

Supporting Statement for OMB No. 0584-0083  
(Operating Guidelines, Forms and Waivers)

**A. JUSTIFICATION**

**1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. (See Attachment A)**

This information collection package consists of four major components of State agency reporting: (1) a budget projection statement, (2) a program activity report, (3) State plans of operation updates, and (4) other plans and submissions such as advance planning documents for information systems, advance planning documents for electronic benefit transfer (EBT) systems, and EBT reporting.

Budget Projection Statement, Program Activity Report, and State Plan of Operation Updates

Section 11(d) of the Food Stamp Act of 1977, as amended, provides that the State agency of each participating State shall submit to the Secretary for approval a plan of operation specifying the manner in which the Food Stamp Program will be conducted within the State in every political subdivision. Section 11(e) of the Act provides that the State plan of operation shall provide for State agency verification of household eligibility prior to certification, completion of certification within 30 days of the filing of the application, fair hearings, submission of reports as required by the Secretary, and other provisions as may be required by regulations. Section 16(a) of the Food Stamp Act authorizes 50 percent Federal reimbursement for State agency costs to administer the program. Part 272.2(a) of the Food Stamp Program regulations requires that State agencies plan and budget program operations and establish objectives for the next year. The basic components of the State Plan of Operation are the Federal/State Agreement, the Budget Projection Statement, and the Program Activity Statement (272.2(a)(2)). Under Part 272.2(c), the State agency shall submit to FNS for approval a Budget Projection Statement (which projects total Federal administrative costs for the upcoming fiscal year) and a Program Activity Statement (which provides program activity data for the preceding fiscal year). In addition, certain attachments to the plan as specified in subparagraphs (c) and (d) are to be submitted. As specified in subparagraph (f), State agencies only have to provide FNS with changes to these attachments as they occur. Consequently, these attachments are considered State plan updates.

On January 17, 2001, FNS published a final rule (66 FR 4438) to amend 272.2(d) to require State agencies who opt to implement the personal responsibility provisions of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) to include these options in the State Plan of Operation. The optional provisions that must be included in the State Plan of Operation are: imposing comparable disqualifications based on disqualifications in other means-tested public assistance programs, requiring custodial and non-custodial parents' cooperation with child support enforcement agencies, and disqualification for child support arrears. Since these are new options, State agencies who choose these options must include them

in their State Plan of Operations the year they begin these options, and any subsequent year only if there are changes.

The Farm Security and Rural Investment Act of 2002 (FSRIA) established new eligibility and certification requirements for the receipt of food stamps. This final rule amends 272.2 (d) to require State agencies that opt to implement certain provisions of FSRIA to include these options in the State Plan of Operation. The optional provisions that must be included in the State Plan of Operation are: simplified definition of resources, simplified definition of income, optional child support deduction, homeless household shelter deduction, simplified reporting, simplified determination of deductions, and transitional benefits. Since these are new options, State agencies who choose these options must include them in their State Plan of Operations this year (or the year they begin these options), and any subsequent year only if there are changes.

#### Advance Planning Documents for Information Systems

Under Section 11(o) of the Food Stamp Act each State agency is required to develop and submit their own plans for the use of automated data processing (ADP) and information retrieval systems to administer the Food Stamp Program. Section 16(g) of the Act authorizes partial Federal reimbursement of State costs for State ADP systems that the Secretary determines will assist meeting the requirements of the Food Stamp Act, meets conditions prescribed by the Secretary, are likely to provide more efficient and effective administration of the program, and are compatible with certain other Federally-funded systems. Under Section 277.18(c) of the program regulations, State agencies must obtain prior written approval from FNS when it plans to acquire ADP equipment with a total acquisition cost of \$5 million or more in Federal and State funds. The State agency must submit a Planning Advance Planning Document (APD) prior to acquiring planning services and an Implementation APD prior to acquiring ADP equipment or services.

#### APD's for EBT Systems

Under Section 7(i) of the Food Stamp Act, State agencies are required to implement an EBT system by October 2002 unless a waiver is granted. The Secretary is required to establish standards for such systems. The standards shall include cost effectiveness, the level of recipient protection, terms and conditions of participation of retail food stores and financial institutions, and system characteristics. The Secretary is authorized to establish standards for the required testing prior to implementation of an EBT system and to require an analysis of the results of implementation in a limited pilot project area before expansion of the system. Those standards are defined in Section 274.12 of the Food Stamp Program regulations. Those standards, in 274.12(c)(1) and (2), require the submission of an EBT Planning APD and an EBT Implementation APD for FNS approval.

## EBT Reporting

Section 7(i) of the Food Stamp Act authorizes the Secretary to do an analysis of the results of implementation in a limited pilot project area before expansion of the system. Under Section 274.12(k)(3) of the Food Stamp Program regulations, the State agency shall provide reports, as necessary, to FNS during the pilot project providing information as delineated in 274.12(c)(4).

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

Budget Projection: State agencies are required to submit to FNS for approval a Budget Projection Statement, Form FNS-366A, which includes projections of the total Federal costs for major areas of program operations. The budget projection allows FNS to estimate funding needs so we can fund the State administrative costs for the fiscal year.

Program Activity Statement: State agencies are required to submit to FNS a Program Activity Statement, Form FNS-366B, providing a summary of program activity for the State agency's operations during its preceding fiscal year. The activity report is required annually to substantiate the costs the State agency expects to incur during the next fiscal year. It provides data on the number of applications processed, number of fair hearings, and fraud control activity. FNS uses the data to monitor State agency activity levels and performance.

State Plan of Operation Updates: State agencies submit the operations planning documents to the appropriate regional office for approval. This information explains how States are operating the program for monitoring purposes and allows FNS to know which States have implemented which activities and options for data and cost analysis purposes.

Advance Planning Documents: The Advance Planning Documents for State automated data processing and information systems are useful to FNS because they explain how the system will work and help explain the estimated cost of the system. The information allows FNS to determine whether the system meets the statutory criteria for approval for Federal reimbursement.

APDs for EBT: The Advance Planning Documents for EBT systems are useful to FNS because they explain how the system will work and help explain the estimated cost of the system. The information is necessary for FNS to approve the system.

EBT Reporting: The EBT pilot reports allow FNS to do the statutory analysis of the results of implementation in a limited pilot project area before approving expansion of the system when problems surface during the pilot.

**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 reporting requirements contained in this submission. In June 2005, FNS implemented its new information system, Food Programs Reporting System (FPRS), which allows State agencies to report data electronically. Because budgets come in before and for the upcoming fiscal year while program activity reports come in after the completed fiscal year, the time frames for the two reports in this submission are different by necessity. For FY 2007 budgets, 47 percent of State agencies submitted the FNS-366A (budget) electronically and 53 percent submitted a paper report to request Federal funding. For FY 2006 activity reporting, a total of 71 percent of State agencies submitted the FNS-366B (program activity) report electronically with the remaining 29 percent submitting paper reports. For the two forms in total, 59 percent of the responses were collected electronically.

**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-366A reports projected budgets prior to the start of the fiscal year. The SF-269 also collects cost information but that information is actual costs which are reported after the fact. The FNS-366A is necessary as part of the budget approval process. (See Attachment B for a copy of the forms.)

In order to eliminate duplication on APDs, FNS works closely with the Department of Health and Human Services on integrated systems affecting both Departments. The State agency submits the same documentation to each Department concurrently. Coordination of decisions and responses to State requests for approval are executed between the two Departments routinely.

**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 \$7.8 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.**

Form FNS-366A is submitted annually by August 15 for the upcoming fiscal year and Form FNS-366B is submitted no later than 45 days after the end of each State agency's fiscal year. Less frequent reporting would disrupt budget planning and delay appropriation distributions. State Plans of Operation are a one-time effort with updates provided as necessary.

The frequency of the APD requirement is at the discretion of respondents and their need to apply for Federal Financial Participation for the cost of their ADP equipment and services acquisition.

**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.**

There are no special circumstances that require the information to be collected in a manner that is inconsistent with 5 CFR 1320.6.

**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 March 26, 2007, FNS published in the Federal Register a 60-day notice regarding this information collection. Comments were solicited on this information collection as part of the comment period of the proposed rule.

FNS received one comment. The commenter, a State agency, was concerned that we might be changing how Employment & Training Plans were to be submitted. We advised the State agency that we were not changing how the Plan is submitted to FNS.

**(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.**

FNS also provided our State agencies with a draft revision of the FNS-366B with certain changes for comment. All comments were supportive of the form changes.

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

Consultation with users of the FNS-366A and the FNS-366B 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.

**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. (a) Provide estimates of the number of respondents, frequency of response, annual hour burden, and explanation of how the burden was estimated.**

The burden consists of four major components. It covers the FNS-366A, the FNS-366B, the plan of operation updates submitted as attachments to the FNS-366B, and other submissions including Outreach Plans, Advance Planning Documents updates, Advance Planning Documents for Electronic Benefit Transfer (EBT) systems, and EBT reporting. The calculation of the burden for each of these components is described below:

FNS-366A. The annual burden hours for the FNS-366A of 689 hours is unchanged from the previous submission. Form FNS-366A provides an estimate of the funding needed to operate the program. A copy is maintained for 3 years. The burden is estimated to be 13 hours annually per respondent.

Estimated Reporting Burden:

Total number of responders	53
Number of reports submitted annually	<u>x 1</u>
Total annual responses	53
Number of hours per response	<u>x 12.95</u>
Total estimated hours	686.35

Estimated Recordkeeping Burden:

Number of recordkeepers	53
Staff hours per recordkeeping	<u>.05</u>
Total estimated hours	2.65

FNS-366B. The annual burden for the FNS-366B report alone is 18 hours per respondent for the 53 States to complete the form (including recordkeeping). The burden for the FNS-366B alone is 954 hours and is unchanged from the previous submission.

Total Reporting Burden for Form FNS-366B:

Total number of responders	53
Number of reports submitted ann.	<u>x 1</u>
Total annual responses	53
Number of hours per response	<u>x17.93</u>
Total estimated hours	950.29

Estimated Recordkeeping Burden for Form FNS-366B:

Total number of recordkeepers	53
Staff hours per recordkeeping	<u>x .07</u>
Total estimated hours	3.71

Plan of Operation Updates. The total burden for submission of updates to State Plans of Operation as attachments to the FNS-366B is 10 hours per respondent for the 53 State agencies. The burden for the State Plan of Operation updates is 530 hours and is unchanged.

Total Reporting Burden for Plan Updates:

Total number of responders	53
Number of reports submitted ann.	<u>x _____</u>
Total annual responses	53
Number of hours per response	<u>x 9.93</u>
Total estimated hours	526.29

Estimated Recordkeeping Burden for Plan Updates:

Total number of recordkeepers	53
Staff hours per recordkeeping	<u>.07</u>
Total estimated hours	3.71

Other Plans and Submissions. We estimate that up to 53 State agencies may submit one or more APD, plan, or update submission for a total of 252 annual responses at an average estimate of 2.681 hours per respondent. The burden is 675.6 hours, an increase of 100 hours. The burden is broken down below.

We estimate that up to 25 States may submit an Outreach Plan over the next year. We estimate 5 hours per respondent to prepare an Outreach Plan. This results in an annual burden of 125 hours for this activity. This is an increase of 100 hours. The increase is due to a re-estimate of the time it takes to submit an Outreach Plan.

FNS published a final rule to require State agencies to add additional components to the State Plan to include the PRWORA personal responsibility provisions that the State agency opts to implement. The public reporting burden is estimated to average .25 hours per response. We estimate 34 States will choose one or more options, and thus will have to respond. This represents a one time burden of 8.5 hours, and is unchanged from the previous submission.

In early 2004 FNS published a final rule to require State agencies to add additional components to the State Plan to include the FSRIA certification provisions that the State agency opts to implement. The public reporting burden is estimated to average .25 hours per response. We estimate that the number of States choosing a particular option will range from a high of 35 States (for simplified reporting) to a low of 4 States (for simplified determination of deductions), and thus they will have to respond. With a total of 5 options available, we estimate a total of 168 State respondents. This represents a one-time burden of 42 additional hours. The increase of 42 hours in the burden is due to this additional reporting relating to these new certification options.

Total Reporting Burden for Outreach, PRWORA, and FSRIA:

	Outreach Plan	One Time Plan Update PRWORA	One Time Plan Update FSRIA
Total number of responders	25	34	168
Number of reports submitted ann.	<u>x 1</u>	<u>x 1</u>	<u>x 1</u>
Total annual responses	25	34	168
Number of hours per response	<u>x 4.93</u>	<u>x .25</u>	<u>x .25</u>
Total estimated hours	123.25	8.5	42

Estimated Recordkeeping Burden for Outreach, PRWORA, and FSRIA:

Total number of recordkeepers	25	(includ
Staff hours per recordkeeping	<u>.07</u>	under
Total estimated hours	1.75	Plan Upd)

The estimated time per response for APD updates is 10 hours. An analysis of prior submissions



indicates that approximately 15 State agencies out of a possible 53 will submit an APD Update for eligibility systems under development each year. Accordingly, we have based the number of respondents at 15 State agencies. The annual burden is 150 hours annually and is unchanged from the previous submission.

Estimated Reporting Burden for APD:

Total number of responders	15
Number of reports submitted annually	<u>x 1</u>
Total annual responses	15
Number of hours per response	<u>x 9.83</u>
Total estimated hours	147.45

Estimated Recordkeeping Burden for APD:

Total number of recordkeepers	15
Staff hours per recordkeeping	<u>x .17</u>
Total estimated hours	2.55

The estimated time to gather information and complete an EBT Advance Planning Document is 35 hours per respondent. In June 2003, 52 State agencies operated an EBT system and 49 operated EBT statewide. We expect no more than 10 States per year to submit an APD for initial or subsequent EBT systems. The annual burden is 350 hours and is unchanged from the previous submission.

Estimated Reporting Burden for EBT APD:

Total number of responders	10
Number of plans submitted annually	<u>x 1</u>
Total annual responses	10
Number of hours per responses	<u>x 34.83</u>
Total estimated hours	348.30

Estimated Recordkeeping Burden for EBT APD:

Total number of recordkeepers	10
Staff hours per recordkeeping	<u>x .17</u>
Total estimated hours	1.7

Because of the advanced stages of EBT implementation nationwide, the agency in a previous submission greatly reduced the burden of EBT pilot reporting. State agencies bringing up EBT systems are no longer required to report on a quarterly basis or do a pilot cost analysis. Reports are only required if there are problems with the system. In FY 2006, all 53 States had statewide operating EBT systems for the FSP. This means that all States have already completed their initial EBT system pilots for implementation and will not need to operate pilots for any subsequent EBT system contracts. The combination of these factors keeps the reporting burden

for EBT reporting at zero, which is unchanged from the previous submission.

(Note: Puerto Rico has implemented an EBT system for its Nutrition Assistance Program block grant and may be counted as EBT on some FNS EBT charts. But we are not counting Puerto Rico as an EBT State in this document because they are not subject to the FSP EBT regulations and do not do the EBT reporting included in this burden.)

Estimated Reporting Burden for EBT:

Total number of responders	0
Number of reports submitted annually	<u>x 0</u>
Total annual responses	0
Number of hours per response	<u>x .0</u>
Total estimated hours	0

Estimated Recordkeeping Burden for EBT:

Total recordkeepers	0
Staff hours per recordkeeping	<u>x .0</u>
Total estimated hours	0

The total annual burden for OMB No. 0584-0083 is estimated to be 2,849 hours, an increase of 100 hours from the previous estimate of 2,749 hours. Attachment D 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 more than one form 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-366A	FNS-366B & Attach.	Plan of Operation	Other Submissions
1. State/local gov't cost @ \$31.04/per hr	\$21,387	\$29,612	\$16,451	\$20,967
2. Less Fed Reimburs.	10,693	14,806	8,226	10,484
3. Net cost to State & local gov't.	10,693	14,806	8,226	10, 483
Total Respond. Cost	\$10,693 +	\$14,806 +	\$8,226 +	\$10,483 =
	<u>\$44,209</u>			

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 \$31.04 per staff hour.

In conjunction with the FNS-366A which requests Federal funding, FNS uses the standard form (SF) SF-269, Financial Status Report, and SF-269A, Financial Status Report Addendum, to capture costs on State agency expenditures. The SF-269 captures administrative costs and the SF-269A captures cash-out benefit costs. However, we have not included the burden estimate to use the SF-269 and SF-269A because it is our understanding that the burden for the SF-269 is included under OMB No. 0348-0039. We estimate that the FNS burden for the SF-269 for the FSP is 4,671 hours.

**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.

**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 \$278,671. This cost includes (1) the cost of printing reporting forms; (2) reviewing, approving, and tracking State administrative budgets and disbursing funds; (3) reviewing and approving State plans and automated system project planning documents; (4) data entry and retrieval; (5) automated system costs; and (6) the Federal share of State agencies' burden costs to report the data. (See attachment E)

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

The previous approved burden was 2,749 hours. This submission increases the burden to 2,849 hours, an increase of 100 hours. The increase is due to a re-estimate of the time it takes to submit an Outreach Plan.

The number of responses have increased to 464, from 411, due to an adjustment to include the number of recordkeepers in this total.

**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 fair hearings and anti-fraud activity compiled from the FNS-366B. This report is normally published in June and distributed to State agencies. It is also distributed to the public upon request.

**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.**

We are seeking approval to not display an expiration date on State plans of operation, APD's, and EBT pilot project activity reporting. State plans of operation, APD's, and EBT pilot project reports are narrative documents prepared by the State agency. The contents of the planning or activity documents do not become obsolete at the end of 3 years. It would add additional burden to State agencies to resubmit a plan that is unchanged and still in effect simply to add a new expiration date.

**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.

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**B. Collection of Information Employing Statistical Methods.**

This collection does not employ statistical methods.