

Action: Request for a Revision to a Currently Approved Information Collection

Title: Federal Collection Methods for Food Stamp Program Recipient Claims

OMB No: 0584-0446 approved through 09/30/06

Summary:

This statement is a request for the revision of the currently approved information collection related to the Federal collection methods for Food Stamp Program (FSP) recipient claims. Federal claims collection methods include the Treasury Offset Program (TOP) and the Federal Salary Offset Program (Salary Offset). The Department of Treasury has established these offset procedures to be used to collect debts owed for food stamp recipient claims.

A. Justification

1. Explain the circumstances that make the collection of information necessary:

a. Necessity for the information collection: Currently there is approximately \$1 billion in established recipient claims for Food Stamp Program (FSP) benefits, a substantial portion of which State agencies are unsuccessful in collecting. TOP is a method used to collect these debts. Information collection requirements constitute a substantial and integral part of these offset programs.

The Debt Collection Improvement Act (DCIA), the Food Stamp Act (FSA), and the Privacy Act require that these debts be referred to the U.S. Treasury for collection, offer debtors an opportunity to repay the claim, and offer debtors an opportunity to request a review of the validity of the collection action. Under DCIA, food stamp recipient claims administered by State agencies that are delinquent for 180-days are required to be referred to TOP. In the case of TOP, the claims are referred to Treasury for collection from eligible Federal Payments. The debtor is notified and given the opportunity to request a hearing and make arrangements to repay the claim prior to TOP referral.

b. Authorities for collection: The information collection requirements for TOP are contained in the following authorities, copies of which are attached:

- Section 13 of the Food Stamp Act of 1977, as amended (7 U.S.C. § 2022); and
- Federal Regulations at 7 CFR 273.18, which govern Food Stamp Program claims collection and TOP.

2. Indicate how, by whom, and for what purpose the information is to be used: The information received under the current collection is used to operate Federal offset. There are 53 State agencies that participate in TOP. State agencies collect this information to offset debts as a result of overissuance of Food Stamp benefits that become delinquent claims.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or the technological techniques: The Food and Nutrition Service (FNS) has explored all available avenues to make the collection compliant with the Government Paperwork Elimination Act. Automated data processing is used extensively for the collection methods. Electronic data transmission via desktop and from mainframe to mainframe is used to minimize State agency and Federal resources needed for communicating data for TOP collection methods.

4. Describe efforts to identify duplication: The information collection required for this activity does not duplicate any other information collected. No similar information is available.

5. Impact of the collection on small businesses: This information collection does not affect small businesses or other small entities.

6. Describe the consequences to Federal program or policy activities if the collection is not conducted or is conducted less frequently: Information for TOP is collected once per delinquent claim when it is determined that the claim is to be referred for TOP. If information were collected less frequently, compliance with the DCIA would not be possible and Departmental participation in TOP would be jeopardized.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner that is inconsistent with 5 CFR 1320.6: Except for the weekly reporting required by Treasury discussed in item 12.c.(6), this information collection does not involve any special circumstances such as reporting more frequently than quarterly, requiring a written response in less than 30 days, or requiring that records be retained longer than three years.

8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice. Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping. Consultation should take place with representatives of those from whom the information is to be obtained: The 60-day notice proposing this burden revision was published on May 25, 2006. No comments were received regarding the data collection activity for TOP.

9. Explain any decision to provide any payment or gift to respondents: No payments or gifts to respondents are provided under this information collection.

10. Describe any assurance of confidentiality provided to respondents: Confidentiality is assured by provisions of current FSP rules, written notice to clients, Treasury safeguard requirements and the Privacy Act of 1974.

11. Provide any justification for any question of a sensitive nature: This information collection does not ask any questions of a sensitive nature.

12. Provide estimates of the hour burden of the collection of information. Indicate the number of respondents, frequency of response, and annual hour burden. If this request for approval covers more than one form, provide separate hour burden for each form. Provide estimates of annualized cost to respondents for the hour burdens for the collection of information:

Basic assumptions: The current information burden estimate for TOP is based on 53 State agencies.

Note: Both the current and requested burden presented in the following sections a, b and c are presented in tabular format attached to this submission.

a. Due-Process Notice Requirements

(1) State-level Notice Development and Production Burden: Under the DCIA and the existing regulations, State agencies must notify individuals liable for food stamp recipient claims that the claim will be referred for Federal offset. The notice development has already been established and the automation of State agencies' systems are all in place. The notice provides debtors 60 days to request a review of the intended collection action. The notice advises debtors of the intended action and their appeal rights.

Producing due process notices includes such tasks as printing the notices, stuffing envelopes and mailing. We estimate that this takes a minute per notice. Accordingly, there is a 7,500 hour annual burden for State agency production of due process notices.

Based on past experience it appears that about 7 percent of due process notices result in an informal telephone inquiry to the State agency and that each call requires 15 minutes of State agency time. This results in an annual burden of 6,563 hours. (26,250 inquiries * 15 minutes = 6,563 annual hours)

(2) Debtor-level Notice Burden: The current burden estimate is based on a seven minute reading time for the Federal Income Tax Refund Offset Program (FTROP) and Salary Offset due process notices. We estimate that the new generic notice subtracts two minutes from this time resulting in a burden estimate of about .08 hours. In addition to the 375,000 letters being sent by State agencies, it is estimated that an additional 5,000 letters of intent (originating at the Federal level) for salary offset will also be sent to debtors. We estimate that the debtor burden for this notice will also be about .08 hours. The aggregate total of 380,000 letters results in a 30,400 hour annual burden for debtors. (380,000 notices * 5 minutes = 30,400 annual hours)

In addition to reading time and the time required for State agencies to deal with informal inquiries, debtors will spend on average 15 minutes per informal inquiry. As mentioned above, about 7 percent will make such an inquiry. Furthermore, we believe that other debtors will review household records and take other related actions and decide not to pursue any inquiry. For this group we are assigning a figure of 5 percent of all notices. This means that for debtors, 12 percent of the 380,000 notices cause a 15 minutes burden, or an annual burden of 11,400 hours. (45,600 reviews * 15 minutes = 11,400 annual hours)

(3) Appeals to State Agencies (Debtor-level): The current burden is based on experience during the test of FTROP indicating that .6 percent of due process notices result in formal appeals to State agencies and/or FNS. To make an appeal, debtors must present their case in writing and provide documentation to support their case. We estimate that a formal appeal to a State agency requires 30 minutes for debtors to prepare. Few debtors appeal State agency decisions to FNS, and the additional burden on a debtor for such action is minimal. Accordingly, the estimated burden for this activity given the overall increase in notices is 1,450 hours. (2,900 appeals * 30 minutes = 1,450 annual hours)

(4) Appeals to State Agencies (State-level): State agencies are required to respond in writing to timely appeals, and most State agencies also respond to late appeals with a letter advising the debtor that the appeal was denied because it was late. We estimate that review of the appeal documents and preparation of a decision letter will take 30 minutes per review, or 1,450 hours annually. (2,900 State-level appeals * 30 minutes = 1,450 annual hours)

b. State Agency Reporting and Related Items

(1) Plan of Operation: Current regulations require that no later than December 31 of the year prior to a State agency's first offset year (the calendar year during which offsets would begin), the State agency submits a one-time amendment to the State Plan of Operation in which the State agency makes a commitment to comply with the offset regulations. The 53 State agencies currently participating in TOP have already complied with this requirement. Therefore, there is no burden relating to this activity.

(2) Pre-certification Estimates: All State agencies must estimate and provide FNS the number and dollar value of the claims that State agencies believe they will be referring for TOP. This information is readily available to State agencies from such sources as form FNS-209, *Status of Claims Against Households*. We estimate the burden at 30 minutes per State agency per year, a total of 26.50 hours per year for 53 State agencies. (30 minutes * 53 State agencies = 26.50 annual hours)

(3) Certification letter: State agencies must provide FNS a letter in which they certify that the claims on the final file submitted to FNS for TOP meet all the criteria specified in current regulations. We estimate production time at 30 minutes per State agency per year, a total of 26.50 hours per year for 53 State agencies. (30 minutes * 53 State agencies = 26.50 annual hours)

c. TOP Automated Data Processing

State agencies participating in TOP maintain key elements of recipient claims data in automated databases. For purposes here, we assume that all State agencies have such data bases. In order to provide the required data to, and accept and process data from FNS and Treasury, State agencies typically will need to do several data processing-related tasks.

(1) System Compatibility File: Each State agency must produce a data file which can be reviewed to determine if the State system will produce files compatible with Treasury and IRS systems. For the test phase of FTROP, we estimated that State agency annual production would include eight hours to extract data, one hour for production and mailing or other transmission, two hours for software correction and one hour for data-related tasks.

Most State agencies in TOP are using mainframe to mainframe or PC-based methods of telecommunication instead of magnetic tapes, and we expect that all will be using one of these methods in the near future. The total annualized time for these tasks is 11.5 hours per State agency, or 609.5 hours for 53 State agencies. (11.5 hours * 53 State agencies = 609.5 annual hours)

(2) Pre-offset Cycles: During pre-offset cycles, State agencies provide lists of debtor names, Social Security Numbers and addresses to Treasury. Treasury then provides State agencies addresses that are used for the due process notices, error messages and other information about individual claims submitted.

The majority of software and other data systems that work in connection with producing these data files will have been accomplished in connection with above described work on the system compatibility file, but we estimate that 1.625 hours per State agency per year will be needed for minor tasks. There are eight pre-offset cycles per State agency per year. Each pre-offset cycle takes about 1.625 hours. (1.625 hours * 53 State agencies * 8 responses per year = 689 annual hours)

State agencies need to produce reports and correct records based on data provided by FNS during pre-offset cycles. We estimate that, for each cycle, the pre-offset file report and record correction takes 15 minutes, system review also takes 15 minutes, data review takes 3 hours and record posting takes 3 hours. The total is 6.5 hours per pre-offset cycle, or 2,756 annual hours for 53 State agencies with 8 cycles per year. (6.5 hours * 53 State agencies * 8 responses per year = 2,756 annual hours)

(3) Final System Compatibility File: Each State agency must submit a file which can be used to determine the compatibility of its system with the Treasury/IRS system. Most of the work for this activity will already be accomplished. We estimated that an hour annually would be needed for each of three tasks: (1) software modification; (2) production and transmission; and (3) review and revision. An additional four annual hours will be needed for data review. The total is seven hours, or 371 hours annually for 53 State agencies. (7 hours * 53 State agencies = 371 annual hours)

(4) Test Weekly Update File: Treasury requires that State agencies keep claims records current during the actual offset year. State agencies are required to decrease amounts of claims to reflect payments and to delete claims that have been paid or which for some other reason should not be offset. In preparation for this activity, each State agency must submit a file that can be used to determine whether its system for updating Treasury records is compatible with Treasury systems.

We estimate that production and transmission of this file takes an hour, and system review takes an hour. No data review is involved. Accordingly, the burden for this activity is two hours per State annually, or 106 hours annually for 53 State agencies. (2 hours * 53 State agencies = 106 annual hours)

(5) State Agency Address File: Treasury provides taxpayers notices of refunds and of amounts offset by Federal programs authorized to collect debts from tax refunds. Treasury requires that State agencies provide addresses and telephone numbers for contacts as part of the notices.

We estimate that per State production and transmission of this information takes an hour annually, system review and correction takes an hour and data review and correction takes four hours, two hours each for reporting and recordkeeping tasks. Accordingly, the annual per State burden for this activity is 6 hours, or 318 hours annually for 53 State agencies. (6 hours * 53 State agencies = 318 annual hours)

(6) Weekly Files: Treasury requires that agencies submit weekly the update files discussed in (4) above. Since the software work will have been done in connection with the test update file, we estimate no additional time will be needed for modification during production. The State production burden will be: tape production and transmission, 53 hours; system corrections, 6 hours; data review and such activities as posting to the master file, 18 hours, 1 hour of which is for recordkeeping (318 hours annually for 53 State agencies). The burden for this part of this activity will be 78 hours per State, or 4,134 hours for 53 State agencies. (78 hours * 53 State agencies = 4,134 annual hours)

State agencies must post data supplied by Treasury concerning collections and other actions on recipient claims submitted for Federal offset. We estimate 20 hours annually for production and transmission, and one hour for system review. (Data review, including recordkeeping, is accounted for in the preceding paragraph.) Accordingly, burden for this part of this activity is 21 hours or 1,113 hours for 53 State agencies.

Attached to this justification shows the table, *Federal Collection Methods for Food Stamp Program Recipient*, which shows the requested TOP reporting information collection burden by activity and the estimate of recordkeeping.

13. Provide an estimate to the total annual cost burden to respondents or recordkeepers resulting from the collection of information. The cost estimate should be split into two components, total capital and start-up cost and total operation, maintenance and purchase of services. If the cost estimates are expected to vary widely, present ranges of cost burdens and explain the reason for the variance: There are no capital, start-up and/or annualized maintenance costs associated with this burden.

14. Provide estimates of annualized cost to the Federal government: The Federal government incurs an annual cost for TOP of \$400,000 for contracted computer services and related costs which would not have been incurred without this collection.

15. Explain the reasons for any program changes or adjustments: The reasons for the changes in the original total burden estimate are due to an error in calculation in the previous submission. The 60-day notice published in the Federal Register originally reported a total anticipated burden of 58,896 hours. This would have been an increase of 2,773 hours from the currently approved burden of 56,123. At the end of the comment period, no comments were received.

During the development of the current supporting statement, it was discovered that burden was not accounted for certain functions under the “due-process notice requirement.” Specific functions listed and estimated time was calculated, which resulted in a substantial increase. The current submission presents a more accurate estimate of the number of respondents and estimated response per respondent. The new burden is now reported as an increase of 13,328 hours, with the total annual burden coming in at 69,451 hours.

16. For collection of information whose results will be published, outline plans for tabulation and publication: The information collected will not be tabulated and published.

17. If seeking approval not to display the expiration date for OMB approval of the information collection, explain the reasons why that display would be inappropriate: We are not seeking approval to omit the expiration date.

18. Explain each exception to the certification statement identified in 5 CFR 1320.9: This information collection conforms to the requirements of 5 CFR 1320.9

B. Collection of Information Involving Statistical Methods

The collection does not employ statistical methods.