

SUPPORTING STATEMENT
WIC FARMERS' MARKET NUTRITION PROGRAM (FMNP)
RECIPIENT REPORT, FINANCIAL REPORT AND
FMNP REGULATION
REPORTING AND RECORDKEEPING

OMB No. 0584-0447

Stacey Sheffey

Program Analyst

Supplemental Food Programs Division

Food and Nutrition Service/USDA

3101 Park Center Drive, Room 520

Alexandria, Virginia 22302

Office Phone: 703-305-2567 Fax: 703-305-2746

Email: Stacey.Sheffey@fns.usda.gov

JUSTIFICATION

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

FMNP Regulation:

The FMNP is authorized by Section 17(m) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(m)), (CNA). The purposes of the FMNP are to provide resources to women, infants, and children who are nutritionally at risk, in the form of fresh, nutritious, unprepared foods (such as fruits and vegetables) from farmers' markets, and roadside stands at the option of the State; and, to expand the awareness and use of farmers' markets; and to increase sales at such markets.

The CNA instructs the Secretary to award grants to States that submit State Plans, that are approved by the Secretary, for the establishment or maintenance of programs designed to provide participants of the Special Supplemental Nutrition Program for Women, Infants and Children (WIC), or those on a waiting list to receive WIC benefits, with coupons that may be exchanged for fresh, nutritious, unprepared foods at authorized farmers' markets. The FMNP is designed to work in conjunction with WIC and WIC's goals of supplementing the diets of nutritionally at-risk women, infants, and children up to 5 years of age, and of improving their health through nutrition education.

The types of supplemental foods contained in the WIC food packages (usually purchased with vouchers or checks at authorized retail food stores) include milk, eggs, cheese, juice, cereal, dried legumes, peanut butter, and infant formula. The foods provided through the WIC Program were recently (effective February 4, 2008) expanded to include fruits and vegetables, whole grain cereals and breads, and baby foods. The FMNP is intended to benefit both the coupon recipients, through food supplements, and farmers who sell their produce at farmers' markets, through increased income.

FNS-683 (Financial Report):

The financial report consists of 21 lines and 3 columns for showing the outlays and unliquidated obligations of the State agency's FMNP grant for the year.

Because the WIC Farmers' Market Nutrition Program (FMNP) is a non-entitlement program, it is subject to the government wide grants management common rule entitled Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments. The Federal awarding agencies simultaneously issued this rule on March 11, 1988; its USDA citation is 7 CFR Part 3016.

Part 3016 requires the annual closeout and reconciliation of grants under non-entitlement programs. Under 7 CFR 3016.23(b), a State agency must liquidate all obligations under a grant "...not later than 90 days after the end of the funding period (or as specified in a program regulation) to coincide with the submission of the annual Financial Report."

Part 3016 also sets financial reporting requirements for non-entitlement programs, such as the FMNP. Under 7 CFR 3016.41(a)(1), State agencies must use the FNS-683 (contingent upon approval by OMB), Annual Financial Report, and "... such supplementary or other forms as may from time to time be authorized by OMB for: (i) submitting financial reports to Federal agencies . . ."

FNS-203 (Program Report):

The program report includes: 1) the numbers of FMNP recipients, farmers' markets, farmers, and roadside stands authorized by the State agency to accept FMNP coupons; 2) the value of FMNP coupons issued to participants; and, 3) the value of FMNP coupons redeemed.

As required under the amended Child Nutrition Act of 42 U.S.C. 1786(m) (B) (8), each fiscal year, the Secretary shall collect from each State that receives a grant under this program information relating to:

- (A) the number and type of recipients served by both Federal and non-Federal benefits under the program for which the grant is received;
- (B) the rate of redemption of coupons distributed under the program;
- (C) the average amount distributed in coupons to each recipient;
- (D) the change in consumption of fresh fruits and vegetables by recipients, if the information is available; and
- (E) the effects of the program on farmers' markets, if the information is available; and any other information determined to be necessary by the Secretary.

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

FMNP Regulation:

FMNP State Plans are used by the Food and Nutrition Service (FNS) as the principal source of information on how each FMNP State agency operates. Local agency and farmer/farmers' market/roadside stand applications and agreements are necessary to delineate responsibility, and ensure the accountability of State agencies, local agencies, and farmers/farmers' markets/roadside stands.

State agency nutrition education agreements facilitate the provision of quality nutrition education and allow FNS to assess the quality and quantity of nutrition

education provided to participants. The farmers' market monitoring report enables FNS to evaluate farmer/farmers' market trends and assess State agency efforts to control farmer/farmers' market fraud and abuse. Minimum documentation for routine monitoring promotes effective monitoring by mandating a consistent level and quality of State agency monitoring nationwide. Documentation of recipient and farmer complaints enables FNS and the State agency to identify problems at the local agency/market level.

The requirements for the State agency that identify the disposition of coupons; request approval for specified costs; justify back spending of funds; submit final closeout reports and recipient reports to FNS; and report the status of recipient claims, ensure the accountability of Federal funds, and promote efficient program management. The requirement for State agency corrective action plans ensures that problem areas of Program management are rectified. The requirements for farmers/farmers' markets assist in controlling fraud and abuse and promoting the integrity of the FMNP.

The agency has used the collection of this information to assess how each State agency operates and to ensure the accountability of State agencies, local agencies, and farmers/farmers' markets/roadside stands.

FNS-683:

State agencies must liquidate all obligations under a grant "...not later than 30 days after the end of the funding period (or as specified in a program's regulation) to coincide with the submission of the annual Financial Report."

Each State agency administering the FMNP shall therefore complete an annual financial report and submit it to the applicable FNS regional office by January 31 of the year immediately following the report year. This information is used to reconcile and closeout grants in accordance with the requirements of 7 CFR 3016.23(b) and 7 CFR 3016.41(a)(1).

FNS-203:

Each State agency administering the FMNP is required by authorizing legislation, 42 U.S.C. 1786(m)(8), to submit an annual report on the number and type of recipients served by both Federal and non-Federal benefits under the program. This information is necessary for reporting to Congress and for program planning purposes.

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

The Food and Nutrition Service makes every effort to comply with the Government Paperwork Elimination Act of 1998 (GPEA) and E-Government 2002. FNS encourages its State agency partners to offer electronic submission to participants whenever it is feasible.

FNS currently provides State agencies with the FMNP State Plan requirements in a fillable format for State agency submissions. Further, because many WIC State agencies also administer the FMNP, or when different, perform some of the administrative requirements of the FMNP, FNS expects to capitalize on advances that take place with WIC information technology and reporting. Therefore, FNS allows the State agencies to collect data and transfer the results electronically to FNS.

4. Describe efforts to identify duplication.

FNS reviews the State Plan guidance and formats annually to ensure that the information requested from State agencies coincides with current regulatory requirements, is not available through other means, and is needed for program management, oversight, and/or improvement.

5. Describe impacts on small businesses or other small entities (item 5 of OMB Form 83-1).

Several policies help minimize Federal regulatory burdens for authorized FMNP farmers, farmers' markets, and roadside stands. Authorization of these entities is delegated to State agencies, which collect only the minimum amount of data necessary to make authorization determinations. Design and operation of food coupon payment systems is delegated to State agencies that, in many instances, use the already their existing WIC retail banking system to ensure prompt payment for FMNP coupons. State agencies have implemented training programs to familiarize farmers/farmers' market managers with FMNP rules and thus minimize the time spent by the farmer/farmers' market manager in transacting and processing each FMNP coupon. Farmers may accept coupons at authorized markets or roadside stands or both.

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

FMNP Regulation:

If the information in this proposal were collected less frequently, the effectiveness of the program could be jeopardized, program funds could be improperly used by State and local agencies, and the incidence of fraud and abuse could increase. This could result in fewer recipients being served with available funds.

FNS-683:

Grant closeout is an annual event. Without this financial information FNS would not be able to perform closeout accurately and reconcile the accounts. Therefore, the information needed for closeout would not be meaningful if it were collected less frequently than annually.

FNS-203:

Recipient reporting is an annual requirement as set forth in 42 U.S.C. 1786(m)(8). This information is necessary to track the changes in the number of participants that are being served and the numbers of farmers that benefit financially from participating in the program. Therefore, the information collected in this report would not be meaningful if it were collected less frequently than annually.

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

This collection is consistent with the guidelines set forth in 5 CFR 1320.6.

8. Provide a copy and identify the date and page number of publication in the *Federal Register* of the agency's notice, required by 5 CFR 1320.8(d).

Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

Consultation with representatives of those from whom information is to be obtained.

The notice was published in the Federal Register on February 22, 2008, 73 FR 9757. No comments have been received on the Federal Register notice.

Consultation is conducted on a regular basis with members of the National Association of Farmers' Market Nutrition Programs (NAFMNP) who represent FMNP State agencies on such topics as reporting and the required collection of information.

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

There are no payments or gifts to respondents.

10. Describe any assurance of confidentiality provided to respondents.

No assurance was provided to respondents.

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

FMNP Regulation:

Questions of a sensitive nature, such as those related to sexual behavior or attitudes and religious beliefs, are not required by this regulation.

FNS-683 and FNS-203:

Questions of a sensitive nature, such as those related to sexual behavior or attitudes and religious beliefs are not collected on either of the forms.

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

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

The narrative that accompanies this justification explains the estimated burden associated with the individual reporting and recordkeeping requirements covered in this submission. It includes a chart that shows how the burden hours associated with each requirement were calculated.

A. REPORTING BURDEN REQUIREMENTS

1. Section 248.4 requires the State agency to submit a State Plan to FNS for approval by November 15 of each year as a prerequisite to receipt of funds from FNS. The State Plan outlines the various aspects of the State agency's FMNP program operations. An updated State Plan is submitted annually, to reflect any changes in operations. State agencies may also amend the State Plan to reflect changes at any time. FNS estimates that each State agency spends 40 hours annually producing the State Plan. There are currently 45 FMNP State agencies.
2. Section 248.10(a)(2),(3) sets forth State agency responsibilities regarding the selection and authorization of farmers and farmers' markets; § 248.2 addresses farmstands (roadside stands). FNS estimates that 1 hour is needed to review each application. There are currently 19,291 farmers, farmers' markets, and roadside stands authorized to accept FMNP coupons. However, authorization results in an agreement for which § 248.10(b)(7) provides a three-year period. Thus, FNS estimates that one third of all authorized entities are authorized per year – 6,430 – as reflected on the attached chart.
3. Section 248.10(e) requires that the State agency document specific information for all on-site monitoring visits. The requirement states that at least 10 percent of farmers/farmers' markets/roadside stands must be monitored annually. FNS estimates that it takes two hours to monitor each

entity. It is estimated that 1,929 of these entities will be monitored (10% of 19,291).

4. Section 248.10(f) requires that the State agency control and provide accountability for the receipt and issuance of FMNP coupons, including the secure transportation and storage of unissued coupons. In addition, the State agency shall design and implement a system of review of FMNP coupons to detect errors. FNS estimates that five hours are needed per response per each State agency.

5. Section 248.11 requires that the State agency maintain a financial management system including an accounting for all property and other assets and all FMNP funds received and expended each fiscal year. FNS estimated that 10 hours are needed per response per each State agency.

6. Section 248.17(b)(2)(ii) requires that a State agency develop a corrective action plan for deficiencies found in a management evaluation, including timeframes for implementation to address the deficiencies and prevent their future recurrence. Out of the 45 participating State agencies it is estimated that approximately 9 State agencies must submit corrective action plans for deficiencies. FNS estimates that each corrective action plan takes approximately 10 hours to develop per each of these 9 State agencies.

7. Section 248.18(b) requires the State agency to develop and submit a corrective action plan to FNS addressing the findings of USDA Office of the Inspector General (OIG), State, or local agency audits. It is estimated that of the 45 participating State agencies, 13 will have audit findings requiring corrective action plans. It is estimated that this provision requires 15 hours per response per each of these 13 State agencies.

8. Section 248.23(b) requires each State agency to submit one FMNP Annual Financial Report (FNS-683) and one FMNP Program Report (FNS-203) to FNS per year. The financial report consists of 21 lines and 3 columns for showing the outlays and unliquidated obligations of the State agency's FMNP grant for the year. FNS estimates that each financial report requires three hours per response. The program report includes: 1) the numbers of FMNP recipients, farmers' markets, farmers, and roadside stands; 2) the value of FMNP coupons issued; and, 3) the value of FMNP coupons redeemed. FNS estimates that each program report requires one hour per response.

9. Section 248.10(a)(2),(3)& (b) sets forth the farmers the responsibilities regarding the preparation of the application for authorization of farmers and farmers' markets; § 248.2 defines and addresses farmstands (roadside stands). FNS estimates that 1 hour is needed to prepare each application. There are currently 19,291 farmers, farmers' markets, and roadside stands authorized to accept FMNP coupons. However, authorization results in an agreement for

which § 248.10(b)(7) provides a three-year period. Thus, FNS estimates that one third of all authorized entities are authorized per year – 6,430 – as reflected on the attached chart.

B. RECORDKEEPING BURDENREQUIREMENTS

All records must be maintained for three years, per § 248.23(a)(2) of the FMNP regulations.

1. Section 248.9 requires that FMNP State agencies wishing to coordinate nutrition education with WIC enter into written cooperative agreements with WIC agencies. FNS estimates that one hour is required annually per State agency for nutrition education record keeping.
2. Section 248.10(b) FNS has estimated that 2 hours are required of each of the 45 FMNP State agencies to annually maintain records of farmers' market agreements.
3. Section 248.10(e) FNS has estimated that 2 hours are required annually by each of the 45 participating State agencies to maintain market monitoring records.
4. Section 248.11(c) FNS has estimated that 2 hours are required annually by each of the 45 participating State agencies to maintain financial management records.

The attached chart, entitled "Information Collection Burden," displays the arithmetic calculation of the burden hours related to the above-noted provisions of the Federal FMNP Regulations.

(b) Provide separate hour burden estimates for each form and aggregate the hour burden in Item 13 of OMB Form 83-1.

Please refer to the attached chart and Item 13 of OMB Form 83-1.

(c) Provide estimates of the annualized cost to respondents for the hour-burdens for collections of information.

The average State hourly earning rate below is derived from the Bureau of Labor Statistics *National Compensation Survey: Occupational Wages in the United States, July 2005, Supplementary Tables*, regarding full time State and local government accountants and auditors. The burden hours are calculated on the attached spreadsheet. FNS also estimates that each FMNP State agency expends an average of \$1,000 per year on other administrative costs related to the information collection burden, such as office supplies, printing,

etc., as shown below. Based on this information, the FNS estimates of the annualized costs to respondents for the hour burdens for collections of information are as follows:

Respondent Costs

| | |
|---------------------------------------|--------------|
| Estimated reporting burden hours: | 19,657 |
| Estimated recordkeeping burden hours: | 270 |
| Total respondent burden hours: | 19,927 |
| Average State hourly earning rate: | \$25.56 |
| Respondent Salary Costs: | \$509,334.12 |
| Other Respondent Costs: | \$1,000 |
| Total Respondent Costs: | \$510,334.12 |

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

(a) Include a total capital and start-up component (annualized over its expected useful life), and a total operation and maintenance and purchase of services component.

(b) Present ranges of cost burdens and explain the reasons for the variance.

There is no capital start-up or annual maintenance costs associated with this information collection.

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

There are seven FNS regional and one FNS headquarters staff involved in the processes outlined below. Thus the \$55,923 is the average of one headquarters staff at the GS-12 Step 5 level and seven regional staff at the GS-11 Step 5 level, using the General Schedule Salary Table for 2008 incorporating the general increase but not the locality increases.

A. FMNP Regulation:

(1) Federal cost of rulemaking (promulgation, preparation of guidance, and implementation):

(a) FNS National Staff 1 year

| | |
|--------------------|-----------------------------|
| FNS Regional Staff | <u>7 years</u> |
| | 8 years @ \$55,923 per year |
| Sub-Total | \$ 447,384 |

| | |
|--|---|
| (b) Overhead costs, travel, office supplies, etc. | |
| Mailing and phone | 0 |
| Publication Costs | 0 |
| Distribution Costs | 0 |
| Sub-Total | 0 |

Federal Rulemaking Costs: \$447,384

(2) Federal cost of program maintenance (reporting and record keeping, monitoring, assistance, review and analysis): \$447,384, calculated in the same manner as in (1) above.

B. FNS-683 and FNS-203:

| Federal Cost | Financial Report | Recipient Report |
|------------------------------------|-------------------------|-------------------------|
| Salaries & Benefits: | | |
| Design & Development | 0 | 0 |
| Processing State Reports | 2,743 | 914 |
| Subtotal | \$2,743 | \$914 |
| Add Administrative Overhead | | |
| (\$914 x 0.175) Recipient Report | | 160 |
| (\$2,743 x 0.175) Financial Report | 480 | |
| Total Salaries & Benefits | \$3,223 | \$1,074 |
| Printing | 0 | 0 |
| Distribution | 0 | 0 |
| Warehousing | 0 | 0 |
| Grand Total | \$3,223 | \$1,074 |

There are no printing costs because the forms are photocopied by FNS staff.
There are no warehousing costs because of the low volume of the forms.

Total Federal Costs: \$ 894,768

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-1.

Item 13 has increased from 13,237 burden hours to 19,927 burden hours, an increase of 6,690 burden hours due to the inclusion in this request of the reporting requirement of the farmers regarding the preparation of the application for authorization of farmers and farmers' markets. There has not been any change regarding Item 14.

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

There are no plans for publication with this information collection.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

The agency is seeking approval not to display the expiration date. Displaying the expiration date would result in an economic burden since forms already printed would not be useable after the expiration date.

18. Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-1.

There are no exceptions to the certification statement.