

FOOD COUPON DEPOSIT DOCUMENT - FORM FNS-521

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Bea Fitzgerald, Project Officer

Food Stamp Program

Food and Nutrition Service, USDA

3101 Park Center Drive, Room 404

Alexandria, VA 22302

PHONE: 703-305-2525

FAX: 703-305-1863

Bea.Fitzgerald@fns.usda.gov

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 all verified and encoded redemption certificates (RCs) accepted by financial institutions from authorized retail food stores shall be forwarded with the corresponding coupon deposits to the Federal Reserve Bank (FRB) along with the accompanying Food Coupon Deposit Document (FCDD), Form FNS-521.

Regulations at 7 CFR 278.5 govern financial institution and Federal Reserve participation in the food coupon redemption process.

The Food and Nutrition Service (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 and FCDDs will become

obsolete. Until the coupons expire, the FCDD will continue to be used by financial institutions in accordance with the rules contained in 7 CFR 278.5 of the Food Stamp Program regulations and instructions of the FRB.

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

The FCDD is used by financial institutions when sending food coupons to the FRB.

When a financial institution is ready to send food coupons to the FRB, it is required to prepare the FCDD. The FRB enters the name, address, and unique check routing code of each financial institution that deposits food coupons on the face of every FCDD. After entering this information, the FRB distributes a supply of the FCDDs to the appropriate financial institutions.

The depositing financial institution enters the quantity and value of food coupons and RCs that it is forwarding to the FRB on the FCDD. The FCDD is retained by the depositing institution for its internal records. On receipt of the food coupons and RCs, the FRB strap counts the coupons and compares its count versus the amount entered on the FCDD by the depositing financial institution. The FRB credits the financial institution for the value of food coupons based on the original amount on the FCDD, with any discrepancies handled as adjustments.

The FRB captures retailer redemption data from MICR-encoded RCs and depositing institution data from the FCDDs. The FRB reconciles, to the extent possible, all deposits where the variance between the sum of the RCs and the FCDD total exceeds established tolerances. Data is collected and transmitted electronically to the FNS. The FNS uses

the deposit information from the FCDD to monitor (1) deposits by financial institutions, and (2) charges by the Federal Reserve against FNS' treasury account.

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.

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.

Currently, 100% of all food stamp benefits are issued electronically. Grocer's bank accounts are credited via electronic funds transfer through the FRB daily. The issuance of food stamp benefits through the EBT system eliminates food coupons and subsequently ancillary forms such as the FCDD and the RC.

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.

The requirements of this information collection would not adversely impact small business or other small entities.

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 are necessary to ensure efficient and effective operation of the Food Stamp Program (FSP). Until paper food coupons cease to exist, the FCDD must be prepared each time a deposit of food coupons is made. If the data collection is not conducted 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.

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 inconsistent 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 May 5, 2008, Volume 73; Number 87; Page 24531. 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 respondents for their submission of data or information collection.

10. Describe any assurance of confidentiality provided to respondents.

The FNS does not disseminate information regarding food coupon deposits. Both the Freedom of Information and Privacy Acts govern the release of this data. Under the Act and program regulations, this information may not be used or disclosed to anyone except for purposes directly connected with the administration and enforcement of the Act and the program regulations and complies with the Privacy Act of 1994 and the Office of Management and Budget Circular A-108.

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

There are no sensitive questions, or sensitive questions involved in this information collection.

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

The new estimated annual burden with this form is 13.512 hours, rounded to 14 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 STARS and are based on the total number of FCDDs processed annually. STARS data as of September 2007 was used as our basis, as this is the most comprehensive data available to use at this time.

The number of respondents (financial institutions) = 369
The number of responses per respondent = 3.766 [1,390 FCDDs /369 financial institutions]

The previous annual burden was 176 hours was based on 18,140 total annual responses. The reporting burden per document has not changed. The total burden, however, has been reduced due to fewer documents being processed as the number of paper food coupons remaining in circulation decreased. 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 paper 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 coupons as a form of payment, and the Federal government must continue to honor them as legal tender.

FNS-FOOD COUPON DEPOSIT DOCUMENT BURDEN ON RESPONDENTS

Prep time per response/year = 9.652 hours [1,390 FCDDs x .006944 (25 seconds)]
Filing time per response/year = 3.860 hours [1,390 FCDDs x .002777 (10 seconds)]
Total Annual Burden = 13.512 hours

12-B. Annualized Cost to Respondents.

The information collection will be performed by financial institutions. For hourly cost estimation 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 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).

FNS-FOOD COUPON DEPOSIT DOCUMENT COSTS TO RESPONDENTS

$$\text{Total cost/year} = 14 \text{ hours/year} \times \$27.68/\text{hour} = \$387.52$$

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 on-going 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 \$81,777. This cost includes the FCDD printing cost of \$500 and the shipping/distribution expense of \$250.

The FNS has a reimbursable agreement with the FRB regarding monitoring of food stamp redemption's that includes the capture and reconciliation of RC and FCDD data.

The data is used to monitor the food coupon redemption activity of over 165,890 authorized firms, 369 financial institutions, and 1 FRB processing the FCDDs. Approximately 4,256 RCs and 1,390 FCDDs are processed annually. With the exception of printing, the following calculations are based on FCDD's as a percentage of the total number of documents processed—this is 32.65%.

FCDD SHARE OF TOTAL COSTS

Printing	\$ 500.00
Mailing Costs to FRB	\$ 250.00
FRB Reimbursement Costs (\$248,169/year x 32.65%)	\$ <u>81,027.17</u>
Total Annual FNS Costs	\$ <u>81,777.17</u>

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

The total burden has been reduced from 176 hours to 14 hours. This is an adjustment with a reduction of 162 hours. This decrease in burden hours is based on an average of 369 banks completing an average of 1,390 FCDDs annually.

The total burden, has been reduced due to fewer documents being processed as EBT was implemented nationwide and currently 100 percent of all food stamp benefits are issued electronically.

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 of the information collection on the form because it is impracticable and not cost efficient to incur expenses for a form that has limited use, or for one that's use is rapidly declining 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.