

**SUPPORTING STATEMENT - PART A for**

**OMB Control Number 0584-NEW:**

**Understanding the Anti-Fraud Measures of Large SNAP Retailers**

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## **Table of Contents**

<b>A1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY.....</b>	<b>4</b>
<b>A2. PURPOSE AND USE OF THE INFORMATION.....</b>	<b>5</b>
<b>A3. USE OF INFORMATION TECHNOLOGY AND BURDEN REDUCTION.....</b>	<b>9</b>
<b>A4. EFFORTS TO IDENTIFY DUPLICATION.....</b>	<b>9</b>
<b>A5. IMPACTS ON SMALL BUSINESSES OR OTHER SMALL ENTITIES.....</b>	<b>10</b>
<b>A6. CONSEQUENCES OF COLLECTING THE INFORMATION LESS FREQUENTLY.....</b>	<b>10</b>
<b>A7. SPECIAL CIRCUMSTANCES RELATING TO THE GUIDELINES OF 5 CFR 1320.5.....</b>	<b>11</b>
<b>A8. COMMENTS TO THE FEDERAL REGISTER NOTICE AND EFFORTS FOR CONSULTATION.....</b>	<b>11</b>
<b>A9. EXPLAIN ANY DECISIONS TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS.....</b>	<b>12</b>
<b>A10. ASSURANCES OF CONFIDENTIALITY PROVIDED TO RESPONDENTS.....</b>	<b>14</b>
<b>A11. JUSTIFICATION FOR ANY QUESTIONS OF A SENSITIVE NATURE.....</b>	<b>14</b>
<b>A12. ESTIMATES OF THE HOUR BURDEN OF THE COLLECTION OF INFORMATION.....</b>	<b>14</b>
<b>A13. ESTIMATES OF OTHER TOTAL ANNUAL COST BURDEN.....</b>	<b>20</b>
<b>A14. PROVIDE ESTIMATES OF ANNUALIZED COST TO THE FEDERAL GOVERNMENT.....</b>	<b>20</b>
<b>A15. EXPLANATION OF PROGRAM CHANGES OR ADJUSTMENTS.....</b>	<b>20</b>
<b>A16. PLANS FOR TABULATION, AND PUBLICATION AND PROJECT TIME SCHEDULE.....</b>	<b>21</b>
<b>A17. DISPLAYING THE OMB APPROVAL EXPIRATION DATE.....</b>	<b>24</b>
<b>A18. EXCEPTIONS TO THE CERTIFICATION STATEMENT IDENTIFIED IN ITEM 19.....</b>	<b>24</b>

## **Appendices**

Appendix A: Legislative Authorization for Data Collection  
Appendix B: Survey Item Cross-Reference Matrix  
Appendix C1: Large SNAP Company Survey  
Appendix C1.1: Screenshots of Company Survey  
Appendix C2: Large SNAP Store Survey  
Appendix C2.1: Screenshots of Store Survey  
Appendix D1: FNS Survey Pre-Notification for Company Representatives  
Appendix D2: FNS Survey Pre-Notification for Store Managers  
Appendix D3: Company Survey Announcement  
Appendix D3.1: Company Recruitment Call Script  
Appendix D3.2: Company Referral Call Script  
Appendix D3.3: Suggested Text for Company Authorization of Stores  
Appendix D4: Store Survey Announcement  
Appendix D5: Company Survey Reminder Email  
Appendix D6: Store Survey Reminder Email  
Appendix D7: Company Survey Nonresponder Call Script  
Appendix D8: Store Survey Nonresponder Call Script  
Appendix E: Call Training Description

Appendix F1: Company Pretest Instrument  
Appendix F2: Store Pretest Instrument  
Appendix G1: Public Comment No. 1  
Appendix G2: Public Comment No. 2  
Appendix G3: Public Comment No. 3  
Appendix G4: Public Comment No. 4  
Appendix G5: FNS Response to First Relevant Comment  
Appendix G6: FNS Response to Second Relevant Comment

**List of Tables**

Table 1. Annual Burden Estimate.....	11
Table 2. Annual Cost to Respondents.....	12
Table 3. Data Collection and Reporting Schedule.....	16

## **A1. Circumstances that make the collection of information necessary.**

**Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.**

This is a NEW information collection request. The Food and Nutrition Service (FNS) administers the nutrition assistance programs of the United States Department of Agriculture (USDA), including the Supplemental Nutrition Assistance Program (SNAP). In early 2014, Congress reauthorized the Food and Nutrition Act of 2008 through the Agricultural Act of 2014 (P.L. 113-79. Under Section 17 of the Food and Nutrition Act of 2008, USDA has the authority to “undertake research that will help improve the administration and effectiveness of the supplemental nutrition assistance program in delivering nutrition-related benefits...”<sup>1</sup> (See Appendix A for a copy of the legal authority referenced in this paragraph).

USDA’s Food and Nutrition Service (FNS) requests OMB approval for this study to learn how large retailers protect themselves from fraud and theft, and whether their policies and practices could be applied to prevent and reduce SNAP fraud on a broader scale. FNS research has found that large supermarkets and supermarket chains have the lowest rates of retailer fraud, and that smaller stores and convenience stores consistently have higher rates, most recently reported to be 10+ times higher.<sup>2</sup>

Large chains implement Loss Prevention (LP) measures to protect against employee theft, shoplifting and other criminal behavior. LP tools include Point of Sale Systems (POS), electronic surveillance, investigation, employee training, and data analytics. This data collection will obtain information on these methods and how they are used to determine their applicability

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<sup>1</sup> Food and Nutrition Act of 2008, As Amended Through P.L. 113-128, Enacted July 22, 2014. Page 119 <http://www.fns.usda.gov/sites/default/files/snap/Food-And-Nutrition-Act-2008.pdf>

<sup>2</sup> Per the USDA SNAP Retailer Management 2014 Annual Report, supermarkets and superstores made up just 14.37 percent of the 261,150 firms authorized in fiscal year 2014 but continue to redeem the majority (81.67 percent) of benefits.

to prevent and reduce SNAP fraud on a broader scale.

The study operationally defines the population of Large SNAP retailers as the largest retail chains that account for a substantial portion, just under half, of SNAP redemptions. Large SNAP retail chains generally fall into four SNAP authorization categories:

- Superstores
- Supermarkets
- Convenience Stores
- Combination/Other Stores (that sell food/other products, such as drug stores)

## **A2. Purpose and Use of the Information.**

**Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate how the agency has actually used the information received from the current collection.**

The pretest of survey instruments confirmed that large chains use a variety of LP techniques. Through this new study, FNS will have an opportunity to learn which of these approaches may be useful in reducing the improper redemption of SNAP benefits. The study has nine objectives:

1. Describe the ways in which large retailers with stores authorized to redeem SNAP benefits are structured organizationally.
2. Describe the kinds of SNAP fraud that are prevalent and present challenges for large retailers.
3. Describe the methods large retailers use to prevent, detect, and report the kinds of fraud noted above, fraud in general, and SNAP benefit trafficking in particular.
4. Describe the division of responsibility for preventing SNAP fraud in large retailers.
5. Describe the role training plays in large retailers' efforts to prevent SNAP fraud.

6. Describe the analytics used by large retailers to detect various types of fraud in general and SNAP fraud specifically.
7. Describe the role investigator-driven in-store investigations play in finding and detecting fraud in general and SNAP benefit trafficking in particular in large retailers.
8. Describe how the loss-prevention team assists local law enforcement with investigations that transcend the store location.
9. Assess which SNAP fraud prevention and detection practices of large retailers could help SNAP manage fraud.

Large SNAP Company Survey and Store Survey instruments were developed to address these objectives (Appendix C1 and Appendix C2 respectively). Appendix B contains a Survey Item Cross-Reference matrix that links the study objectives to each survey item, justifying the need to ask each survey question.

Two Company and two Store pretests were completed and six (6) companies did not respond to the pretest request for a Company or Store survey. (Pretest Instruments are found in Appendix F1, Company Pretest Instrument and Appendix F2, Store Pretest Instrument). Pretest respondents said survey mechanics were generally acceptable. Pretest respondents objected to items they considered confidential (such as staffing levels) and these were deleted. Additional changes were made by FNS to delete items that the agency could not affect (for example, the surrounding community, organizational structure of loss prevention departments and how companies select their staff). Stores were contacted directly, and had to obtain corporate approval to participate. The survey process was revised so that companies will be asked to authorize store participation. This reduces burden on store managers seeking corporate approval. These revisions shortened the survey response time. Other adjustments included adding response

choices based on what was learned from other project activities, such as adding analytic indicators and asking if systems are applied to all transactions (SNAP and non-SNAP). More detail on the pretest is found in Part B. Additional revisions were made in response to comments by the FNS Planning and Regulatory Affairs Office (PRAO) and the National Agricultural Statistical Service (NASS) to assure that item stems and response choices were consistent, and that terminology was clearly defined to remove the possibility of misinterpretation of a few items.

Survey data collection will be conducted through web-based surveys— (1) Large SNAP Company Survey of company chain SNAP representatives, shown in Appendix C1, and (2) Large SNAP Store Survey of store managers, shown in Appendix C2. Each survey will be administered one time.

Contact information for the surveys will be obtained from their submitted Form FNS-252, SNAP Application for Stores, **currently at OMB awaiting approval**, contained in FNS's Store Tracking and Redemption System (STARS). Company contact information will be augmented with the retailer loss prevention management contacts of the University of Florida, Florida Survey Research Center (UF), one of the FNS contractors on this study. Up to 45 companies may be called (to yield 35 responding companies) by a trained senior UF loss prevention researcher to explain the study, request completion of the company survey and authorization for sampled stores to participate in the Store Manager Survey. If a company refuses to participate, the company will be replaced. Appendix D3.1 contains the Company Recruitment Script that will be used to recruit companies and their stores. The callers will refer to the frequently asked questions included with the introduction to the survey instruments (Appendix C1, Large SNAP company Survey and Appendix C2, Large SNAP Store Survey) to address

company questions. Where appropriate, the company contact will be asked to identify senior managers in store operations or other departments with the authority to authorize store participation. UF will then call that individual to request authorization for stores to participate in the survey following the Company Referral Call Script in Appendix D3.2). It is anticipated that company recruitment and authorization for store participation will take up to twelve weeks, with recruitment initiated within one week following OMB approval. The pretest experience showed that several calls may be needed to identify and contact appropriate individuals in the company.

Methods based on the research of Donald Dillman<sup>3</sup> will be used to encourage response. A pre-notification letter from FNS (Appendix D1, FNS Company Pre-Notification Letter for company SNAP representatives and Appendix D2, FNS Company Pre-Notification Letter for store managers) will be sent from FNS to each respondent one week after recruitment. Internet survey access instructions will be sent beginning 2 weeks after recruitment by our team through the University of Florida's Florida Survey Research Center to announce the launch of the survey and instruct respondents on how to access the surveys (Appendix D3, Company Survey Announcement for company SNAP representatives and Appendix D4, Store Survey Announcement for store managers). Beginning 3 weeks after recruitment, weekly email reminders will be sent (Appendix D5, Company Survey Reminder Email and Appendix D6, Store Survey Reminder Email). Beginning 7 weeks after recruitment, if the fourth email reminder does not produce a response, a telephone contact will be made (Appendix D7, Company Nonresponder Call Script and Appendix D8, Store Nonresponder Call Script). If respondents are willing to complete the survey during the phone call, their responses will be entered into the web-based survey at that time by a trained interviewer using computer-assisted

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<sup>3</sup> Internet, Phone, Mail, and Mixed-Mode Surveys: The Tailored Design Method, 4th Edition (Aug 2014). Don A. Dillman, Jolene D. Smyth, Leah Melani Christian.

telephone interviewing techniques.

Out of the 45 companies contacted, these procedures are expected to decrease nonresponse bias and produce responses from up to 35 company representatives and 1,650 of their store managers.

The primary user of the information collected will be FNS. Results will be aggregated and presented in the final report. This will be an internal FNS report.

### **A3. Use of information technology and burden reduction.**

**Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.**

This survey will be administered electronically. Web-based surveys (accessed at [gatorsurvey.com](http://gatorsurvey.com)), in compliance with the E-Government Act of 2002 (P. L. 107-347), will be used to collect data for this study. Respondents will be able to complete the survey in multiple sessions at their convenience at [www.gatorsurvey.com](http://www.gatorsurvey.com). As described in response to A2, e-mail and telephone reminders will be used to encourage responses. FNS anticipates 100% of this data collection will be submitted electronically.

### **A4. Efforts to identify duplication.**

**Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Question 2.**

A review of the literature combined with nine informal interviews with large retailers reveals that some information is available on the use of loss prevention systems by large retailers. However, most research is not specific to the food retail industry and none of the

research is specific to food retailers participating in SNAP. There are no similar data collections currently available regarding the use of loss prevention systems among large SNAP retailers.

**A5. Impacts on small businesses or other small entities.**

**If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-I), describe any methods used to minimize burden.**

Large SNAP retailers are major U.S. corporations with numerous retail outlets. A few of the large retailers offer franchises (such as 7-Eleven), or other affiliations (independent stores affiliated with ShopRite/Wakefern and IGA). Consequently, some of these sampled stores might be small businesses. The survey will be administered electronically through a web-based tool, which will reduce the burden to any small businesses in the sample. FNS estimates that out of 45 companies and 2,000 stores in the sample, ten percent (205) are considered small businesses. As noted in response to A2, when contacting corporate offices, the LP contact will be asked to identify senior managers in store operations or other departments with the authority to authorize store participation. Ultimately, this will relieve store managers and franchisees of the burden of seeking corporate approval.

**A6. Consequences of collecting the information less frequently.**

**Describe the consequence to Federal program or policy activities if the collection is not conducted, or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.**

This is a one-time, voluntary data collection. There is little research regarding how large SNAP-participating chains use their loss prevention programs to detect and reduce SNAP fraud. Without this study, FNS will have no information on the loss prevention systems used by its large retailers to prevent and detect retail theft and fraud. This study will reveal common practices among large retailers that could be applied on a larger scale. It will identify the proportion of SNAP redemptions influenced by different loss prevention practices among the

large SNAP retailers. The findings from this study will provide a better understanding of how the processes used by large retailers prevent SNAP fraud, and what vulnerabilities remain. Without this information FNS will not know the extent to which different industry loss prevention practices prevent SNAP fraud in their stores and if these practices could be applied to ensure program integrity and help reduce SNAP fraud on a larger scale.

#### **A7. Special circumstances relating to the Guidelines of 5 CFR 1320.5.**

**Explain any special circumstances that would cause an information collection to be conducted in a manner:**

- **Requiring respondents to report information to the agency more often than quarterly;**
- **Requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**
- **Requiring respondents to submit more than an original and two copies of any document;**
- **Requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;**
- **In connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;**
- **Requiring the use of a statistical data classification that has not been reviewed and approved by OMB;**
- **That includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or**
- **Requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.**

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

#### **A8. Comments to the Federal Register Notice and efforts for consultation.**

**If applicable, 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), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.**

**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 or those who must compile records should occur at least once every 3 years even if the collection of information activity is the same as in prior years. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.**

A 60-day notice was published in the Federal Register on March 18, 2016, (Volume 81, Number 53, pages 14823-14826) soliciting comments on FNS's intent to request Office of Management and Budget (OMB) approval for data collection on anti-fraud measures of large SNAP retailers.

Two comments, reproduced in Appendices G2 and G3, were received from the public. One commenter did not discuss this study, and instead commented on opposition to a proposed rule on staple and perishable food minimums for SNAP authorized retailers. Because FNS deemed this comment not relevant to the purpose, burden or cost for this information collection, FNS did not respond to it.

A second commenter noted that this study burdens large retailers that have a record of low SNAP fraud as opposed to small retailers that have a higher rate of SNAP fraud, and suggested that FNS study small retailers instead of large SNAP retailers. This comment on burdening large retailers instead of small retailers asserted that large retailers are penalized for better performance than smaller stores. FNS responded (Appendix G5) that the study's purpose is to learn about the loss prevention tools used by large retailers that may be adopted by FNS and shared with other retailers to reduce the overall SNAP fraud rate in retail settings. Less can be learned from smaller stores because as a group they are less successful than larger stores in controlling SNAP fraud in retail settings. Large retailers are not penalized because participation

is strictly voluntary.

A second 60-day notice was published in the Federal Register on April 5, 2017, (Volume 82, Number 64, pages 16570-16571) soliciting comments on FNS's intent to request Office of Management and Budget (OMB) approval for data collection on anti-fraud measures of large SNAP retailers.

Two comments, reproduced in Appendices G1 and G4, were received from the public. One commenter did not address the purpose, burden or cost of this study, but instead used the opportunity to criticize FNS more broadly. Because FNS deemed this comment not relevant to the purpose, burden or cost for this information collection, FNS did not respond to it.

The final commenter, representing the National Association of Convenience Stores and the Society of Independent Gasoline Marketers of America, expressed three primary concerns. First, they wanted to remind FNS that some of the information collected might be considered proprietary and for this reason recommended that the all data and results be anonymized. Second, "FNS must ensure that survey respondents be the appropriate representative(s) of the retailer". Lastly, they counseled that any policy that might come from this study be considered with the interests and constraints of small food retailers in mind, and not simply the large retailers who are the subjects of this study. The FNS response is reproduced in Appendix G6.

**A9. Explain any decisions to provide any payment or gift to respondents.**

**Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.**

There are no plans to provide gifts or cash payments to respondents.

**A10. Assurances of confidentiality provided to respondents.**

**Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.**

The information that respondents supply is protected by the Privacy Act of 1974, 5 U.S.C. 522a. This will be denoted in the FNS introductory letter to respondents (Appendices D1 and D2), as well as in the written prologue appearing at the beginning of each survey (Appendices C1 and C2). Respondents' answers will be kept private and used for research and statistical purposes only. Their responses will not be shared with anyone outside the research team, except as otherwise required by law.

**A11. Justification for any questions of a sensitive nature.**

**Provide additional justification for any questions of a sensitive nature, such as sexual behavior or attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.**

No questions of a sensitive nature will be asked in this survey.

**A12. Estimates of the hour burden of the collection of information.**

**Provide estimates of the hour burden of the collection of information. Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated.**

**A. Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13 of OMB Form 83-I.**

Affected Public: 2,045 total for-profit business contacts, including:

- Up to 35 sampled Large SNAP authorized companies of which:
  - o 35 are expected to agree to participate and respond and,
  - o Up to 10 may be contacted as replacements if any of the initial 35 declines to participate
- A total of five large, SNAP authorized companies sampled for the company survey pretest

of which:

- o Two responded and
  - o Three did not respond
- A total of 2,000 managers of stores associated with the responding large, SNAP authorized companies of which:
  - o 1,650 are expected to respond and
  - o 350 are expected not to respond
- A total of five store managers selected for the store manager pretest of which:
  - o Two responded and
  - o Three did not respond

The estimated total number of responses to all instruments, notifications, and follow-ups for the *company survey* is 205. With up to 50 sampled companies (including pretesting), the average annual number of responses is 205/50 or 4.1 annual average responses. The estimated total number of responses to all instruments, notifications, and follow-ups for the *store manager survey* is 6,906. With 2,005 sampled stores (including pretesting), the average annual number of respondents is 6,906 yielding 3.4 annual average responses. The combined company and manager survey total number of responses to all instruments, notifications and follow-ups is 8,911. With 2,045 total entities sampled (including pretesting), the combined, annual average responses is 4.3 annual average responses.

Table 1 presents the number of respondents, frequency of response, and annual burden estimates for the surveys.

Burden hours were estimated on the basis of the time it took pretest respondents to complete the surveys, the revisions made based on the pretest, mock survey completion by the

researchers, and expert judgment of the researchers at Economic Systems, Inc. and the University of Florida who designed the surveys.

Each survey was pretested in paper form with two company and two store respondents. The company pretest took one hour for respondents to compile information and one hour to complete the company survey. For the two store managers, the pretests also took two hours. Two changes were made to reduce respondent burden. First, using Appendices D3, D3.1 and D3.2, the researchers will obtain company authorization for store participation before asking store managers to complete the survey, instead of asking store managers to obtain permission from company authorities as was done in the pretest. Second, to reduce the length of surveys, FNS limited items in both the company and store surveys to include only those items that are most important to agency policy. These changes also reduced the need for respondents to inquire with other departments to compile information about topics that FNS cannot affect, such as company hiring and training programs.

Table 1. Annual Burden Estimate

			Responses					Non-Responses					Grand Total	
			Est. # of Respondents	Est. Frequency of Responses	Est. Total Annual Responses	Hours per Response	Est. Total Burden Hours (Respondents)	Est. # of Non-Respondents	Est. Frequency of Non-Responses	Est. Total Annual Non-Response	Hours per Non-Response	Est. Burden Hours (Non-Responses)	Est. Grand Total Burden Hours	
Affected Public	Respondent (Appendix)	Sample Size												
Profit/Nonprofit Businesses: Retailers—large food retail companies	Company Survey													
	Pretest (F1)	5	2	1	2	2	4.0	3	1	3	0.25	0.8	4.8	
	FNS Survey Announcement (D1)	35	35	1	35	0.06	2.1	0	1	0	0.06	0.0	2.1	
	Recruitment phone call (D3.1)	35	35	1	35	0.25	8.8	0	1	0	0.25	0.0	8.8	
	Invitation Email (D3)	35	35	1	35	0.06	2.1	0	1	0	0.06	0.0	2.1	
	Reminder Email 1 (D5)	18	7	1	7	0.06	0.4	11	1	11	0.06	0.6	1.1	
	Reminder Email 2 (D5)	11	2	1	2	0.06	0.1	8	1	8	0.06	0.5	0.6	
	Reminder Email 3 (D5)	8	1	1	1	0.06	0.1	8	1	8	0.06	0.5	0.5	
	Reminder Email 4 (D5)	8	1	1	1	0.06	0.1	7	1	7	0.03	0.2	0.3	
	Reminder Telephone Call <sup>1</sup> (D7)	7	1	1	1	0.083	0.1	6	1	6	0.083	0.5	0.6	
	Compile Information	35	35	1	35	0.75	26.3	0	1	0	0	0	26.3	
	Input Data via Web-based Survey	25	26	1	26	0.75	19.5	0	1	0	0	0	19.5	
	Respond via Computer-Assisted Telephone Interview Survey (CATI)	11	11	1	11	0.75	8.3	0	1	0	0	0	8.3	
	Case Studies													
	In-person Interview	9	9	1	9	2.5	22.5	0	1	0	0	0	22.5	
Profit/Nonprofit Businesses: Retailers—large food retail	Store Survey													
	Pretest (F2)	5	2	1	2	2	4.0	3	1	3	0.25	0.75	4.8	
	Survey Announcement (D2)	2000	1650	1	1650	0.06	99.0	350	1	350	0.02	7.0	106.0	

			Responses										Grand Total
			Responses					Non-Responses					
Affected Public	Respondent (Appendix)	Sample Size	Est. # of Respondents	Est. Frequency of Responses	Est. Total Annual Responses	Hours per Response	Est. Total Burden Hours (Respondents)	Est. # of Non-Respondents	Est. Frequency of Non-Responses	Est. Total Annual Non-Response	Hours per Non-Response	Est. Burden Hours (Non-Responses)	Est. Grand Total Burden Hours
chain stores	Invitation Email (D4)	2000	1650	1	1650	0.06	99.0	350	1	350	0.02	7.0	106.0
	Reminder Email 1 (D5)	1000	400	1	400	0.06	24.0	600	1	600	0.01	6.0	30.0
	Reminder Email 2 (D5)	600	120	1	120	0.06	7.2	480	1	480	0.01	4.8	12.0
	Reminder Email 3 (D5)	480	48	1	48	0.06	2.9	432	1	432	0.01	4.3	7.2
	Reminder Email 4 (D5)	432	43	1	43	0.06	2.6	389	1	389	0.01	3.9	6.5
	Reminder Telephone Call (D8)	389	39	1	39	0.083	3.2	350	1	350	0.01	3.5	6.7
	Compile Information	1650	1650	1	1650	0.75	1237.5	350	1	350	0	0.0	1237.5
	Input Data via Web-based Survey	1155	1155	1	1155	0.75	866.3	0	1	0	0	0	866.3
	Respond via Computer-Assisted Telephone Interview Survey (CATI)	495	495	1	495	0.75	371.3	0	1	0	0	0	371.3
Total		2045	1689	1	1689		2811.1	356	1	356		40.3	2851.4

<sup>1</sup> The 35 largest SNAP authorized companies will be recruited. If one or more fail to respond, they will be replaced by the next largest retailers

\*Assumes 50% of the sample responds during the first wave, 40% of non-respondents respond to the first follow-up wave, 20% to the second, and 10% to the 3rd, 4th and 5th waves

\*\*Assumes 70% of respondents will do so online with the remainder requesting telephone/CATI assistance.

**B. Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories.**

The total cost to respondents for their time in this collection is \$145,778.46 (Table 2).

The annualized costs to SNAP Representatives and Store Managers were calculated using the mean hourly wage rate categories determined through the Bureau of Labor Statistics, May 2016 National Industry-Specific Occupational Employment and Wage Estimates.

Table 2. Annual Cost to Respondents

Respondent Type	Estimated # of Respondents/No n-respondents	Responses per Respondent/No n-respondent	Total Annual Responses/No n-responses	Estimated Total Hours	Median Hourly Wage	Cost to Respondent/No n-respondent
SNAP Corporate Representative (Pretest Respondent)	2	1	2	4	\$58.70	\$234.80
SNAP Corporate Representative (Pretest Non-respondent)	3	1	3	0.75	\$58.70	\$44.03
SNAP Corporate Representative (Case Study Interviews)	9	1	9	22.5	\$58.70	\$1,320.75
SNAP Corporate Representative (Web Survey)	25	1	25	47.57	\$58.70	\$2,792.24
SNAP Corporate Representative (Phone Survey)	11	1	11	20.12	\$58.70	\$1,181.33
SNAP Corporate Representative (Non-responders)	0	1	0	2.30	\$58.70	\$135.01
SNAP Corporate Representative (In person Interviews)	9	1	9	22.50	\$58.70	\$1,320.75
Store Manager (Pretest Respondent)	2	1	2	4	\$50.47	\$201.88
Store Manager (Pretest Non-respondent)	3	1	3	0.75	\$50.47	\$37.85
Store Manager (Web Survey)	1155	1	1155	1899.03	\$50.47	\$95,844.01
Store Manager (Phone Survey)	495	1	495	813.87	\$50.47	\$41,076.00
Store Manager (Nonresponse follow-up)	350	0	0	31.5	\$50.47	\$1,589.81
Total	\$145,778.46					

<sup>1</sup> Bureau of Labor Statistics, May 2016 Wage Data for 11-1021 – General and Operations Managers, accessed 05/16/2017 at

**A13. Estimates of other total annual cost burden.**

**Provide estimates of the total annual cost burden to respondents or recordkeepers resulting from the collection of information, (do not include the cost of any hour burden shown in questions 12 and 14). The cost estimates should be split into two components: (a) a total capital and start-up cost component annualized over its expected useful life; and (b) a total operation and maintenance and purchase of services component.**

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

**A14. Provide estimates of annualized cost to the Federal government.**

**Provide estimates of annualized cost to the Federal government. Provide a description of the method used to estimate cost and any other expense that would not have been incurred without this collection of information.**

The total annualized cost to the Federal government is \$286,198.51 which includes the cost for Food and Nutrition Service personnel to provide guidance and supervision to the contractor, and for the contractor to carry out the survey, analysis and reporting. The FNS total staff cost is \$15,444. FNS's staff cost is based using the 2017 Federal Wage Rate on 300 hours for a GS-13 Step 5 (\$51.48 per hour). The cost for the survey and analysis is \$421,575.76. The total costs of this study include a firm fixed price contract with Economic Systems Inc. for \$843,151.52, which includes design of the study and development of data collection instruments, data collection, analysis, and report writing. Contractor costs also include industry consultations, 9 case studies per year, a literature review and the development of a white paper.

**A15. Explanation of program changes or adjustments.**

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

This is a new, one-time data collection which will add 2,851.4 burden hours and up to

2,045 total annual responses to FNS Burden Inventory.

**A16. Plans for tabulation, and publication and project time schedule.**

**For collections of information whose results are planned to be published, outline plans for tabulation and publication.**

The analysis that will be performed is descriptive and relational. Data collected in the survey will be used to produce descriptive statistics that depict the organizational structure at the corporate level, and the division of responsibility between the corporate and store levels for integrated electronic cash register systems, analytics, surveillance, investigation and liaison with law enforcement. The analysis will produce numbers and percent for each survey item, including the number and percent of all large retailers studied, and number and percent for each type of retail organization studied at the corporate and store level (superstores, supermarkets, combination/other, convenience and independent chains and total large retailers).

Cross-tabulations will be produced to compare and contrast survey responses by the four types of retailers, and tests of significance using chi-square and t-tests will be used to identify statistically significant differences between the types of retailers relative to survey responses. The company responses will be appended to the store responses, such that the respective company responses will be applied to all store respondents in the chain, and most of the analysis will be done at the store level. The cross-tabulations will address each study objective. The results will show how different types of chain stores are similar or differ in their structure/levels of responsibility and LP practices, and the proportion of SNAP redemptions associated with each. This analysis will help FNS understand prevailing norms among the largest SNAP retailers, and whether guidance based on the benchmarks revealed in these findings can be applied on a broader scale.

These methods will largely address the objectives of the study, which are descriptive in nature. If deemed to add value to the descriptive analysis, the researchers will explore the data further using logistic regression or generalized linear models as appropriate. These approaches may be used in two ways— (1) to determine factors associated with differences in level of responsibility and loss prevention methods used by the 35 largest survey participating retailers; and (2) to identify the structural and loss prevention methods associated with large retailers' perceptions of the challenges of reducing SNAP fraud.

Logistic regression could be used to get a better understanding of factors that differentiate responses to level of responsibility and loss prevention methods, such as type of store chain, region of the country, number of stores in the chain, size of store in terms of number of registers and square footage, urban/rural location of stores, and SNAP volume. This analysis would address how specific features of the company/stores are related to the loss prevention methods that are used.

Company structure and loss prevention practices (such as types of analytic indicators used, number of LP staff relative to SNAP redemptions, presence of in-store investigators and others) could be used as independent variables in logistic regression to explain differences in responses to the types of SNAP fraud that store managers say are nonexistent, prevalent or problematic. This analysis will give FNS a better understanding of structural factors and LP practices that are related to SNAP fraud as experienced by participating large SNAP retailers.

The analytic results are to be presented in graphs, tables, and text. The analysis will contrast findings by type of retailers (super stores, large chains). Since SNAP fraud differs by location, we will also contrast responses by urbanization and geography.

The final report will be written to address the study's objectives. The project's final

report will include the following sections:

- Executive Summary
- Introduction
- Research Methods
- How LP is Organized among Large Food Retailers
- Role of Training, Analytics, Surveillance and Investigation in LP and SNAP Fraud Abatement
- Promising Private Sector Practices to Enhance SNAP Retailer Fraud Abatement.

In addition to the analyses addressing objectives, the study will analyze the survey experience and report to FNS about the best methods to recruit retailers, and how well the methods worked that were used in the study.

The schedule follows for survey data collection, tabulation and reporting. Our pretest experience informs us that company recruitment can be time consuming as the decision to participate is not the prerogative of a single individual. Most frequently the decision to participate must be approved by legal counsel and company leadership. However, we will begin data collection activities for an individual company within a week of its agreement to participate.

Table 3. Data Collection and Reporting Schedule

Description	Weeks after Company Recruitment	Weeks after OMB Approval
<b>Survey Data Collection</b>		
Company and Store Samples Prepared		1 week
Announcement letters printed		1 week
Recruit Companies and Stores		1 to 12 weeks
<b>Company CATI Surveys</b>		
Send Company announcements to SNAP representatives	1 week	2 to 13 weeks
Send Store Announcements to store managers	1 week	2 to 13 weeks
Send Instructions to company SNAP representatives	2 weeks	3 to 14 weeks
Send Instructions to stores on how to access surveys	2 weeks	3 to 14 weeks

Company Email Reminder 1	3 weeks	4 to 15 weeks
Company Email Reminder 2	4 weeks	5 to 16 weeks
Company Email Reminder 3	5 weeks	6 to 17 weeks
Company Email Reminder 4	6 weeks	7 to 18 weeks
Company Phone Follow-up	7 weeks	8 to 19 weeks
<b>Store CATI Surveys</b>		
Store Email Reminder 1	3 weeks	4 to 15 weeks
Store Email Reminder 2	4 weeks	5 to 16 weeks
Store Email Reminder 3	5 weeks	6 to 17 weeks
Store Email Reminder 4	6 weeks	7 to 18 weeks
Store Phone Follow-up	7 weeks	8 to 19 weeks
Survey completion		21 weeks
Survey Data file delivered for analysis		23 weeks
<b>Analysis</b>		
Prepare Analytic File		27 weeks
Generate Descriptive Statistics		27 weeks
Produce Publication Tables and Graphics		31 weeks
Conduct Analysis to Support Recommendations		35 weeks
<b>Reporting</b>		
Develop Report Outline		35 weeks
Revise Outline		39 weeks
Draft Report		39 weeks
Revised Draft Report		41 weeks
Final Report		43 weeks

**A17. Displaying the OMB Approval Expiration Date.**

**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 plans to display OMB approval and expiration date for the information collection on all instruments.

**A18. Exceptions to the certification statement identified in Item 19.**

**Explain each exception to the certification statement identified in Item 19 of the OMB 83-I" Certification for Paperwork Reduction Act."**

There are no exceptions to the certification statement.