

Supporting Statement for OMB No. 0584-0081
Form FNS-388, State Issuance and Participation Estimates

A. Justification

1. **Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection.**

Section 11(e)(12) of the Food Stamp Act of 1977 (Pub.L. 95-113) requires that “the State Plan of Operation shall provide for the submission of such reports and other information as from time to time may be required by the Secretary.”

Section 18(b) of the Food Stamp Act, as amended August 14, 1979 by Pub. L. 96-58, requires that “In any fiscal year, the Secretary shall limit the value of those allotments issued to an amount not in excess of the appropriation for such fiscal year.” If in any fiscal year the Secretary finds that the program costs in participating States will exceed the appropriation, the Secretary shall direct State agencies to reduce the value of allotments to participating households. Timely State monthly issuance estimates are necessary for FNS to ensure that it remains within the appropriation and will have a direct effect upon the manner in which allotments would be reduced when necessary. Under 18(d) of the Act the Secretary is required to report to Congress the basis of the Secretary’s determination to reduce allotments, the manner in which the allotments will be reduced, and the action taken by the Secretary to reduce the allotments. In 1998, Section 101 of the Federal Reports Elimination Act of 1998 (Pub. L. 105-362) amended Section 18(a) of the Food Stamp Act to drop the prior requirement in the law that the Secretary report monthly to Congress the issuance data for the second preceding month along with a statement whether there is reason to believe that reductions in the value of allotments issued to households certified to participate in the Food Stamp Program will be necessary. Although the monthly report to Congress has been abolished, the need to monitor issuance estimates monthly against the appropriation remains in order to comply with Section 18(b).

The Department published a final rule on May 17, 1985, revising the Form FNS-388 reporting system. Part 274.4(b)(4) of the Food Stamp Program regulations requires State agencies to submit on a monthly basis the FNS-388, State Issuance and Participation Estimates. (See Attachment A for the legislation and Attachment B for the regulations.)

2. **Indicate how, by whom, and for what purpose the information is to be used.**

The FNS-388 report provides monthly Statewide estimated or actual issuance and participation data for the current and previous month, and the actual participation data for the second preceding month. For the report months of January and July, the participation data must be categorized as non-assistance (NA) and public assistance (PA) and provided for each project area.

The FNS-388 report provides the necessary data for an early warning system to enable the Department to fulfill the requirements of Section 18(b) of the Act. In addition, the FNS-388 data is used: (1) to validate the Annual Food Stamp Household Characteristic Survey; (2) to compile a Statistical Summary Report which is used for special studies and in response to Congressional and other inquiries; and (3) to compare against the reconciliation points' FNS-46 issuance data (for electronic benefit transfer (EBT), cash-out, and alternative issuance) for indications of accountability problems. The project area data is also used in identifying project areas that are required to do photo identification of heads of households or to operate fraud detection units in accordance with the Act. FNS has also used the project area data to determine where to demonstrate pilot projects to test a school-based FSP outreach initiative. FNS uses the PA and NA data for determining reimbursement of the administrative costs for certification of joint Temporary Assistance for Needy Families/FSP cases.

State agencies submit one Statewide FNS-388 per month unless they operate more than one type of issuance system. The primary issuance system is electronic benefits transfer (EBT). In October 2006, 53 State agencies operated an EBT system, 6 State agencies operated one or more cash-out projects, and one State agency operated a group residential housing benefit. The separate reporting allows FNS to track the issuance and participation by each type of issuance system, and allows FNS to set aside (obligate) funds each month to pay for each type of issuance. The different issuance systems have different payment mechanisms for FNS to pay for the benefits.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

State agencies have the authority to use information technology that best suits the needs of their individual or unique systems of operation to comply with the information collection and individual reporting requirements contained in this submission. FNS makes every effort to comply with the Paperwork Elimination Act and to provide for alternative submission of information collections. FNS was in the forefront of providing electronic submission to its customers. Beginning July 1993, State agencies were allowed to submit the FNS-388 data electronically to the national database files stored in FNS' Food Stamp Program Integrated Information System in lieu of a paper report. This was done through FNS' Online State Cooperative Data Exchange (SCDEX) program. Our current system, the Food Programs Reporting System, continues the electronic reporting. As of June 2006, 90 percent of the total responses for the FNS-388 were electronic reports and 10 percent were paper reports. As of March 2006, when the FNS-388As were submitted, 73 percent of the total responses were electronic reports and 27 percent were paper reports.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in item 2 above.

The FNS-46 also collects issuance data. However, the issuance data reported on the FNS-46 involves reconciled (actual) issuance, is collected from reconciliation points, and is due 90 days after the report month. The FNS-388 issuance and participation data is derived from State agencies' masterfiles of each household's issuance activity and is reported on the 19th day of the report month. By collecting from these sources we can verify the accuracy of the State agencies reporting and reconciliation systems. While the FNS-46 data is somewhat similar, the need for timely data requires the FNS-388 report so the Department can fulfill its mandated responsibility of determining in advance the latest cost of the program and whether benefit reductions will be necessary. See Attachment C for a copy of the form.

5. Describe any methods used to minimize burden where the collection of information impacts small businesses or other small entities.

The collection and reporting of the information impacts State welfare agencies, not small businesses or other small entities. The smallest State welfare agency in terms of participation (the Virgin Islands) had \$20.6 million in Food Stamp issuance and \$7.5 million in administrative costs (\$4.1 million in Federal administrative costs) in FY 2006. In county-administered States, the State agency may delegate some food stamp activity to county welfare offices, which in some counties may be small entities, but that is an internal State decision and the State agency is still the responsible and reporting entity to FNS. FNS does not deal directly with county welfare agencies.

6. Describe the consequences to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

The FNS-388 data is reported monthly. Reduction of the reporting frequency would render the data inadequate for making timely projections to fulfill the requirements of Section 18(b) of the Act.

7. Explain any special circumstances that require the information to be collected in a manner that is inconsistent with 5 CFR 1320.6.

In order to monitor benefit expenditures against the appropriation in order to determine whether a benefit reduction will be necessary during the fiscal year as required by Section 18(b) of the Food Stamp Act, it is necessary that the FNS-388 collect issuance data monthly. Less frequent reporting would render the data inadequate for making timely projections and taking action to notify State agencies to initiate benefits reductions to fulfill the requirements of Section 18(b) of the Act.

8. Provide copy, date, and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the proposed information collection.

On November 27, 2006, the Agency published a notice in the Federal Register (page number 68530) (see Attachment D) soliciting comments on the information collection prior to submission to OMB. See Attachment E for the comment analysis.

(a) 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, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

(b) Consultation with representatives of those from whom information is to be obtained or those who must conduct the information collection and recordkeeping.

Consultation with users of the FNS-388 has been a continuous process over the years.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

FNS has no plans to provide payments or gifts to respondents.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

Section 11(e)(8) of the Act limits the use or disclosure of information obtained from applicant households to persons directly connected with the administration of the Food Stamp Act or its promulgating regulations, or of Federal or federally assisted means-tested programs, the office of the Comptroller General of the United States, and to local, State or Federal law enforcement officials. In addition, State agencies and/or their agents are prohibited from printing the recipient's name on receipts or sharing client information outside the program. The information collected by the State agency and reported in this report does not identify participants by name.

11. Provide additional justification for any question of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private.

There are no sensitive questions included in this submission.

12. Provide estimates of the number of respondents, frequency of response, annual hour burden, and explanation of how the burden was estimated.

Except for the report submission months of March and September, the monthly FNS-388 Statewide participation and issuance totals report, containing data estimates for the current and preceding months and actual data for the second preceding month, is estimated to take approximately 5.6 hours to tabulate and record the data each month. This results in a total annual burden of 3,416 hours for 10 months. For the report submission months of March and September, State agencies tabulate and record

Statewide NA/PA totals of households and persons for the second preceding months of January and July. In addition to these Statewide NA/PA participation totals, as an attachment to the March and September reports, NA/PA totals by project area is also required. For this added burden we calculated an additional 14.83 hours per response. This is based on an average of 54.9 project areas per State agency (2,911 project areas divided by 53 State agencies) times an estimate of 10 minutes per project area for the State agencies to provide NA/PA participation totals by project area. Therefore, a total of 14.83 hours will be required for the reports of March and September. The total annual burden for these two reports is estimated at 1,809.7 hours.

Estimated Reporting Burden:

	FNS-388 Regular	FNS-388 PA/NA
Total number of responders	53	53
Number of reports submitted ann.	11.509	2.302
Total annual responses	610	122
Number of hours per response	5.6	14.8
Total estimated hours	3,416	1,809.7

Estimated Recordkeeping Burden:

Total number of recordkeepers	53
Number of annual reports per State	13.8
Total submitted records	732
Staff hours per recordkeeping	.0236
Total estimated hours	17.3

Total reporting and recordkeeping burden: 5,243

The previous approved burden for OMB No. 0584-0081 was 4,542 hours. The new burden of 5,243 reflects an increase of 701 hours due to an increase in the number of responses from State agencies due to States choosing to operate alternative issuance projects. Attachment F details this burden estimate.

(b) If this request covers more than one form, provide separate hour burden estimates for each form and aggregate burden in Item 13 of OMB Form 83-1.

This request does cover the regular FNS-388 and the semiannual PA/NA breakout and the hour burden estimates for each is provided separately as reflected above and totaled in Item 13 of OMB 83-1.

(c) Provide estimates of annualized cost to respondents for the hour burden for collections of information.

RESPONDENT COSTS

FNS-388

1. State/local gov't cost @ \$11 per hr	\$58,250
2. Less Fed Reimburs.	29,125
3. Net cost to State & local gov't.	\$29,125

The estimate of respondent cost is based on the burden estimates developed in 12(a) above. Functions performed by State and local agency staff are valued at \$11.11 per staff hour.

- 13. Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection of information. The cost estimate should include total capital and start-up costs and total operation and maintenance and purchase of services. (Do not include the cost of any hour burden shown in items 12 and 14.)**

There are no start-up costs for respondents. Total annual system operation and maintenance costs for respondents are estimated at \$71,868. With Federal cost sharing, the State's share is \$35,934.

- 14. Provide estimates of annualized cost to the Federal Government. Also provide a description of the method used to estimate costs.**

The annual cost to the Federal Government to collect and use the data is estimated at \$155,868. This cost includes (1) the cost of printing reporting forms; (2) reviewing and approving the data, entering the data, monitoring participation levels and issuance; (3) providing benefit funds for cash-out and electronic benefit transfer issuance; (4) automated system costs; and (5) the Federal share of State agencies' burden costs to report the data. (See Attachment G.)

- 15. Explain the reasons for any program changes or adjustments.**

The previous approved burden for OMB No. 0584-0081 was 4,542 hours. The new burden of 5,243 reflects an increase of 701 hours due to an increase in the number of responses from State agencies due to States choosing to operate alternative issuance projects. .

16. Outline plans for tabulation and publication of any collection of information where results will be published.

FNS publishes on an annual basis a State Activity Report which includes tables of State activity. These tables include participation and issuance by State agency compiled from the FNS-388 (for participation) and FNS-46 forms (for final issuance). This report is normally published in June and distributed internally within FNS and to State agencies. It is also distributed to the public upon request. FNS also prepares periodically a “Food Stamp Statistical Summary of Project Area Operations Report” which provides the Public Assistance and Non-assistance participation by project area.

17. If seeking approval to not display the expiration date of OMB approval of the information collection, explain the reasons that display would be inappropriate.

FNS is seeking approval to not display the expiration date of OMB approval on the FNS-388. Upon the date of expiration, the form would be obsolete which renders the existing supply an economic loss. Although the information on the report has not changed, the form would have to be revised and reprinted.

18. Explain each exception to the certification statement identified in item 19, “Certification for Paperwork Reduction Act Submissions,” of OMB Form 83-1.

There are no exceptions to the certification statement.

B. Collection of Information Employing Statistical Methods.

This collection does not employ statistical methods.