

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM

STORE APPLICATIONS

FNS-252-R

OMB NUMBER: 0584-NEW

Bea Fitzgerald, Project Officer

Supplemental Nutrition Assistance Program

Food and Nutrition Service, USDA

3101 Park Center Drive, Room 404

Alexandria, VA 22302

Phone: 703-305-2525 and Fax: 703-605-1863

Bea.Fitzgerald@fns.usda.gov

Justification

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

Upon OMB approval, FNS intends to incorporate this form into the information collection associated with OMB No. 0584-0008, as these respondents are also considered the “normal channels of trade” for delivery of SNAP benefits to low-income households.

The Food and Nutrition Service (FNS) of the U.S. Department of Agriculture (USDA) is the Federal agency responsible for the Supplemental Nutrition Assistance Program (SNAP) formerly known as the Food Stamp Program. The Food and Nutrition Act of 2008 (7 U.S.C. 2011-2036), as codified under 7 CFR Parts 278 and 279, requires that the FNS determine the eligibility of retail food stores and certain food service organizations to accept and redeem SNAP benefits, to monitor them for compliance and continued eligibility, and to sanction stores for non-compliance with the Act.

Section 9 (a) of the Act requires retail food stores and meal services (firms) to submit applications to FNS for approval prior to participating in SNAP. The Act further specifies that only those applicants whose participation will “effectuate the purposes of the program” shall be authorized. FNS has a responsibility to review applications in order to make determinations whether to grant or deny authorization to accept SNAP benefits. FNS is also responsible for requiring updates to application information and reviewing that information to determine whether or not authorized firms continue to meet eligibility requirements.

Section 12 of the Act states that firms that 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 each individual who is an owner or officer of the applicant or authorized firm. 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 Supplemental Nutrition Assistance Program regulations.

The Supplemental Nutrition Assistance Program Application for Stores – Reauthorization, Form FNS-252-R was initially part of the information collection associated with OMB No. 0584-0008. Previously, FNS elected to eliminate this form due to the fact that it was labor intensive for the Agency to process and placed too great a burden on the responder. However, the Government Accountability Office issued a report (GAO-07-53) recommending that the Agency could enhance program integrity by better targeting applicants and authorized firms in 2007. In response to the audit, FNS initiated a data mining project to implement a risk based model and a new firm classification system. The classification system is used by our fraud detection software to monitor suspicious activity and relies on recent and accurate firm sales figures. FNS has significantly improved the technology

capability of our retailer management system so that sufficient automation now exists to re-instate the prior collection tool, in an effort to enhance program integrity, but at a reduced burden on the public and Agency to provide and process the information.

Form FNS-252-R, Supplemental Nutrition Assistance Program Application for Stores - Reauthorization will be used by the majority of currently authorized stores to apply for reauthorization. FNS intends to implement the use of this form once approved by OMB.

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

Information is collected primarily for use by FNS in the administration of the SNAP. Part of FNS' responsibility is to accept applications from firms that wish to participate in SNAP. 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 SNAP 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. Form FNS-252-R will be used for information collection requirements to be imposed on retail firms for the continued eligibility of such respondents once authorized. The information is retained by the appropriate FNS field office accepting, reviewing, and approving applications and reauthorizations for stores.

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, Federal, State or local agencies and investigative authorities when SNAP becomes aware of a violation or possible violation of the Food and Nutrition Act. FNS may disclose information to the Department of Justice (DOJ), a court or other tribunal, or another party before such tribunal when the 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. Use of information technology and burden reduction.

FNS is committed to complying with the E-Government Act of 2002, which requires that, when practicable, federal agencies use electronic forms, electronic filing, and electronic signature to conduct official business. Current technological opportunities allow us to improve information collection in accordance with these statutes.

The addition of Form FNS-252-R includes the use of plain language based on guidance published by the Securities and Exchange Commission “A Plain English Handbook: *How to Create Clear SEC Disclosure Documents*” published 1998 (<http://www.sec.gov/pdf/handbook.pdf>). In order to provide better customer service and reduce the administrative burden, FNS streamlined and simplified the data collection burden imposed on our respondents by significantly limiting the number

of questions asked on Form FNS-252-R to nine. Retailers only answer questions relevant to the reauthorization process. Questions are asked in a clear and concise manner. Data from the Store Tracking and Redemption System (STARS (<http://stars.fns.usda.gov>)) is auto-populated on the paper and electronic application, thereby reducing the amount of data fields respondents need to fill in. Retailers are only required to select a “No” response if the information FNS has on file is no longer correct. This feature allows questions to be filtered and decreases the time retailers will spend on completing Form FNS-252-R.

FNS will continue to promote and offer an electronic alternative to the paper application for respondents in conjunction with the E-Government Act 2002. Firms designated by FNS due for reauthorization will have the option of completing and submitting an online application via the Internet on the FNS website in lieu of a completing and mailing a paper application to FNS. We estimate that, initially, 6,046 (or 40%) of the 15,116 individual firms subject to reauthorization will be completed using the online Form FNS-252-R in FY 2010. The remaining 9,070 (or 60%) individual firms will complete the paper application, Form FNS-252-R.

4. Describe efforts to identify duplication.

The Agency goal is to have recent and accurate information on all firms authorized in the Program. We are requiring an update to the information previously submitted by the retailer and this data collection is not available from any other source.

There are some similar information collection efforts available; however, it does not meet the current needs of the proposed data collection. The applicant's Social Security Number and Employer Identification Number is collected elsewhere in the government. It is necessary for FNS to collect this information separately because within the confines of the Law, we are restricted from sharing this information. The importance of obtaining the information in the proposed collection is necessary for the effective operation of SNAP, to prevent fraud and abuse of Program benefits, and for the applicant to verify their own personal information.

5. 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 SNAP. Information being requested or required has been held to the minimum required for the intended use.

There is no significant economic impact on small businesses or other small entities.

A small business is treated like other firms because they deliver the same program benefits and perform the same function as any other retailer.

In an effort to minimize the impact on small businesses, we use plain language, provide clear instructions, and only ask questions that are relevant to the reauthorization process.

In addition to a paper application, FNS also developed an online application as an alternative for retailers who wish to complete and submit reauthorization information via the Internet on the FNS web site. One of the enhanced features of completing the online reauthorization application is that several data fields will be

auto-populated based on the information FNS has on file. This minimizes the administrative burden placed on all firms applying for continued participation in SNAP, including small businesses. FNS estimates that 83% (23,139) of our retail respondents are small entities.

6. Consequences if collection is not conducted or is conducted less frequently.

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 reauthorization application, the consequences to the Federal program is the Agency's reduced ability to effectively monitor accountability for program compliance and to detect fraud and abuse would be severely jeopardized. Additionally, we would be out of compliance with the law and our own regulations.

7. Special circumstances relating to the Guideline of 5 CFR 1320.5.

There are no special circumstances. The collection of information is conducted in a manner consistent with the guidelines in 5 CFR 1320.5.

8. Comments in Response to the Federal Register Notice and Efforts to Consult Outside the Agency.

A 60-day public comment notice was published in the Federal Register on May 1, 2009, at 74 FR 20274, and no public comments were received in response to this notice.

FNS regularly meets with trade associations (FMI, NGA, and NACS) to discuss our processes and on-going efforts to improve customer service, as well as to solicit

their feedback. We discuss overall retailer management, which includes periodic reauthorization. Trade associations have indicated to us that they have no concerns with our reauthorization process and appreciate efforts undertaken by the Agency to minimize the administrative burden on their members. FNS also convened a group of regional, field and headquarters staff to assist in the development of the Form FNS-252-R from January 1 – April 30, 2009. Participants stated that the form content is clear and concise, and suggestions on how to improve the design of the form was provided.

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

We do not provide any payment or gifts to the respondents.

10. Describe any assurance of confidentiality provided to respondents.

The application for reauthorization, 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 application contain the following personal information regarding owners and officers: Name, home address, Social Security Number (SSN), and date of birth (DOB). 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 SNAP redemption data) relative to each entity currently authorized or previously authorized is in the STARS database.

FNS published a Privacy Act notice (System of Records) to specify the uses to be made of the information in this collection. The USDA/FNS-9 Food Stamp Program Retailer Information Notice was published in the Federal Register on April 12, 1999, Volume 64, Number 69, and is located on pages 17604-17606.

Section 9 of the Act, U.S.C. 2018, authorizes collection of the information on the application. Section 278.1(b) of the SNAP regulations provides for the collection of the owners' SSN, EIN and tax information. The information provided will be kept confidential, and will not be disclosed to anyone but the individuals conducting this collection, except as otherwise required by law.

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.

The use and disclosure of SSNs and EINs obtained by applicants is covered in the

Social Security Act and in the Internal Revenue Code. In accordance with the Social Security Act and the Internal Revenue Code, applicant SSNs and EINs may be disclosed only to other Federal agencies authorized to have access to SSNs and EINs and maintain these numbers in their files, and only when the Secretary of Agriculture determines that disclosure would assist in verifying and matching such information against information maintained by such other agency [42 U.S.C. 405(c) (2) (c) (iii); 26 U.S.C. 6109(f)].

Questions on business practices and ethics, including criminal records, are necessary to ensure the business integrity of authorized firms. False responses to these questions on the application are grounds for denial, disqualification, fines and/or imprisonment and contribute to the Office of Inspector General's (OIG) ability to better support the cases referred to court for SNAP prosecutions.

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

This submission to OMB is for the approval of a new reauthorization application for retailers (Form FNS-252-R). The new estimated annual burden associated with Form FNS-252-R is 3,259 hours.

The burden hours associated with the Form FNS-252-R is determined from the number of currently authorized stores (183,660) obtained from the STARS database as of May, 2009. Approximately 8 percent of all currently authorized retailers (15,116 individual firms) will be subject to reauthorization in Fiscal Year (FY) 2010. We further estimate that in FY 2011, approximately 22,317 (or 12.15%) of

firms will be due for reauthorization, and 27,878 (or 15.17%) in FY 2012. We do not know how many retailers will use the online reauthorization application.

For this submission, we used the estimated number of respondents (27,878) completing Form FNS-252-R in FY 2012 as our basis for determining burden hours for this information collection. There is 1 response per respondent, and it is estimated that a response for either form will take an average of 7 minutes (0.1169 hours). This burden estimate includes the time to review instructions, search existing data resources, gather and copy the data needed, complete and review the application, and submit the form and documentation to FNS. The total annual reporting burden is estimated to 3,259 hours (27,878 x .1169).

A. Table A.12.1 – Reporting Estimates of Hour Burden.

No. of Respondents	No. of Responses per Respondent	Total Annual Responses	Burden Hours per Response	Total Annual Burden Hours
27,878	1	27,878	.1169	3,259

B. Table A.12.2 – Annualized Cost to Respondents.

The cost to the public is based on an average estimate wage rate of \$51.91 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, 2008 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 11-1021 – General and Operations Manager (<http://www.bls.gov/oes/current/oes111021.htm#nat>). Based on this data, the mean hourly wage estimate was \$51.91. This wage amount was used as our basis for computing total annual cost burden to respondents, as it is the most current data provided by the BLS. The total annual cost to the public is approximately \$51.91 per hour with a total annual cost to the respondents estimated to be \$19,750. (General and Operations Manager @ \$51.91 per hour x 0.1169 = \$6.06 x 3,259 Burden Hours = \$19,749.54).

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 \$258,717. The 2009 Federal Salary Table was used to determine the estimated cost to the Federal Government for a Program Analyst, GS 12 step 7 for 100 total hours in compiling the information collection. This cost includes staffing support costs of \$4,217 for employee labor and material for collecting the information; development of the 60-day Federal Register notice and the ICB package; \$250,000 for the development of the reauthorization application (paper and online) including contractor services for enhancements to the functionality of the STARS system and the development of computer screens and reports to support the collection; and \$4,500 for document translation services.

The reoccurring estimated annual cost to the Federal government is \$46,212. This includes; staffing support costs of \$36,000 [evaluation and processing of an estimated 27,878 forms retailer applications, and review of annual documentation from reports]; printing costs of \$144.00 assembly and mailing costs of \$10,068. FNS has eliminated shipping and storage costs by printing the reauthorization application on demand from our support center in Minneapolis.

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

This is a new information collection due to program changes. Therefore, there is a 3,259 increase in burden hours associated with this information collection.

Upon OMB approval, FNS intends to incorporate this form into the information collection associated with OMB No. 0584-0008.

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 form.

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

There are no exceptions to this certification statement.