

**FOOD STAMP PROGRAM – STORE APPLICATIONS
FNS-252, FNS-252-E, FNS-252-2, AND FNS-252-C FOR CORPORATIONS (CHAIN
STORES)**

OMB NUMBER: 0584-0008

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 and Fax: 703-305-1863

Bea.Fitzgerald@fns.usda.gov

Background

The U.S. Department of Agriculture's Food and Nutrition Service (FNS) is the Federal agency responsible for the Food Stamp Program (FSP). Section 9 of the Food Stamp Act of 1977, as amended, (the Act) (7 U.S.C. 2011 et seq.) requires that FNS provide for the submission of applications for approval by retailers, wholesalers, meal service providers, certain types of group homes, shelters, and state-contracted restaurants that wish to participate in the FSP. FNS is responsible to review the application in order to determine whether or not applicants meet eligibility requirements, and make determinations whether to grant or deny authorization to accept and redeem food stamp benefits. FNS is also responsible for requiring updates to application information and reviewing that information to determine whether or not the firms or services continue to meet eligibility requirements.

This submission to the Office of Management and Budget (OMB) is for the approval of information collection requirements imposed on retail food stores, wholesale food concerns, and food service organizations that apply for authorization to accept and redeem food stamp benefits, and for monitoring compliance and the continued eligibility of such respondents once authorized. Upon approval, these respondents are the "normal channels of trade" for delivery of FSP benefits to low-income households. There are currently three application forms approved under OMB No. 0584-0008 - a revision to the Food Stamp Program Application for Stores (Form FNS-252); the Meal Service application (Form FNS-252-2); and the supplemental to the retailer application (Form FNS-252-C) that is used for individual (chain) stores under a corporation.

With this submission to OMB, FNS is seeking approval to revise Form FNS-252 and to add a online form, FNS-252-E, to this information collection. FNS will implement the revision of Form FNS-252 when the online application form is implemented at the end of July, 2008.

FNS designed the questions on the online application form to "mirror" those on the revised Form FNS-252. The primary objective in creating the online application and in revising the Form FNS-252 data collection was to reduce the burden on retailer applicants by simplifying and streamlining information collected. Questions have been re-phrased or combined in order to make the form easier to read. FNS will also provide an electronic alternative to filing a paper application. This will provide retailer applicants with enhanced help features to ensure that applications are correctly completed, and will expedite the application submission process. The application form and online application were developed in a customer and computer friendly format. The prototype online application form has been showcased for National retailer organizations. In our Federal Register Notice, we estimated that 40 percent of retailers would initially use the online form.

FNS revised the technical language contained on pages 6 and 7 of the Form FNS-252 (English and Spanish). These changes have been cleared by our legal counsel and are intended to provide clearer language describing information use and disclosure, and our training requirements and the penalties for violating Program rules.

The burden associated with the Form FNS-252 and the online Form FNS-252-E is determined from the number of new applications received from retail food stores. This information is obtained from the Store Tracking and Redemption System (STARS) database. We used the number of new applications received (25,531) from FY 2007 as the base number for current FY 2008 estimates. We estimate that 40 percent (10,212.4) of the 25,531 applications will be submitted using the online Form FNS-252-E and 60 percent (15,318.6) will be submitted using Form FNS-252 (paper application). In our last submission to OMB, we estimated that it takes a retailer, on average, 19.9 minutes to complete Form FNS-252. For this submission to OMB, as a result of improvements to the application form, we estimate that it will take retailers, on average, 11 minutes to review the instructions and complete the paper application (Form FNS-252); 10 minutes to review the instructions and complete the online application (Form FNS-252-E) and a one time burden of 8 minutes for retailers to obtain a USDA eAuthentication account needed to verify electronic account information and authentication.

Justification

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

The need to collect information is established under the Act to determine the eligibility of retail food stores, wholesale food concerns, and food service organizations applying for authorization to accept and redeem food stamp benefits, and to monitor these firms for continued eligibility, and to sanction stores for non-compliance with the Act, and for Program management.

Section 9(a) of the Act requires food stores and meal services (firms) to submit applications to FNS for approval prior to participating in the FSP. The Act specifies that only those applicants whose participation will “effectuate the purposes of the program” should be authorized. According to the Act, some of the factors to consider in making an eligibility determination of an applicant firm are the nature and extent of the food business conducted by the applicant; the volume of food stamp benefit business, which can reasonably be conducted by the applicant; and the business integrity and reputation of the applicant. FNS field office staff review a firm’s application to determine if the applicant individual and firm meet the eligibility requirements and make a determination to deny or accept (i.e., approve or authorize) the firm’s application to redeem food stamp benefits. FNS is also responsible for requiring updates to application information and reviewing that information to determine whether or not the firms or services continue to meet eligibility requirements.

Section 12 of the Act states that firms which violate the Act or regulations may be disqualified from Program participation, assessed a civil money penalty or fined. As part of this process, the Agency must have a complete description of the business entity on the application to detect intentional or unintentional circumvention of the penalties for non-compliance with Program regulations. In support of these responsibilities, the Social Security Act was amended in 1990 (42 U.S.C. 405(c) (2) (C)) to allow for the mandatory collection of the Social Security Number (SSN) of owner(s) or corporate officer(s) of a firm during the approval process of the store’s application. In addition, Section 6109 of the Internal Revenue Code of 1986, as amended in 1990, permits the mandatory collection of the Employer Identification Number (EIN) from store owners. These requirements can be found at 7 CFR 278 and 279 of the Food Stamp Program regulations.

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

Information is collected primarily for use by the FNS in the administration of the Food Stamp Program. Part of FNS’ responsibility is to accept applications from retail food establishments and meal service programs that wish to participate in the FSP. FNS field offices review a firm’s application in order to determine whether or not applicants meet eligibility requirements and make determinations whether to

grant or deny authorization to accept and redeem food stamp benefits. FNS is also responsible for requiring updates to application information and reviewing that information to determine whether or not the firms or services continue to meet eligibility requirements. The information is collected on the various paper applications associated with this information collection, and electronically with the development of the online application, Form FNS-252-E. The information is retained by the appropriate FNS field office accepting, reviewing, and approving applications for stores and meal services.

The FNS and other Federal Government agencies examine such information during compliance reviews, audit reviews, special studies or evaluation efforts. Additional disclosure of this information may be made to other FNS programs and to other Federal, State or local agencies and investigative authorities when the FSP becomes aware of a violation or possible violation of the FSP Act. FNS may disclose information to the Department of Justice (DOJ), a court or other tribunal, or another party before such tribunal when the United State Department of Agriculture (USDA) is involved in a lawsuit or has an interest in litigation and it has been determined that the use of such information is relevant and necessary, and the disclosure is compatible with the purpose for which the information was collected.

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 1998 and E-Government Act 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 revision to Form FNS-252 and the addition of the online application, Form FNS-252-E includes the use of plain language based on the guidance published by the Securities and Exchange Commission "[A Plain English Handbook: How to Create Clear SEC Disclosure Documents](#)" published 1998. In order to provide better customer service and reduce the administrative burden, FNS routinely works with retail applicants and trade associations to determine steps in our application process that may be streamlined. We routinely canvass applicants during the application process and identify key target areas that cause the most confusion on the FNS-252 application. Applicants suggested that our inventory and sales questions were the most confusing. We addressed both areas in our re-design to ensure that our questions were clear and concise. We significantly reduced the number of inventory check boxes and switched to yes/no questions that ask an applicant about an entire food category. We also found that retail applicants suggested to us that they find it difficult to estimate sales for an entire year; therefore, we now provide the option of submitting estimated sales information in smaller and more manageable time increments, such as a day or week.

FNS has promoted the benefit to retailers using the online application to the national retailer organizations in our outreach efforts. We estimate that 40 percent of the retailers applying for authorization will use the online Form FNS-252-E. We anticipate this number will increase over time, as plans are underway by FNS to also share this information with State and local trade organizations and other outside entities between now and July 2008.

FNS will continue to promote and offer an electronic alternative to the paper application for respondents in conjunction with the E-Government Act. Forms FNS-252 and Form FNS-252-2 will continue to be made available in PDF format for applicants to download from the FNS public website at: <http://www.fns.usda.gov/fsp>. FNS also translated the revised Form FNS-252 into Spanish and this revision is also available for retailers to download as a PDF file from the Internet. Form FNS-252-C is not available on the FNS public website because only select corporations participating in the Food Stamp Program use this form. FNS will continue to explore ways in which these corporations can access and submit data electronically to FNS in the future.

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 entities, describe any methods used to minimize burden.

The Act requires that FNS collect certain information from all firms, regardless of size, to ensure the efficient and effective operation of the FSP. Therefore, it is FNS' goal to minimize burden on all applicants.

We have used plain language, provided clear explanations to guide the applicant to report accurate information, and deleted questions that are not needed to effectively administer the Program. This minimizes the administrative burden placed on all firms applying to participate in the FSP, including small businesses.

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

In 2007, 26 million people redeemed close to 30 billion dollars through 165,000 licensed retailers. FNS' ability to ensure that only eligible stores are participating and that participating stores abide by Program rules hinges on gathering and maintaining accurate information. The requirement of this information collection is necessary to ensure efficient and effective operation of the Program. If we did not collect, or were unable to collect, the information contained on the application, 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. Additionally, we would be out of compliance with the law and our own regulations.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner that is inconsistent with 5 C.F.R. 1320.6.

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

8. Provide a copy and identify the date and page number of publication in the Federal Register.

A 60-day notice was published in the Federal Register on January 2, 2008, Volume 73; Number 1; Pages 147-156 seeking comments on the content, format and design of the revised Form FNS-252 and the on-line Form FNS-252-E.

During the 60-day public comment period, FNS received one comment from a retailer (Attachment 1) and several comments from the Office of Inspector General (OIG) in response to this notice (Attachment 2).

Describe efforts to consult with persons outside the agency or consultation with representatives of those from whom information is to be obtained.

FNS convened a group of headquarters, regional and field office staff to assist in the development and testing of the revised Form FNS-252 and the online application, Form FNS-252-E in March 2008. Participants stated the revised form and the online application was easier to understand than the current application and only suggested minor changes to the text and design of the form.

9. Explain any decision to provide any payment or gift to respondents.

There are no plans to provide gift or payment to retailers for their submission of data or information collection.

10. Describe any assurance of confidentiality provided to respondents.

The applications for authorization and the information contained on the application which contains the personal identifying information on retail and wholesale store owners and officers, and/or owners and officers associated with other entities, are located in FNS field offices throughout the United States and in a host computer database. The host computer server which contains the application information stored in the STARS database is located at the Benefit Redemption Systems Branch in Minneapolis, Minnesota.

The applications contain the following personal information regarding owners and officers: Name, home address, social security number, and date of birth. The SSNs are collected only from owners of sole proprietorships, partnerships, principal shareholders of private corporations, and officers of cooperatives. Financial data

(i.e., food sales, gross sales, and food stamp redemption data) relative to each entity currently authorized or previously authorized is in the STARS database.

This Notice was published in the Federal Register on April 12, 1999, Volume 64, Number 69, and is located on pages 1704-1706.

Section 9 of the Act, U.S.C. 2018, authorizes collection of the information on the application. Section 278.1(b) of the FSP regulations provides for the collection of the owners' SSN, EIN and tax information.

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

By law, we are allowed to ask applicant firms for their SSNs and EINs, if applicable. Although applicant firms are not required to disclose these numbers to us, we reserve the right to deny an application that does not have these numbers because we cannot guarantee the legitimacy of the business, owner(s) or corporate officers.

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

This submission to OMB is for the approval of the revised application for retailers (Form FNS-252), online application for retailers (Form FNS-252-E), and for the continued approval of the application for meal services (Form FNS-252-2), and the Addendum to the retailer application (Form FNS-252-C) that is used for individual (chain) stores under a corporation. In addition to these four forms, FNS may conduct an on-site visit of the firm during a first-time authorization. The store visit of the firm helps FNS confirm that the information provided on the initial application is correct. A FNS representative or contractor obtains permission to fill in the store visit checklist, photograph the store and asks the store owner or manager about the continued ownership of the store. The new estimated annual burden associated with these four forms and FNS Store Visits is 5,936.37 hours, rounded to 5,836 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 application forms are determined from information maintained in STARS and are based on the total number of currently authorized or newly authorized non-corporate and corporate (chain) stores and meal services. For FY 2008 projections were based on STARS data from FY 2007, as this is the most comprehensive and complete data available to us at this time. The number of respondents is 41,485.97 (rounded to 41,486) and the number of responses per respondent is 1. Further information is provided below.

Form FNS-252:

We expect to receive and process 11,999.57 FNS-252 applications for FY 2008. We also estimate it takes a retailer on average, 11 minutes (or 0.18370) to complete the FNS-252 paper application. Using FY 2007 data, we used 25,531 as the base number for all new applications received from retail food stores. We increased our base number by 2,553 (or 10%) to account for applications that are processed by field offices but are not authorized. We also decreased the base number by the following amounts: 5,362 (or 21%) to account for chain stores (corporations); by 10,212 (or 40%) for online applications we expect to receive; and by 511 (or 2%) for Meal Services that complete a different application.

The total number of initial Form FNS-252 applications we expect to receive and process for FY 2008 is estimated to be 11,999.57, (rounded to 12,000) and a total burden hours calculated to be 2,204 [12,000 x 0.18370].

Form FNS-252-E:

We estimate approximately 10,212 (40% x 25,531) retailers who would complete a paper application will use the online application in FY 2008. We estimate it takes a retailer on average, 10 minutes (or 0.167) to complete the online application Form FNS-252-E. Retailers must also first self-register for a Level 1 access account through the USDA eAuthentication system in order to initially start an online application. USDA eAuthentication facilitates the electronic authentication of an individual and it takes approximately 8 minutes (or .1336) to obtain an eAuthentication account.

Thus, the total number of online applications, Form FNS-252-E we expect to receive and process for FY 2008 is estimated to be 10,212, and a total burden hours calculated to be 3,070 [10,212 x 0.3006].

Form FNS-252-2:

We estimate the number of Meal Service applications received in FY 2008 will be 304, the same amount received in FY 2007. We also estimate that it takes 11 minutes (0.18370) to complete the application and calculate the total burden hours to be 56 [304 x 0.18370].

Form FNS-252-C:

We estimate the number of Chain Stores (Corporations) applications received in FY 2008 will be 4,335, the same amount received in FY 2007. We also estimate that it takes retailers 5 minutes (or 0.08350) to complete the application, and a total burden hours calculated to be 362 [4,335 x 0.08350].

Store Visits:

Based on FY 2007, we estimate the number of Store Visits conducted in FY 2008 will be 14,635. We estimate a FNS representative or contractor interacts for a maximum of 1 minute (or 0.01670) with the owner or manager, and a total burden hours calculated to be 244 [14,635 x 0.01670].

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 three application forms currently approved under OMB No. 0584-0008. For this submission to OMB, FNS is seeking approval to add an online application, Form FNS-252-E to this information collection; and for the approval of one revised form - the retailer application, Food Stamp Program Application for Stores (Form FNS-252); and the continued use of two forms - the Meal Service application (Form FNS-252-2); and the supplemental to the retailer application (Form FNS-252-C) that is used for individual (chain) stores under a corporation.

Provide estimates for the number of affected respondents.

Form FNS-252

Authorizations 11,999.57 retailers
 Annual responses (Form FNS-252) = 11,999.57 retailers

Form FNS-252-E

Authorizations 10,212.40 retailers
 Annual responses (Form FNS-252) = 10,212.40 retailers

Form FNS-252-2

Authorizations 304 meal services
 Annual responses (Form FNS-252-2) = 304 meal services

Form FNS-252-C

Addendum to Form FNS-252-2 4,335 chain stores
 Annual responses (new Form FNS-252-C) = 4,335 chain stores

TOTAL ANNUAL RESPONSES (application forms): 26,850.97 firms.

Store Visits

Authorizations 14,635 store visits
 Annual responses 14,635 store visits

TOTAL ANNUAL RESPONSES: = 41,485.97 (rounded to 41,486).

Provide estimates of annualized hourly burden to respondents.

<u>Form FNS-252</u>		2,204.32 hours [11,999.57retailers x .1837 hour (11 minutes)]
<u>Form FNS-252-E</u>		1,705.47 hours [10,212.4 retailers x .167 hour (10 minutes)] and
<u>eAuthentication for FNS-252-E</u>		1,364.38 hours [10,212.4 retailers x .1336 hour (8 minutes)]
<u>Form FNS-252-2</u>		55.84 hours [304 meal services x .1837 hour (11 minutes)]
<u>Form FNS-252-C</u>		361.97 hours [4,335 chain stores x .0835 hour (5 minutes)]
<hr/>		
<u>Application Forms</u>	=	5,691.97 hours
<u>Store Visits</u>	=	244.40 hours [14,635 store visits x .0167 hour (1 minute)]

TOTAL ANNUAL HOURS (application forms + store visits): 5,936.37 hours
(5,691.97 hours + 244.40 hours).

Provide estimates of annualized costs to respondents.

The cost to the public is based on an average estimate wage rate of \$11.39 per hour. For hourly cost estimation, we went to the Bureau of Labor Statistics (BLS) website (http://www.bls.gov/oes/current/naics4_445100.htm), and used the May, 2007, data available from the National Industry-Specific Occupational Employment and Wage Estimates for Grocery Stores. Within this group, we further used the Standard Occupational Classification code number 00-000 – All Occupations (http://www.bls.gov/oes/current/naics4_445100.htm#b00-0000). Based on this data, the mean hourly wage estimate was \$11.39. 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 proposed total annual cost to the public is listed below. There is no cost to the public for conducting store visits.

Form FNS-252
Annual cost: \$25,107.20 (2,204.32 hours @\$11.39 per hour)

Form FNS-252-E
Annual cost: \$34,965.48 (3,069.84 hours @\$ 11.39per hour)

Form FNS-252-2
Annual cost: \$636.02 (55.84 hours @ \$11.39 per hour)

Form FNS-252-C

Annual cost: \$4,122.84 (361.97 hours @ \$11.39 per hour)

TOTAL ANNUAL COST (application forms): \$64,831.54 [\$25,107.20 + \$34,965.48 + \$636.02 + \$4,122.84]

13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information.

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

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

The estimated one-time cost to the Federal government is \$469,775.74. This cost includes developmental costs of: \$3,920 for the development of the 60-day Federal Register notice and the ICB package; \$464,855.74 for the development of the revised retailer application and the online application; and \$1,000 for document translation services. There are no changes, and therefore no costs associated with Form FNS-252-2 and FNS-252-C.

The reoccurring estimated annual cost to the Federal government is \$118,700. This includes: staffing support costs of \$50,000 [evaluation and processing of an estimated 26,947 forms (11,999.57 paper + 10,212.40 online) retailer applications, 304 meal service applications and 4,335 chain store addendums) and review of annual documentation from reports and store visits]; printing costs of \$56,000; assembly and mailing costs of \$8,200; and \$4,500 for document translation services. FNS has eliminated shipping and storage costs by printing the application on demand from our support center in Minneapolis.

FNS pays approximately \$94 per visit. We have a multi-year contract with companies to carry out these visits on behalf of FNS. In FY 2007, FNS spent approximately \$2.5 million on store visits.

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

The estimated total annual burden hours associated with this information collection is 5,936 hours (5,692 hours for applications and 244 hours for store visits). This is a decrease of 1,516 burden hours from our previous burden estimate of 7,452 hours. The decrease in the overall burden is due in part, to the revision of the FNS-252 application, and the creation of the online application, Form FNS-252-E. We streamlined the form by eliminating unnecessary questions; using clearer and simpler language; and a decrease in the time it takes retailers to complete the paper form from 15.05 minutes to 11 minutes, a reduction of 4.04 minutes. We anticipate the implementation of the online application, Form FNS-252-E will help to further

reduce the burden on program respondents, and as we continue to look for ways to use technology to reduce burden. An explanation of program changes and adjustment follows:

Program Changes:

1. There are notable decreases in the number of affected respondents and burden hours from our previous submission to OMB. This is attributed, in part, to the revision of Form FNS-252 (paper); and the creation of the online application, Form FNS-252-E.

2. Data collected on the current Form FNS-252 was revised when designing the online application, Form FNS-252-E. The application process (paper and electronic) was streamlined. Questions were re-phrased or combined in order to provide clearer language. Questions that no longer have any relevance to the authorization process were deleted. Instructions and help tips were written in simpler terms. The application form and online screens were developed in a user friendly format.

The revised form and the online application form takes applicants less time to complete because the questions are clearer than the previous forms. Previously, it took retailers, on average, 15.04 minutes to complete Form FNS-252. Due to our streamlining efforts; better form design and the elimination of redundant or ambiguous questions, retailers can complete the paper form in 11 minutes and approximately 10 minutes for an electronic application; 8 minutes are needed to obtain the eAuthentication Level 1 access. We estimate that approximately 40% of 25,531 (10,212) retailers will complete the online application. The Form FNS-252-E will collect the same information that is collected on Form FNS-252, just in an electronic format.

Adjustments

Significant decreases of burden hours associated with this information collection are most notably realized on the paper FNS-252 (6,228 previously reported; 2,204 this submission); FNS-252-C (421.92 previously reported; 361.97 this submission) are attributed to our efforts to streamline the application process; ask clearer questions; and re-format the design of the application (paper and electronic form) so that the content and section headings flow in a more logical order.

The increase of burden hours associated with Form FNS-252-2 (42.12 previously reported; 55.84 this submission) is an adjustment due to the increase in meal service applications received and approved by FNS.

- 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 will publish the expiration date on the application forms.

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

There are no exceptions to this certification statement.