

FOOD STAMP REDEMPTION CERTIFICATE - FORM FNS-278B

WHOLESALE REDEMPTION CERTIFICATE – FORM FNS-278-4 (RCs)

OMB NUMBER: 0584-0085

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Justification

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

Legislative authority rests in Section 10 of the Food Stamp Act of 1977, as amended, requires that regulations issued pursuant to the Act shall provide for the redemption of coupons accepted by retail food stores through approved wholesale food concerns or through insured financial institutions insured by the Federal Deposit Insurance Corporation.

Regulations at 7 CFR 278.2(g) specify that authorized retail food stores may exchange coupons for face value upon presentation directly through the banking system or through a wholesale food concern authorized to accept coupons from that retailer. The provision at 7 CFR 278.3(c) specifies that authorized wholesale food concerns may redeem coupons, properly accepted from retailers, through the banking system upon presentation of the coupons. At 7 CFR 278.4(c) the provision is that the Food and Nutrition Service (FNS) will provide authorized retail stores and wholesale food concerns with Redemption Certificates (RCs).

The FNS phased out the issuance of paper food coupons, and in June 2004, the Electronic Benefit Transfer (EBT) system was implemented nationwide to deliver food stamp benefits electronically to recipients. Currently, 100 percent of all food stamp benefits are issued electronically. Some paper food coupons remain in circulation, however, as they were issued before EBT was fully implemented in each of the States. Because there is not an expiration date on food coupons, recipients who were previously issued paper food coupons can use the benefits they have until they are spent. Likewise, retailers must also continue to accept paper food coupons as a form of payment. Congress recently passed legislation to de-obligate the paper food coupons effective May 22, 2009. Food stamp recipients and retailers have until this date to spend and redeem any paper food stamp coupon benefits previously issued. After May 22, 2009, paper food stamp coupons will no longer be accepted as legal tender, retailers will not be permitted to accept them for cash or credit, and the RCs will become obsolete. Until the coupons expire,

the Federal government must continue to honor the paper food coupons as legal tender and retailers may continue to use the RCs to redeem paper food stamp coupons for cash or credit.

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

The Food Stamp Redemption Certificate, Form FNS-278B, is used by retail food stores when depositing (redeeming) food stamp coupons at commercial banks, or through authorized wholesalers. The Food Stamp

Redemption Certificate, Form FNS-278-4, is used by authorized wholesale firms to redeem coupons accepted from retail food stores. The RC is the transmittal of the firm's verification of the amount of coupons forwarded to the bank for redemption. The RCs are distributed to authorized retailers or wholesalers by FNS for completion. The FNS uses the deposit information collected from the RC in the administration of the Food Stamp Program (FSP) to monitor (1) deposits by retailer and wholesale food concerns, and (2) for store monitoring and compliance purposes.

The user's authorization number, name, and address are preprinted on the RCs. The retailer must count each coupon and then write the total of coupons by denomination to be redeemed on the Form FNS-278B and the person certifying the information must enter his title and the date signed. If the retailer is not authorized to forward the Form FNS-278B and the coupons directly to a bank for redemption, he must use

an authorized wholesaler for forwarding. The wholesaler, who uses Form FNS-278-4, completes the form

with up to seven retailer reports; i.e., authorization numbers and corresponding amounts of coupons for redemption, the name and address of the bank used to redeem the coupons, and the person certifying the information must enter their title and the date signed. The wholesaler transmits this form with the supporting retailer's form and the coupons to the bank for redemption. The bank counts and bank-stamps the coupons and enters its count on Form FNS-521, Food Coupon Deposit Document OMB Control

Number 0584-0314; credits the retailer's or wholesaler's account' and forwards the forms with the coupons to the appropriate Federal Reserve Bank. The Federal Reserve reconciles the coupons with the Form FNS-521, credits the bank, and forwards the forms and coupons to FNS, Minneapolis Computer Support Center.

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

FNS makes every effort to comply with the Government Paperwork Elimination Act of 1998 and the E-Government Act of 2002, to promote the use of the Internet and other information technologies to provide increased opportunities for citizen access to Government information and services, and for other purposes.

The collection of information does not involve the use of automated, electronic, mechanical, or other technological collection techniques.

4. Describe efforts to identify duplication.

There is no similar information collection effort available.

5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.

Authorized retailers, wholesalers, and commercial banks are involved in this information collection. The Act requires that FNS collect certain information for all firms, regardless of size, to ensure the efficient and effective operation of the FSP. The information collected is limited to what is necessary to comply

with statutory provisions and to protect program integrity without imposing undue burden on respondents, including small businesses.

6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently.

The requirements of this information collection are necessary to ensure efficient and effective operation of the Program. If we did not collect, or were unable to collect, the consequence to the Federal program is the Agency's reduced ability to effectively monitor accountability for program compliance and to detect fraud and abuse of food stamp benefits. There is no established data collection frequency for the RC because users complete and submit them as necessary when redeeming their food coupons for cash or credit.

7. Explain any special circumstances that would cause the information collection to be conducted in a manner that is inconsistent with 5 CFR 1320.6.

There are no special circumstances. The collection of information is conducted in a manner that is consistent with 5 CFR 1320.6.

8. Provide a copy and identify the data and page number of publication in the Federal Register. Describe efforts to consult with persons outside the agency or consultation with representatives of those from whom information is to be obtained.

A 60-day notice was published in the Federal Register on April 23, 2008, Volume 73; Number 79; Pages 21901-21902. The Agency did not receive any comments in response to this notice.

Due to the nature of the information collected, persons outside the agency were not consulted to obtain their views on the availability of data, frequency of collection, the clarity of instructions and

recordkeeping, disclosures, or reporting format, and on the data elements to be recorded, disclosed, or reported.

No consultation outside the agency was necessary for this submission.

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

There are no plans to provide payments or gifts to the retailers for their submission of data or information collection.

10. Describe any assurance of confidentiality provided to respondents.

The information collected is kept under lock and key, in secured bank vaults, or in data files that can be accessed only by authorized personnel. The FNS does not disseminate information regarding food coupon deposits. Both the Freedom of Information and Privacy Act govern the release of this data. Under the Act and program regulations, this information may not be used or disclosed to anyone except for the purposes directly connected with the administration and enforcement of the Act and the program regulations and complies with the Privacy Act of 1974 and the Office of Management and Budget (OMB) Circular A-108.

11. Provide additional justification for any questions of a sensitive nature.

There are no sensitive questions involved in this information collection.

12. Provide estimates of the hour burden of the collection of information.

This submission to OMB is for the continued approval of more than one form used in the FSP. The new estimated annual burden associated with these two forms is 32.06 hours, rounded to 32 hours.

A. Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated.

Burden estimates associated with the information collection are determined from information maintained in Store Tracking and Redemption Subsystem (STARS) system and are based on the total number of RCs processed annually. We used STARS data as of September 2007, the number of program respondents was 165,890 (165,521 authorized retailers and wholesalers + 369 banks) participating in the FSP. Of this amount, 989 (983 retailers and 6 wholesalers) retailers had food coupon redemptions totaling \$299,157 and the number of completed RC responses was 4,256 annually. We estimate that it takes an average of 1 minute and 2 seconds (or 0.01722222 hours) for a retailer to complete the information on the RC and for the financial institution to handle and process the document. For this information collection package, we calculated the burden hours from each year, added them together (2008-2010) and divided by three to obtain the average burden for which we are seeking OMB approval. We estimate the average burden hours for the next three years to be 32 hours.

For this submission we are assuming the estimated following reductions:

Fiscal	Decrease in % of Retailers	Decrease in % of RC
<u>Year</u>	<u>Accepting Food Coupons</u>	<u>Responses Annually</u>
2008	25%	25%
2009	25%	25%
2010	100%	100%

We estimate the burden for the next three years to be as follows:

FY 2008

Total Respondents = 1,111 (742 retailers and 369 banks)

Total Responses	=	3,192 (4,256 x 75%)
Time/Hrs per Response	=	0.0167 x 742 (retailers)
		<u>0.0005</u> x 369 (banks)
		0.01722222 hours
FY 2008 Burden Hrs	=	54.97 (3,192 x 0.01722222)

FY 2009

Total Respondents	=	925 (556 retailers and 369 banks)
Total Responses 2009	=	2,394 (3,192 x 75%)
Time/Hrs per Response	=	0.0167 x 556 (retailers)
		<u>0.0005</u> x 369 (banks)
		0.01722222 hours
FY 2009 Burden Hrs.	=	41.22 (2,394 x 0.01722222)

FY 2010

Total Respondents	=	0 (0 retailers and 0 banks)
Total Responses 2010	=	0
Time/Hrs per Response	=	0.0167 x 0 (retailers)
		<u>0.0005</u> x 0 (banks)
		0.01722222 hours
FY 2010 Burden Hrs.	=	0 (0 x 0.01722222)

TOTAL ANNUAL HOURS: = 32 hours [54.97 hours + 41.22 hours + 0 hours = 86/3 = 32.06 hours].

B. If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in item 13 of OMB Form 83-1.

There are two forms currently approved under OMB No. 0584-0085.

Total Annual Burden Hours for FY 2008	=	54.97
Form FNS-278B, Food Stamp RC	=	54.64 burden hours
Form FNS-278-4, Wholesaler RC	=	0.3298 burden hours
Total Annual Burden Hours for FY 2009	=	41.22
Form FNS-278B, Food Stamp RC	=	40.98 burden hours
Form FNS-278-4, Wholesaler RC	=	00.24 burden hours
Total Annual Burden Hours for FY 2010	=	0
Form FNS-278B, Food Stamp RC	=	0 burden hours
Form FNS-278-4, Wholesaler RC	=	0 burden hours

Provide estimates for the number of affected respondents.

The information collection will be performed by retailers and financial institutions. For hourly cost estimation for retailers, we went to the Bureau of Labor Statistics (BLS) website and used the May, 2007 data available from the North American Industry Classification System (NAICS) Industry-Specific Occupational Employment and Wage Estimates for Grocery Stores (http://www.bls.gov/oes/current/naics4_445100.htm#b00-0000). For financial institutions, we used the National Industry-Specific Occupational Employment and Wage Estimates for Monetary Authorities – Central Bank (http://www.bls.gov/oes/current/naics4_521100.htm#b13-0000).

Within the Grocery Store classification, we used the Standard Occupational Classification code number 00-0000 – All Occupations. Based on this data, the mean hourly wage estimate was \$11.39 per hour. Within the Monetary Authorities, we used the Standard Occupational Classification code number 00-0000 – All Occupations. Based on this data, the mean hourly wage estimate was \$25.57 per hour.

The wage amounts were used as our basis for computing total annual cost burden to the respondents, as it is the most current data provided by the BLS. This wage amount was used as our basis for computing total annual cost burden to the respondents, as it is the most current data provided by the BLS. The total annual burden hours = 32.06 x \$36.96 per hour = \$1,184.93.

13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).

There are no capital/start-up or ongoing operation/maintenance costs associated with this information collection to respondents or record keepers.

14. Provide estimates of annualized cost to the Federal government.

The estimated annualized cost to the Federal Government is \$30,000. This cost includes the RC printing cost of \$13,000 and the shipping/distribution expense of \$17,000.

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

The current approved OMB inventory estimated average annual burden hour is 70 hours. This is based on an average of 9,503 retailers and wholesalers and 5,850 banks completing an average of 3,475 RCs annually.

Projected Total

<u>Annual Burden Hours</u>	<u>Fiscal Year</u>
54.97	2008
41.22	2009
0	2010

The new annualized average burden hour is 32 hours ($54.97 + 41.22 + 0 = 96.19/3 = 32.06$), which is based on 678.66 retailers and wholesalers completing an average annual response of 1,862 responses ($1,862 \times 0.01722222 = 32.06$ hours). This is a decrease of 38 burden hours from our previously approved burden estimate of 70 hours. The previous number of responses was 3,475 and is reduced to 1,862 which results in a reduction of 1,613 responses.

Congress mandated the approval, implementation and operation of an on-line EBT system for the FSP as an alternative to issuing food stamp benefits in coupon form. The decrease in burden is a direct result of the elimination of benefits being issued in paper food coupons and replaced in electronic format, and the reduction in the number of RCs submitted by program respondents. The number of responses also declined as FNS phased-out the issuance of paper food coupons.

Congress recently enacted legislation to de-obligate paper food coupons as legal tender effective May 22, 2009. Retailers may not accept and redeem paper food coupons remaining after this date, and the need for the RCs will no longer exist, and FNS will initiate action to obsolete Forms FNS-278B and FNS-278-4.

16. For collection of information whose results will be published, outline plans for tabulation, and publication.

There are no plans for tabulation and publication of this collection of information.

17. Approval to display or not display the OMB expiration date for the information collection.

The Agency is seeking approval not to display the expiration date for OMB approval on the form because it is impractical and not cost efficient to incur expenses for a form that has limited (Form FNS-278-4), or for one that's use is rapidly declining (Form FNS-278B) and will become obsolete after May 22, 2009.

18. Explain each exception to the certification statement identified in Item 19.

There are no exceptions to this certification statement.