

Supporting Statement for  
Paperwork Reduction Act  
Submission for, Supplemental Nutrition  
Assistance Program Regulations, Part  
275- Quality Control  
OMB Number 0584-0303

***Prepared by:***  
**Tiffany Wilkinson**  
U.S. Department of Agriculture  
Food and Nutrition Service  
3101 Park Center Drive, Room 822  
Alexandria, VA 22302  
703-305-2410  
[Tiffany.Wilkinson@fns.usda.gov](mailto:Tiffany.Wilkinson@fns.usda.gov)

## Table of Contents

### Justification

1. Explanation of Circumstances That Make Collection of Data Necessary .....	3
2. Purpose and Use of the Information .....	5
3. Use of Information Technology to Burden Reduction .....	6
4. Efforts to Identify Duplication and Use of Similar Information .....	6
5. Impacts Small Businesses or Other Small Entities .....	6
6. Consequences of Collecting the Information Less Frequently .....	7
7. Special Circumstance Relating to the Guideline of 5 CFR 1320.5 .....	7
8. Comments in Response to the Federal Register Notice and Efforts to Consult Outside Agency .....	7
9. Explanation of Any Payment or Gift to Respondents .....	8
10. Assurance of Confidentiality Provided to Respondents .....	8
11. Justification for Sensitive Questions .....	8
12. Estimates of Hour Burden Including Annualized Hourly Costs .....	8
13. Estimates of Other Total Annual Cost Burden to Respondents or Record Keepers....	12
14. Annualized Cost to Federal Government.....	12
15. Explanation for Program Changes or Adjustments .....	12
16. Plans for Tabulation and Publication and Project Time Schedule .....	13
17. Reason(s) Display of OMB Expiration Date is Inappropriate .....	13
18. Exceptions to Certification for Paperwork Reduction Act Submission .....	13

### List of Appendices

- A. 7 CFR 275
  - a. 275.3(c)(4)
  - b. 275.11, 275.11a
  - c. 275.23(e)(5)
  - d. 275.23(e)(7)
- B. Section 11- Food and Nutrition Act of 2008
  - a. 11a
  - b. 11d
  - c. 11e
- C. Section 16- Food and Nutrition Act of 2008
  - a. 16c
- D. 7 CFR 272.1(f)

**1. Circumstances Making the Collection of Information Necessary:**

This is a revision of a currently approved data collection. The collection includes the sample plan, arbitration, and good cause aspects of the Supplemental Nutrition Assistance Program's (SNAP) Quality Control (QC) System.

**a. Reporting**

Section 11(d) of the Food and Nutrition Act of 2008, as amended (the Act), requires each State agency administering SNAP to submit a plan of operation specifying the manner in which the program is conducted. In addition to certain specific areas of program administration, Section 11(e) of the Act authorizes the inclusion of other provisions as required by regulation.

The legislative basis for the operation of SNAP's QC system is provided by Section 16 of the Act. Section 16 requires the U.S. Department of Agriculture (USDA) to establish a system that enhances payment accuracy and improves administration by determining payment error rates, liabilities and performance bonuses. Section 16(c) allows the Department to require a State agency to report any data deemed necessary for determining these factors. Two of the items covered by this burden, the sampling plan and arbitrations of State-Federal differences must be completed prior to determination of the payment and negative error rates, the national average payment and negative error rate, any liability amounts established and applicable performance bonuses awarded.

Part 275 of SNAP regulations implements the QC legislative mandate. The QC system is designed to provide a basis for determining each State agency's error rate through a review of a sample of (SNAP QC) cases. QC data serves as an objective measure of program operations

at the State level and is essential to the determination of a State agency's entitlement to a performance bonus or liability for excessive overpayments.

To help ensure that QC data is reliable and unbiased, paragraph 275.11(a) requires each State agency to submit a QC sampling plan to the Food and Nutrition Service (FNS) for approval. The sampling plan is a part of the inclusive State Plan of Operation.

When a State agency disagrees with a Federal QC finding on an individual case selected for review, the regulations at 7 CFR 275.3(c)(4) provide that the State agency may request that the dispute be arbitrated by a FNS Arbitrator, subject to some limitations.

Paragraph 275.23(e)(7) provides a process for a State agency to seek relief from a QC liability that would otherwise be levied on the basis that the State agency had good cause for not achieving the payment error rate below the tolerance level. State agencies desiring such relief must file an appeal with the USDA's Administrative Law Judge in accordance with the procedures established under Part 283.

**b. Recordkeeping:**

Section 11(a) of the Act mandates that State agencies shall keep "...such records as may be necessary to ascertain whether the program is being conducted in compliance with the provisions of this Act and the regulations issued pursuant to this Act..." The Act also specifies that these records "shall be preserved for such period of time, not less than three years, as may be specified in the regulations issued pursuant to this Act." SNAP regulations at 7 CFR 272.1(f) specify that program records are to be retained for a period of three years from the month of origin.

**2. Purpose and Use of the Information:**

Sampling Plan: All State agencies are required to select a QC sample of households from two universes:

- (a) The active universe of households that are participating in SNAP; and
- (b) The negative universe of households, whose participation was denied, suspended or terminated.

Each State agency is responsible for the design and selection of the QC samples, subject to the regulations at 7 CFR 275.11 and FNS approval. Each State agency must submit a QC sampling plan and subsequent modifications of sample design, frame, or procedures to FNS. The sampling plan must include a complete description of the frame, the method of sample selection, and methods for estimating characteristics of the population and sampling errors. In addition, the sampling plan must include a description of its relationship, if any, to other Federally mandated programs. All sampling procedures used by the State agency, including frame composition and construction, must be fully documented and available for review by FNS.

Arbitration Process: The arbitration process at 7 CFR 275.3 (c)(4) provides a process for State agencies to dispute individual case findings when the State disagrees with Federal findings. State agencies may request arbitration for individual QC cases by filing this request within 20 calendar days of the date of receipt by the State agency of regional office findings. State agencies are required to submit all required documentation to the FNS National Arbitrator. The arbitration process provides due process protection for the State agency for individual QC cases that are selected for Federal review. If the National Arbitrator rules that the findings in the individual case

should be changed, this change may have an impact on the calculation for the State agency's payment and negative error rate and on the national average payment or negative error rate.

Under the Good Cause process at 7 CFR 275.23(e)(5), a State agency may seek relief from a QC liability claim on the basis that the State agency had good cause for not achieving a payment error rate below tolerance. A State agency desiring such relief must file an appeal with the USDA's Administrative Law Judge in accordance with the procedures under Part 283. This process provides due process protection to the State agency for the QC liability. The outcome of this request could affect the validity and amount of a QC liability.

**3. Use of Information Technology and Burden Reduction:**

FNS is committed to comply with the requirements under the E-Government Act of 2002 in the implementation of information technologies in delivery of services to the public. This specific type of collection is not amenable to automated, electronic, mechanical or other technological techniques or other forms of information technology. However, States are encouraged to automate their sampling plans but are not mandated to do so.

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

The sample plan, arbitration and good cause processes are unique to the QC system and are not found elsewhere in SNAP. As such, duplication is not a potential issue with this information collection.

**5. Impacts Small Businesses or Other Small Entities:**

The collection of information does not involve any small businesses or other small entities.

**6. Consequences of Collecting the Information Less Frequently:**

Sampling Plan: Less frequent collection could allow incorrect or inappropriate State agency sampling methodology to go undetected. Without a QC sampling plan there would be no assurance that State agencies operate their QC system in compliance with the Act and the FSP regulations. This can potentially introduce a bias and adversely affect the integrity of the QC system. There are no technical or legal obstacles to reducing the burden for the sampling plan.

Arbitration and Good Cause: Less frequent reporting or the elimination of the reporting burdens for the arbitration and good cause processes would not be in the interest of the State agencies. It would affect their ability to challenge individual case findings and QC system liabilities levied against them. Because of due process protections that these processes provide, there could potentially be technical or legal obstacles to eliminating these burdens.

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

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

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

A notice was published in the Federal Register at 75 FR 25830 on May 10, 2010, and no comments were received during the 60 day notice. FNS attends an annual meeting with the National Association of Program Information and Performance Measurement (NAPIPM) organization and the Quality Control Technical Advisory Group (QC TAG) of this organization, an

association made up of state SNAP QC Directors, to discuss various QC topics including the regulations in part 275.

**9. Explanation of Any Payment or Gift to Respondents:**

No payments or gifts are made to respondents.

**10. Assurance of Confidentiality Provided to Respondents:**

The Department complies with the Privacy Act of 1974.

**11. Justification for Sensitive Questions:**

There are no questions of a sensitive nature included in this clearance.

**12. Estimates of Hour Burden Including Annualized Hourly Costs:**

**Reporting Burden:**

Sampling Plan: Fifty-three State agencies are required to have an acceptable sampling plan in place for each annual reporting period. The number of annual responses from each State agency will vary depending upon the revisions needed in a State agency's sampling plan. We estimate that one revision will be needed per State agency per year.

FNS estimates that the number of hours per response will vary from 1 to 20 hours, depending upon the extent of the revision to the sampling plan. If the current sampling plan meets the State's needs and includes all required information as identified in SNAP regulations, State agencies may simply submit the existing plan. Otherwise, the plan must be modified as necessary. Before the initial submission, the respondent burden is dependent upon the frequency and magnitude of the proposed changes to an approved plan. Based on operational

experience, FNS estimates an average annual burden of approximately 5 hours per response resulting in a total burden of 265 hours.

Arbitration: Fifty-three State agencies participate in the QC System. The number of annual requests for arbitration of Federal findings for cases in which the State agency disagrees with the Federal finding will vary from year to year and by State agency. On average, we estimate that fifteen State agencies will request arbitration of 2.6 cases per year, totaling 39 arbitrations a year. This estimate is based on the actual number of cases arbitrated over the past 3 years and the actual number of States that submitted requests for arbitration.

The number of hours per arbitrated case will vary depending on how long the State generally takes to prepare a case and the complexity of the case. Based on operational experience with these cases and the comments received, we estimate that it takes an average of 24 hours per response. This results in an estimated reporting burden relating to the arbitration process of 936 hours.

Good Cause: Fifty-three State agencies participate in the QC System. The number of good cause requests by State agencies will be driven by the number of State agencies that are subject to QC liabilities and fail to pay or settle the claim. Based on operational experience we estimate that only one State agency will submit one good cause request per year. The number of hours for preparing a good cause request could vary greatly since the grounds for the request will differ according to State circumstances. We estimate a State agency will take about 160 hours to process a good cause request. Therefore, creating about a 160 hour annual burden.

**Recordkeeping Burden:**

Sampling Plan: All 53 State agencies are required to maintain records of their sampling plans for the recordkeeping requirement. We estimate that the burden is 1½ minutes (0.0236 hours) per record resulting in a total annual burden of about 1.25 hours.

Arbitration: Each State agency is required to maintain records for the recordkeeping requirement. On average, we estimate that fifteen State agencies will maintain records of 2.6 cases per year and the time it takes is 1½ minutes (0.0236 hours) per record resulting in a total annual burden of approximately 0.92 hours.

Good Cause: Each State agency is required to maintain records for the recordkeeping requirement. Based on operational experience we estimate that only one State agency will maintain one record per year. We estimate the burden is 1½ minutes (0.0236 hours) per record resulting in a total annual burden of about 0.02 hours.

The overall estimated reporting burden for this collection is 1,361 hours and the overall estimated Recordkeeping burden for this collection is 2.19 hours. Therefore, the total estimated reporting and recordkeeping burden for this collection is 1363 hours.

To estimate public cost, FNS consulted with the U.S. Department of Labor's May 2009 Occupational and Wage statistics – 21-0000 Community and Social Services Occupations (<http://www.bls.gov/oes/2009/may/oes210000.htm>). The average hourly wage of this occupation area is at \$20.55. However, since State agencies only pay 50 percent of their administrative costs, \$10.27 is used as minimum wage in our calculations to determine the annualized State costs, bringing the overall estimated annualized costs for State agencies to \$14,000.01. This is a \$1,892.86 increase from the \$12,107.15 collection burden reported in

2007. This increase is also due to the rising case arbitrations from 35 to 39 over the last three years.

**Reporting and Recordkeeping breakdown:**

**a) Total Annual Reporting Burden: 1,361 hours**

Affected Public	Requirement	Number of Respondents	Number of Responses/ Respondent	Total Responses per Year	Time Per Response (hrs)	Annual Reporting Burden (hrs)
State Agencies	Sampling Plan	53	1	53	5	265
	Arbitration Process	15	2.6	39	24	936
	Good Cause Process	1	1	1	160	160
<b>Total Burden</b>						<b>1,361</b>

**b) Total Annual Recordkeeping Burden: 2.19 hours**

Type of Respondent	Requirement	Number of Annual Recordkeepers	Hours Per Recordkeeping	Total Number of Records	Total Burden Hours
State Agency	Sampling Plan	53	0.0236	1	1.25
	Arbitration	15	0.0236	2.6	0.92
	Good Cause	1	0.0236	1	0.02
<b>Total Burden</b>					<b>2.19</b>

**Total Estimated Annual Burden: 1,363 hours**

**c) Annualized Reporting Costs - States**

Type of Respondent	Requirement	Responses Per Year	Hours Per Response	Wage-50% Cost Per Hour	Total Reporting Cost
State Agency	Sampling Plan	53	5	\$10.27	\$2,721.55
	Arbitration	39	24	\$10.27	\$9,612.72
	Good Cause	1	160	\$10.27	\$1,643.20
<b>Total Reporting Cost</b>					<b>\$13,977.47</b>

**d) Annualized Recordkeeping Costs – States**

Type of Respondent	Requirement	Responses Per Year	Hours Per Response	Wage-50% Cost Per Hour	Total Reporting Cost
State Agency	Sampling Plan	53	0.0236	\$10.27	\$12.85
	Arbitration	39	0.0236	\$10.27	\$9.45
	Good Cause	1	0.0236	\$10.27	\$0.24
<b>Total Recordkeeping Cost</b>					<b>\$22.54</b>

**Total State Reporting and Recordkeeping annualized costs: \$14,000.01**

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

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

**14. Annualized Cost to the Federal Government:**

The annualized cost to the Federal Government on oversight of the states' sampling plans, arbitration activities, and good cause action is estimated at \$16,014.18. This cost includes the federal government's share for (1) printing and postage for arbitration and good cause claims and (2)50% of the states' reporting and recordkeeping costs. These costs are operational costs only as there are no automation costs for these functions.

<b>Printing/ Postage Costs</b>	<b>50 % Of States' Reporting and Recordkeeping Costs</b>	<b>Total Federal Costs</b>
\$2,000	\$14,014.18	\$16,014.18

**15. Explain of Program Changes or Adjustments:**

This is a revision of a currently approved data collection, but there was an increase in the burden of 96.19 hours. The increase was realized due to the adjustment to the number of arbitrations from 35 to 39. This increase is a result of State agencies more frequently disagreeing with FNS findings. This adjustment was based on the average number of responses actually received for the FY 2007, 2008 and 2009 QC review periods. The end result yields a change in the total estimated annual burden from 1,267 hours to 1,363 hours.

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

There are no plans for tabulation and publication.

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

We are not seeking approval to not display the expiration date for OMB approval of the information collection as it is not applicable to this collection.

**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.