


**Memorandum**

**Date:** July 29, 2015

**To:** Stephanie Tatham, OMB Desk Officer, Food and Nutrition Service

**Through:** Ruth Brown  
USDA Office of Chief Information Office, Departmental Clearance Officer

**From:** Lynnette Thomas   
Food and Nutrition Service, Branch Chief, Planning & Regulatory Affairs;

**Re:** Under Approved Generic OMB Clearance No. 0584-0606 Request Approval to Accept Applications for the Demonstration on Acceptance of Supplemental Nutrition Assistance Program (SNAP) Benefits through Online Transactions (Online Purchasing Pilot)

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The Food and Nutrition Service (FNS) of the USDA's Food, Nutrition, and Consumer Services (FNCS) is requesting approval to accept applications from retail grocers to participate in a pilot using FNS-approved online transaction technologies for the acceptance and redemption of SNAP benefits on their retail websites.

FNS will issue a Request for Volunteers (RFV) to solicit an estimate of 50 applications for a one year pilot. In order to participate in the Online Purchasing Pilot, applicant online food retailers must complete an Online Purchasing Pilot RFV Application (RFV & RFV Pilot Form) as well as a SNAP retailer application (already approved under OMB clearance No. 0584-0008).

This request is to allow FNS to accept the RFV Application as described above. The RFV Application is included in this package.

The following information is provided for your review:

1. **Title of Project:** The Demonstration Pilot Project to Test the Redemption of SNAP Benefits through Online Purchasing (the Online Purchasing Pilot)
2. **Control Number:** 0584-0606, Expires 03/31/2019
3. **Affected Public:** Businesses (Applicant Online Food Retailers)
4. **Number of Respondents:**

Audience	Number of Respondents
Businesses	50
Total	50

5. **Time Needed Per Response:**

Title	Time (minutes)	Time (hours)
RFV Application (RFV & Pilot Form)	1200	20.00

**6. Total Burden Hours on Public:**

(a) Affected Public	Respondent Type	(b) Title	(c) No. Respondents	(d) Frequency of Responses	(e) Est. Total Annual Responses per Respondent Type (c x d)	(f) Hours per Response	(g) Total Burden Hours (e x f)
Businesses	Applicant Online Grocers	RFV application	50	1	50	20.00	1000.00
<b>Totals</b>			50	1	50	20.00	1000.00

**7. Project Purpose, Methodology and Design:**

Background

The Agricultural Act of 2014 (P.L. 113-79), otherwise known as the “2014 Farm Bill,” requires the Secretary to conduct a demonstration project piloting the use of online transactions for the redemption of SNAP benefits in order to test the feasibility and implications for Program integrity, if their use is allowed in SNAP. The pilot will allow SNAP authorized retailers to redeem SNAP benefits through online retailer websites in one or more State(s).

Purpose

The information collected in the RFV Application will help FNS determine each Applicant Food Retailer’s eligibility to participate in the Online Purchasing Pilot, to evaluate their strengths and weaknesses and select the best candidate(s) for the pilot. Ideally, selected participants will represent different types of retailers with online capability.

The information collected in the evaluation will help FNS determine the success of and best practices for the use of online transactions to redeem SNAP benefits. This information will inform Program design, standards, rulemaking, and guidance for approval of Food Retailers with online capability as well as Departmental decisions and recommendations to Congress with respect to requiring all State Electronic Benefits Transfer (EBT) systems to accept online SNAP transactions in the future.

Methodology/Research Design

A publicly available RFV will request Applicant Food Retailers to submit the RFV Application in order to apply for participation in the Online Purchasing Pilot. The pilot period will last a total of eighteen (18) months, and Pilot Participants will join on a rolling basis with the condition that they must each participate for a minimum of nine (9) months. An evaluation of the Online Purchasing Pilot will take place between the midpoint and the end point of the Online Purchasing Pilot. FNS is procuring the services of an experienced company to perform this evaluation and collect all data necessary to do so. The selected company will be responsible for preparing and submitting the project-specific documentation to obtain clearance for this data collection.

### Payments/Gifts to Respondents

There are no provisions for payment or gifts to respondents.

### Design/Sampling Procedures

Only interested Applicant Food Retailers with online capability will be asked to submit an RFV Application.

### Recruitment of Participants

FNS will publish an RFV and solicit interested applicant grocers with online capability to participate in the Online Purchasing Pilot through a variety of methods. FNS will develop a communications plan to ensure that all interested parties are aware of the opportunity to participate. The communications plans may include issuing a press release, publicizing the pilot on the public FNS website, and/or sending information about the RFV to interested entities and organizations, such as State Agencies (SAs), retailer trade associations, and other industry groups for distribution to their constituents.

FNS will verify that Applicant Food Retailers with online capability meet requirements laid out in the RFV Application. Those that pass the verification process will be rated based on a structured evaluation process described in the RFV. The 3-5 best rated Applicant Food Retailers will be invited to participate in the pilot.

### Data Collection Timeline

FNS will solicit applications from interested SNAP authorized retailers through an RFV that will be posted by October 1, 2016 for participation during the Online Purchasing Pilot. Applicants will have 45 days to respond to the RFV.

### Data Analysis

FNS will collect and analyze the information contained in the RFV Applications to determine eligibility for pilot participation and select the best pilot participants.

### Outcome

The data gathered will help FNS determine which Applicant Food Retailers with online capability will be selected to participate in the Online Purchasing Pilot and this pilot will help FNS determine best practices and areas of concern in the use of online transactions for SNAP benefit acceptance and redemption. These insights will support FNS in providing tailored standards, rulemaking, and guidance to allow SNAP authorized retailers to use online transactions to accept and redeem SNAP benefits and to require all State agencies to accept and properly authorize online transactions.

### **8. Confidentiality:**

Information collected in the RFV Application is subject to the confidentiality provisions in SNAP regulations at 7 CFR §278.1(q) and may only be used or disclosed in accordance with the Privacy Act System of Records Notice, USDA/FNS-9 Food Stamp Retailer Information. Information collected during the evaluations will remain private and will be used by FNS for the purposes of the Online Purchasing Pilot and ensuring that participation conforms to all Program regulations, as well as the pilot requirements outlined in the RFV. This information will not be used or released for any other purpose.

### **9. Federal Costs:**

The estimated costs to the government for reviewing and analyzing all documents and data related to the Online Purchasing Pilot will be approximately \$44,556.00 for labor.

<b>Federal Hours</b>	<b>Work Hours Required</b>	<b>Number of Analysts</b>	<b>Total Work Hours</b>
Program Analyst Work Hours	400	3.00	1,200.00

<b>Federal Costs</b>	<b>Hourly Wage<sup>1</sup></b>	<b>Total Work Hours</b>	<b>Total Federal Costs</b>
Cost	\$37.13	1,200.00	\$44,556.00

**10. Research Tools/Instruments/Supporting Documents:**

- Attachment A: Request for Volunteers (RFV)
- Attachment B: RFV Online Purchasing Pilot Application Form

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<sup>1</sup> GS-12 Step 1 annual salary, adjusted for the locality pay area of Washington-Baltimore-Arlington, DC-MD-VA-WV-PA, is \$77,490; divided by 2087 hours this yields an hourly rate of \$37.13.