

SUPPORTING STATEMENT FOR

0584-0446

Federal Collection Methods for Supplemental Nutrition Assistance
Program Recipient Claims

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List of Attachments

- Attachment A: Section 13 or the Food and Nutrition Act of 2008
- Attachment B: Title 7, Volume 4, Part 273, Section 273.18, Claims Against Households
- Attachment C: Public Law 104-134, April 26, 1996 – Chapter 10 Debt Collection Improvements
- Attachment D: Title 7, Volume 4, Part 285, Debt Collection Authorities Under the Debt Collection Improvement Act of 1996
- Attachment E: Form FNS-209 (12-08)
- Attachment F: Internal Revenue Service Publication 1075, Tax Information Security Guidelines for Federal, State and Local Agencies and Entities
- Attachment G: Federal Register Notice

A. Justification

1. Circumstances Making the Collection of Information Necessary:

This statement supports the request for a revision of a currently approved information collection related to Federal claims collection methods for Supplemental Nutrition Assistance Program (SNAP) (formerly known as Food Stamp Program) delinquent recipient claims. Section 13(b) of the Food and Nutrition Act of 2008 (The Act) and Supplemental Nutrition Assistance Program (SNAP) regulations at 7 CFR 273.18 require State agencies to refer delinquent debtors for SNAP benefit over-issuance to the U.S. Department of the Treasury for collection. The Debt Collection Improvement Act of 1996, 31 U.S.C. 3701, et seq., requires these debts to be referred to Treasury for collection when they are 180 days or more delinquent. Through the Treasury Offset Program (TOP), 31 CFR Part 285, payments such as Federal income tax refunds, Federal salaries and other Federal payments payable to these delinquent debtors will be offset and the amount applied to the delinquent debt. TOP places a reporting burden on State agencies and Individuals/Households (former SNAP recipients) who owe delinquent debts.

FNS is requesting to formally change Food Stamp Program to Supplemental Nutrition Assistance Program due to Section 4001 Food, Conservation, and Energy Act of 2008 (2008 Farm Bill), P.L. 110-246.

2. Purpose and Use of the Information:

The information received under the current collection is used to operate Federal offset. There are 53 State agencies that participate in TOP. State agencies collect this information to offset debts as a result of over issuance of Food Stamp benefits that become delinquent claims.

- Individuals or households to obtain due process before debts are referred to TOP for offset.
- State agencies to provide due process to individuals/households; to add and maintain debts in TOP; to request addresses; and, to certify to Treasury the accuracy and legality of debts that are submitted to TOP.
- FNS to forward State agency files to Treasury for action and to provide Federal-level due process, as appropriate.

SNAP regulations at 7 CFR 273.18 require that State agencies establish, collect and efficiently manage SNAP recipient claims. Paragraph 7 CFR 273.18(n) requires State agencies to submit debts to TOP when they are 180 days delinquent. The burdens associated with establishing claims (demand letters) and for reporting activity with the FNS-209 are already approved under OMB burden numbers 0584-0492, Expiration date 7/31/2011 and 0584-0069, Expiration date 08/31/2012, respectively.

3. Use of Information Technology and Burden Reduction:

FNS is required to comply with the E-Government Act of 2002. State agencies have the authority to use information technology that best suits the needs of their individual and possibly unique systems of operations to comply with this information collection. Virtually every State agency employs an automated system to maintain recipient claims activity and the referral and maintenance of debts subject to TOP.

Automated data processing is used extensively for the collection methods. Electronic data transmission via desktop and from mainframe is used to minimize State agency and Federal resources needed for TOP collection methods.

4. Efforts to Identify Duplication and Use of Similar Information:

There are no similar data collection efforts available.

5. Impacts Small Business or Other Small Entities:

The information collected is limited to data necessary to comply with statutory requirements and to protect Program integrity. This information collection does not affect small businesses or other small entities.

6. Consequences of Collecting Information Less Frequently:

Information for TOP associated with due process is collected once per delinquent debt when it is determined that the debt is to be referred to TOP. If information were collected less frequently, compliance with the DCIA would not be possible and Departmental participation in TOP would be jeopardized.

Additionally, Treasury requires that debts be maintained while in TOP. If debts are not maintained, the Federal could lose out on offsets or debtors could be over collected.

7. Special Circumstances Relating to the Guideline of 5 CFR 1320.5:

There is a weekly reporting requirements required by Treasury for debts in TOP.

There are no other special circumstances that require information collection inconsistent with 5 CFR 1320.5.

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

Agency:

The 60-day Federal Register Notice was published on August 20, 2009 (74 FR 42047). We received no comment on the proposed information collection.

State agencies support the data requirements, format, and frequency required by FNS and the Treasury. The formats used for address requests and weekly files are required by Treasury.

9. Explanation of Any Payment or Gift to Respondents:

No payments or gifts to respondents are provided under this information collection.

10. Assurance of Confidentiality Provided to Respondents:

Section 11 (e)(8) of the Act and implementing regulations at 272.1 limit the use or disclosure of information obtained from applicant households to persons directly connected with either the

administration or safeguarding the integrity of SNAP. Additionally, the safeguard provision in IRS Publication 1075 and the Privacy Act of 1974 apply to information used in the TOP process.

The notice of delinquency contains personal identifying information Claims Against Food Stamp Recipients USDA/FNS-3. Therefore, the Food and Nutrition Service published such a Privacy Act system of records notice (SORN) on March 27, 1998 in the Federal Register Volume 63 pages 14894 to specify the uses to be made of the information in this collection.

11. Justification for Sensitive Questions:

This information collection does not ask any questions of a sensitive nature.

12. Estimates of Hour Burden Including Annualized Hourly Costs:

We are basing our estimate on an average of the number of records for claims the States sent to TOP for calendar years 2006, 2007 and 2008.

Table A. 12.1 Estimates of Reporting Burden Hours for Individuals or Households:

| Reporting Burden Per Activity | (b) Form Number | (c) Number of Respondents | (d) Number of Responses Per Respondent | (e) Estimated Total Annual Responses (cXd) | (f) Hours Per Response | (g) Total Burden Hours (eXf) |
|-------------------------------|--------------------|------------------------------|---|---|---------------------------|---------------------------------|
| Reading State issued notice | N/A | 253,671 | 1 | 253,671 | .0835 | 21,181.528 |

| | | | | | | |
|---|-----|-----------------------------|------|---------|-------|------------|
| Reading FNS issued letter to Federal employees | N/A | 3,000 | 1 | 3,000 | .0835 | 250.5 |
| Phone inquiries and informal appeals for State notice | N/A | 17,757 | 1 | 17,757 | .25 | 4,439.25 |
| Phone Inquires and informal appeals for FNS letter | N/A | 900 | 1 | 900 | .25 | 225 |
| Formal appeals to State | N/A | 1,522 | 1 | 1,522 | .5 | 761 |
| Formal appeals to FNS | N/A | 20 | 1 | 20 | .5 | 10 |
| Summary of Reporting Burden | | 253,671 I/H counted once | 1.09 | 276,870 | | 26,867.278 |

INDIVIDUALS/HOUSEHOLDS: DEBTORS

The current information burden estimate TOP is based on 253,671 Individuals/Households which will be noted as Debtors. We estimate that the debtors will submit and State agencies will respond to about 17,757 phone and informal inquiries. Historically, 30% of these notices will result in a phone inquiry from a debtor. The total number of responses being proposed for the 60-day notice and the debtor reading and inquiry of the Federal salary notice is 278,478 respondents (253,671 notices + 17,757 follow-up inquiries and appeals) it will take approximately .0835 burden hours to read the notice per year resulting in an annual reporting for this activity 21,181.528 (253,671 Debtors *1 = 253,671 *.0835 = 21,181.528). An additional 3,000 notices will be sent once directly from FNS to Federal employees concerning the potential offset of their Federal salary these notice will take

approximately .0835 hours for a total of 250.50 burden hours (3,000 Debtors * 1=3,000*.0835=250.5). Approximately 17,757 debtors will submit follow-up inquiries and appeals; it takes approximately 0.25 burden hours for each appeal for a total of 4,439 burden hours (17,757 Debtors * 1 =17,757*0.25 = 4,439). Approximately 900 of those debtors will send follow-up inquiries and appeals by submitting one letter to FNS which will take another 0.25 burden hours for a total of 225 hours (900 Debtors * 1 = 900 * 0.25 =225). Debtors will file one formal appeal and the State will respond to 1,522 appeals which take approximately .50 burden hours for a total of 761 burden hours for debtors (1,522 Debtors*1=1,522*.50=761). Out of those, approximately 20 debtors will send one formal appeal to FNS which will take approximate .50 burden hours for a total of 10 hours (20 Debtors * 1= 20*.50 =10).

STATE AGENCIES:

The current information burden estimate TOP is based on 53 State agencies. State agency production of issuing notice, we estimate that the generic notice takes approximately .0167 hours. 53 SA sends approximately 253,671 letters results in a 4,236 hour annual burden. (253,671 notices * .0167 minutes = 4,236 annual hours) producing due process notices includes such tasks as printing the notices, stuffing envelopes and mailing.

State agencies respond to phone inquiries and informal appeals for State notice: Approximately 7 percent of due process notices result in an informal telephone inquiry to the State agency for approximately 335 inquires each and that each call requires .25 hours of State agency time. This results in an annual burden of 4,439 hours. (53 SA * 335 = 17,757 inquiries * 0.25 hours = 4,439 annual hours).

53 State agencies are required to respond in writing to timely appeals, Most State agencies respond to approximately 29 late appeals with a letter to advise the debtor that the appeal was denied because it was

late. We estimate that review of the appeal documents and preparation of a decision letter will take .50 hours per review, or 761 hours annually (1,522 State-level appeals * .50 minutes = 761 annual hours) .

Also, approximately 20 of the 53 SA provides documents for formal appeals to FNS which takes approximately .50 hours for a total burden hour of 10 (53SA * 0.37773584 = 20 annual responses * 0.50 = 10)

Submit yearly Certification letter: State agencies must provide FNS a letter in which they certify that the claims on the final file submitted to FNS for TOP meet all the criteria specified in current regulations. We estimate 1 submission annually the production time is estimated at .050 hours per State agency per year, a total of 26.50 hours per year for 53 State agencies. (53 State agencies * 1 = 53 * 0.50 hours = 26.50 annual hours).

System accountability file Each State agency must produce a data file which can be reviewed to determine if the State system will produce files compatible with Treasury and IRS systems. For the test phase of FTROP, we estimated that State agency annual production would include eight hours to extract data, one hour for production and mailing or other transmission, two hours for software correction and one hour for data-related tasks.

Most State agencies in TOP are using mainframe to mainframe or PC-based methods of telecommunication instead of magnetic tapes, and we expect that all will be using one of these methods in the near future. The total annualized time for these tasks is 11.5 hours per State agency, or 609.5 hours for 53 State agencies. (53 State agencies* 1 = 53* 11.5 hours = 609.5 annual hours)

Address file Treasury provides taxpayer's notices of refunds and of amounts offset by Federal

programs authorized to collect debts from tax refunds. Treasury requires that State agencies provide addresses and telephone numbers for contacts as part of the notices.

We estimate that 53 States production and transmission of this information eight times for a total of 424 annual responses which will take approximately 1.63 hours each for a total of 693 burden hours annually. $(53SA * 8 = 424 * 1.63 = 693)$

53SA conduct a Match/No match report the system review, corrective data review and the correction are approximately 8 times annually which is approximately 424 time per year this includes data review and correction takes four hours, two and a half hours each for reporting and recordkeeping tasks. $(53SA * 8 = 424 * 6.5 = 2,756)$

Five (5) out of the 53 SA will test new system one time for seven hours per SA for a total burden of 35 burden hours $(5SA * 1 = 5 * 7 = 35)$

All 53 State agency profile will submit a one- time SA profile which will take approximately .025 burden hours for total annual burden hour of 13.25 $(53SA * 1 = 53 * 0.25 = 13.25)$

Weekly Files: Treasury requires that agencies submit weekly the update files. Since the software work will have been done in connection with the test update file, we estimate no additional time will be needed for modification during production. The State production burden will be: tape production and transmission, 53 hours; system corrections, 6 hours; data review and such activities as posting to the master file, 18 hours, 1 hour of which is for recordkeeping (318 hours annually for 53 State agencies). The burden for this part of this activity will be 78 hours per State, or 4,134 hours for 53 State agencies. $(78 \text{ hours} * 53 \text{ State agencies} = 4,134 \text{ annual hours})$

Weekly files –Post data: State agencies must post data supplied by Treasury concerning collections and other actions on recipient claims submitted for Federal offset. We estimate 1.5 hours annually for production and transmission, submitted approximately 52 times per year for a total of 2,756 time for system review for the Post data (53SA * 52 = 2756 * 1.5 = 4,134).

Table A. 12.2 Estimates of Hour Burden Reporting for State Agencies:

| Reporting Burden Per Activity | (b) Form Number | (c) Number of Respondents | (d) Number of Responses Per Respondent | (e) Estimated Total Annual Responses (cXd) | (f) Hours Per Response | (g) Total Burden Hours (eXf) |
|---|--------------------|------------------------------|---|---|---------------------------|---------------------------------|
| State agency notice production | N/A | 53 | 4,786.2452 | 253, 671 | .0167 | 4,236.3057 |
| Responding to phone inquiries and informal appeals for State notice | N/A | 53 | 335.03773 | 17,757 | .25 | 4,439.25 |
| Responding to formal appeals to State | N/A | 53 | 28.716981 | 1,522 | .5 | 761 |
| Providing documents for formal appeals to FNS | N/A | 53 | 0.3773584 | 20 | .5 | 10 |
| Submit yearly certification letter | N/A | 53 | 1 | 53 | .5 | 26.5 |

| | | | | | | |
|-----------------------------|-----|---------------------------|------------|---------|--------|------------|
| System accountability file | N/A | 53 | 1 | 53 | 11.5 | 609.5 |
| Address file | N/A | 53 | 8 | 424 | 1.6346 | 693.0704 |
| Match/No match report | N/A | 53 | 8 | 424 | 6.5 | 2,756 |
| Testing New system | N/A | 5 | 1 | 5 | 7 | 35 |
| State agency profile | N/A | 53 | 1 | 53 | 0.25 | 13.25 |
| Weekly Files | N/A | 53 | 52 | 2,756 | 1.5 | 4,134 |
| Weekly files – Post data | N/A | 53 | 52 | 2,756 | 1.5 | 4,134 |
| Summary of Reporting Burden | | 53 States counted once | 5,273.4716 | 279,494 | | 21,847.875 |

The proposed reporting burden, totaled from Tables A.12.1 and A.12.2, is 253,724 respondents and 49,404.153 hours. This reduction of 20,047 reporting hours is due to a combination of fewer notices being mailed by States and acted on by individuals/households; a decrease in required documents and activities for State governments; and, changes due to agency adjustments.

TOP places a recordkeeping burden on State governments which is contained in the following Table A. 12.3. There is no recordkeeping burden for individuals and households.

Table A.12.3. Recordkeeping for State Agencies:

| Recordkeeping Burden Per Activity | (b) Form Number | (c) Number of Respondents | (d) Number of Responses Per Respondent | (e) Estimated Total Annual Responses (cXd) | (f) Hours Per Response | (g) Total Burden Hours (eXf) |
|-----------------------------------|--------------------|------------------------------|---|--|---------------------------|------------------------------------|
| Weekly Files | N/A | 53 | 52 | 2,756 | 0.25 | 689 |
| Summary of Recordkeeping Burden | | 53 States counted once | 52 | 2,756 | | 689 |

The current recordkeeping burden is based on 53 respondents and 530 burden hours. The proposed burden is for 53 respondents and 689 hours. This represents an increase of 159 recordkeeping hours due to the way that responses are considered with a corresponding reduction in the time per response.

Tables A.12.4a and A.12.4b Estimates of Annualized Cost to Respondents.

| Affected Public | Est. No. of Respondents | No. of Responses per Respondent | Total Annual Responses | Est. total Hours per Response | Total burden hours | Hourly Wage | Total Cost to Respondent |
|--------------------------------------|-------------------------|---------------------------------|------------------------|-------------------------------|--------------------|-------------|--------------------------|
| Individuals & Households - Reporting | 253,671 | 1.09 | 276,870 | .09703933 | 26,867.28 | \$15.21 | \$408,651.30 |
| Individuals & Households - | 253,671 | 0 | 0 | 0 | 0 | \$15.21 | \$0 |

| | | | | | | | |
|---------------|--|--|--|--|--|--|--|
| Recordkeeping | | | | | | | |
|---------------|--|--|--|--|--|--|--|

| Affected Public | Est. No. of Respondents | No. of Responses per Respondent | Total Annual Responses | Est. total Hours per Response | Total burden hours | Hourly Wage | Total Cost to Respondent |
|--------------------|-------------------------|---------------------------------|------------------------|-------------------------------|--------------------|-------------|--------------------------|
| SA Reporting | 53 | 52 | 2,756 | 0.25 | 689 | \$7.61 | \$5,243.29 |
| Recordkeeping ONLY | 53 | | 0 | | 21,847.88 | \$7.61 | \$166,262.36 |

The cost to the public is based on \$15.21 per hour. The rate to State agencies after 50 percent reimbursement by FNS is \$7.61. Based on these figures the total cost to respondents is \$580,156.92. Previous costs were not calculated.

To estimate public cost, FNS consulted with the U.S. Department of Labor's May 2007 Occupational and Wage statistics – 43-30111 Bill and Account Collectors (<http://www.bls.gov/oes/current/oes433011.htm>).

13. Estimates of Other Total Annual Cost Burden to Respondents or Record Keepers:

There are no capital, start-up and/or annualized maintenance cost associated with this burden.

14. Annualized Cost to the Federal Government:

The annual cost to the Federal Government to collect and use the data for TOP is estimated at \$481,000 for contracted computer services which would not have been incurred without this collection. There is an additional \$5,243.29 for the Federal share of State agencies' burden cost to report the data for a total of \$486,243.29.

15. Explanation of Program Changes or Adjustments:

This is a revision of a currently approved information collection. There have been minimal changes in the operation of TOP. The current burden inventory is 69,451 the proposed burden 49,404 = 20,047 burden reduction. The main reason for the decrease in the reporting burden is that fewer debts were submitted by the State agencies. The record keeping burden increased by 159 burden hours from 530 to 689 this adjustment is due to changes in the burden estimation approach. It was determined that the burden should reflect the possibility that each State submits a report weekly and each of those reports needs to be retained for three years from fiscal closure as required by the regulations.

16. Plans for Tabulation and Publication and Project Time Schedule:

There is no plan to publish the data.

17. Reason(s) Display of OMB Expiration is Inappropriate.

This submission is not seeking OMB approval to not display the expiration date.

18. Exceptions to the Certification for Paperwork Reduction Act Submission:

This information collection conforms to the requirements of 5 CFR 1320.9. There are no exceptions to the certification statement.