. Because this "EBT integration" functionality requires system changes beyond the in-store POS system, it is beyond the scope of this document.

## 2.3 PROCESSING PARAMETERS

It is understood that nutrition incentive projects will have different criteria based upon funding requirements and policy decisions. For example, one program may want to provide a 50% incentive for healthy food purchased with no predefined limit per transaction, while a second program may want to provide a one-for-one match (100% incentive) up to a predefined limit of \$15 per transaction. In order to accomplish this in a generic solution, the POS system needs to have configurable parameters. Following are the configurable parameters that should be available in the POS systems.



**TABLE 3: SUGGESTED INCENTIVE PROCESSING PARAMETERS**

PROCESSING PARAMETER	EXPLANATION/DESCRIPTION
<b>Incentive tender type (e.g., SNAP)</b>	The tender type that is initiating the incentive. Although GusNIP is based upon SNAP, it is probable that other incentive projects may be initiated for other tender types such as WIC.
<b>Incentive type – Immediate discount or printed coupon for future shopping trip</b>	As described up above, there are two methods for providing incentives. This parameter will define which method is being used.
<b>Minimum purchase amount required (Incentive items)</b>	This is the minimum purchase amount of the grocery items eligible for an incentive that the customer is required to purchase. If there is no minimum required, the parameter value would be set to zero.
<b>Maximum incentive amount allowed (Per transaction)</b>	This is the maximum incentive amount that could be earned by the customer during a shopping trip.
<b>Incentive ratio to be provided on incentive items purchased</b>	This is the incentive percentage that would be earned on eligible purchases. If the match is a one-for-one match, the incentive percentage would be 100%. If it is \$.50 for every dollar of incentive item purchased, the incentive percentage would be 50%.
<b>Coupon expiration type (Fixed date or # of days after issuance)</b>	For incentive projects working off of coupons, this parameter would define whether coupons have a fixed expiration date or would expire a set number of days after being issued.
<b>Coupon expiration type 1 – fixed date</b>	If the incentive coupon has a fixed expiration date, this parameter would contain the expiration date for the coupon.
<b>Coupon expiration type 2 – number of days from current date</b>	If the incentive coupon expires a set number of days after issuance, this parameter would contain the number of days from the current date for when the coupon would expire.



PROCESSING PARAMETER	EXPLANATION/DESCRIPTION
<b>Incentive rounding indicator</b>	<p>This indicates type of rounding factor used.</p> <ul style="list-style-type: none"> <li>• No rounding factor used</li> <li>• Round to closest rounding factor (up or down)</li> <li>• Always round up to rounding factor</li> <li>• Always round down to rounding factor</li> </ul>
<b>Incentive rounding factor (e.g., nearest 10 cents, nearest 50 cents, nearest dollar)</b>	<p>This parameter would allow the incentive to be rounded up or down, based upon the incentive rounding indicator. For example, if the parameter is \$0.10 and the incentive rounding indicator is set to round to closest round factor, the incentive would be rounded to the nearest ten cents, if the parameter is \$1.00, the incentive would be rounded to the nearest dollar.</p>
<b>Incentive Tender Type required for redemption</b>	<p>This is a yes/no parameter that indicates whether the incentive earning tender type must be used in order to redeem the incentive coupon (e.g., if a SNAP card was used to earn the incentive, the SNAP card must also be used to redeem the incentive).</p>
<b>Incentive Earn Option</b>	<p>This is a yes/no parameter that indicates that incentive can only be earned on specific incentive-eligible food items (if parameter set to "No," incentive will be earned on any SNAP-eligible item; if "Yes," incentive is earned on items defined eligible at the item level).</p>
<b>Incentive Redemption Restriction</b>	<p>This is a yes/no parameter that indicates that incentive can only be redeemed on incentive-eligible food items.</p>
<b>Incentive program start date</b>	<p>This parameter would define the start date for the incentive program.</p>
<b>Incentive program end date</b>	<p>This parameter would define the end date for the incentive program.</p>
<b>Date for final incentive redemptions</b>	<p>This parameter would define the end date for use of earned incentives following the end of the incentive program. This allows the program to sunset based on a parameter rather than either a coupon expiration date or manually turning the program off.</p>





## 2.4 SYSTEM REPORTING REQUIREMENTS

Unless otherwise indicated, the following reporting requirements are based upon a monthly reporting cycle. It also should be noted that in all reporting, customer confidentiality and privacy will be maintained. There is no intent to specifically identify customers within the requested reporting.

### 2.4.1 USDA REQUIRED REPORTS

- EBT Food Stamp Tender Dollar Value & Transaction Count
- Incentive Disbursement (earned) Dollar Value & Transaction Count
- Incentive Redemption (spent) Dollar Value & Transaction Count

### 2.4.2 GUSNIP PROJECT REQUIRED REPORTS

- On Request – list of all items flagged as eligible for earning an incentive at any given time
- On Request – list of all items flagged as eligible for redeeming an incentive at any given time (from the POS)
- For projects using coupons, the difference between coupon face value and value of incentive redemption allowed by POS
- Number of Unique Incentive Users, preferably based on last 5 digits of EBT card<sup>2</sup>

<sup>2</sup> SNAP does not fall under Payment Card Industry Data Security Standard, so more than the last four digits of the card can be saved and stored.

### 2.4.3 ADDITIONAL REQUESTED REPORTS

- Sales (dollars, weight) of qualified items purchased with discount
- Location of coupon redemption, and if different than the location where earned
- Report of incentives issued by cashier
- Impact of incentive program – increase in sales of incentive items within incentive tender type





## INCENTIVE PROCESSING WISHLIST

The focus of the POS Nutrition Incentives Workgroup was narrow on purpose in order to quickly reach a consensus on requirements that would satisfy the basic processing of nutrition incentives. However, there are additional functions or features that the workgroup would like to see included if possible. These include:



It would be good if coupon incentives earned in one location could be used in another location. Some incentive projects have this functionality based upon bar codes on the printed incentive coupon. Ideally this would become a common feature of incentive projects.



Some incentive projects use loyalty cards to store incentives and uniquely identify customers receiving incentives. It would be useful to develop standards for stores that utilize loyalty programs.