

Putting Healthy Food Within Reach

Benefit Redemption Division
Supplemental Nutrition Assistance Program
Food and Nutrition Service
2008 Annual Report



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Introduction

This annual report contains informa-

tion on the activities conducted by the Benefit Redemption Division (BRD) of the Supplemental Nutrition Assistance Program (SNAP). It also reports on the SNAP retailer related activities of Regional and Field offices of the Food and Nutrition Service (FNS).

Administrative Review Branch (ARB)

Is responsible for hearing appeals by firms of actions taken by the Agency to enforce compliance with regulations.

Retailer Investigations Branch (RIB)

Is responsible for conducting investigations of firms to ensure they are complying with Program rules.

Retailer Management and Issuance Branch (RMIB)

Is responsible for policies related to the participation of firms in SNAP and operational oversight of retailer related activities including Electronic Benefit Transfer (EBT) policy.

Retailer Operations Branch (ROB)

Is responsible for managing all systems, operational evaluation, help desk operations, and website management, in meeting the needs of the retail management community.



Director's Message

I am pleased to present the Benefit Redemption Division's Fiscal Year (FY) 2008 Annual Report. As usual, this report touches on some of the year's accomplishments and presents key Program information for this past year and years past.

The year saw a host of changes in the way we conduct our business, both system-wise and organizationally. There were big STARS implementations:



the on-line application and the second and third phases of compliance automation, to name just a few. Some of the large efforts begun this year are ongoing, thinking in terms of the Standard Operating Procedures (SOP) that will help bring consistency across the Agency. Together with the regions and field offices, we faced many challenges, but clearly rose to the occasion and accomplished much. The fruit of our efforts contributing to the eventual passage of a Farm Bill has, thankfully, also been realized.

We now have a new name -- the Supplemental Nutrition Assistance Program - and we now can look forward to developing all the rules that implement the legislative provisions we were looking forward to getting.

One of the big changes in 2008 for us here in BRD was our organizational realignment in which we looked to better align ourselves with the enhanced focus we are placing on our systems and better integrate all our system work. As a result of the change, we also brought all our policy development activities together as well. We still have four branches, but two are new: the Retailer Management and Issuance Branch, and the Retailer Operations Branch. RMIB is responsible for all policy matters, both retailer and EBT, as well as EBT operations. ROB is responsible for all system matters, whether they be related to STARS or ALERT, or to the BRD website.



The Retailer Investigations Branch and the Administrative Review Branch also had big changes. Those branches have seen leadership changes and other staffing changes, so we have a lot to look forward to as new folks become better acquainted and leave their marks on the Division. RIB also benefited tremendously from the new STARS compliance enhancements, allowing them to get away from the systems problems that haunted their operations for the past couple years.

Other big news includes the continued growth in the number of authorized retailers in the Program. That may not be a big surprise given the tremendous growth of SNAP and the other difficulties in the economy, but a 5.7 % increase in stores from 2007 means more work nonetheless. In fact, over the last six years, we have seen more than a 20% increase in the number of authorized retailers (see chart on pg. 5).

There are many more highlights this year than are noted in this report. We tried to give such highlights additional focus this year, beyond what we had done in previous reports. We have also tried to make other improvements on how information is presented. See what you think.

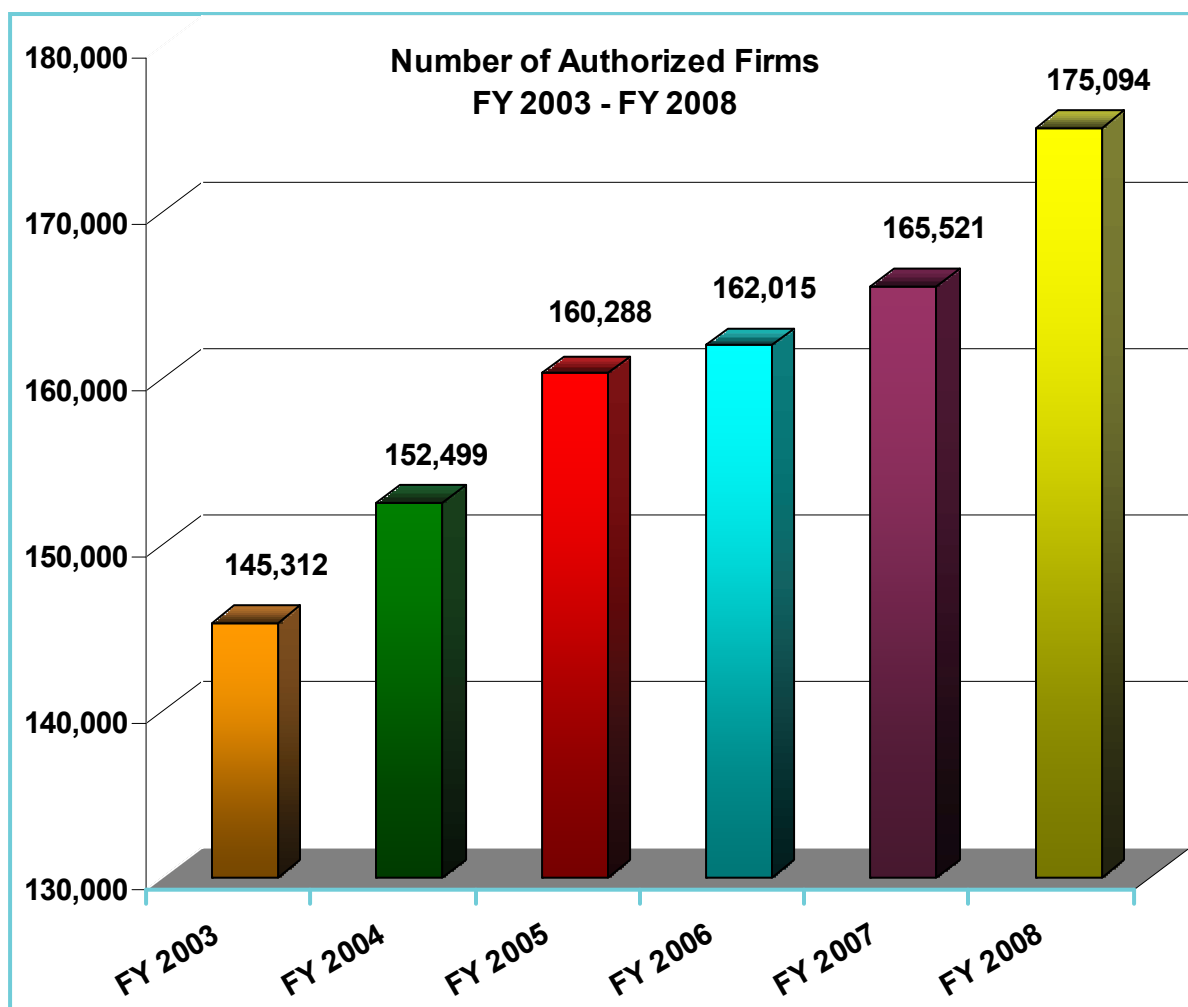
Let me again take this opportunity to thank the regional and field staff for their continued hard work. Our collective accomplishments could not be achieved without their important work and critical assistance.

Jeff Cohen
Director



Number of Authorized Firms

On September 30, 2008, there were 175,094 firms authorized to accept SNAP benefits. The number of firms authorized in SNAP has increased 20% over the past six fiscal years.

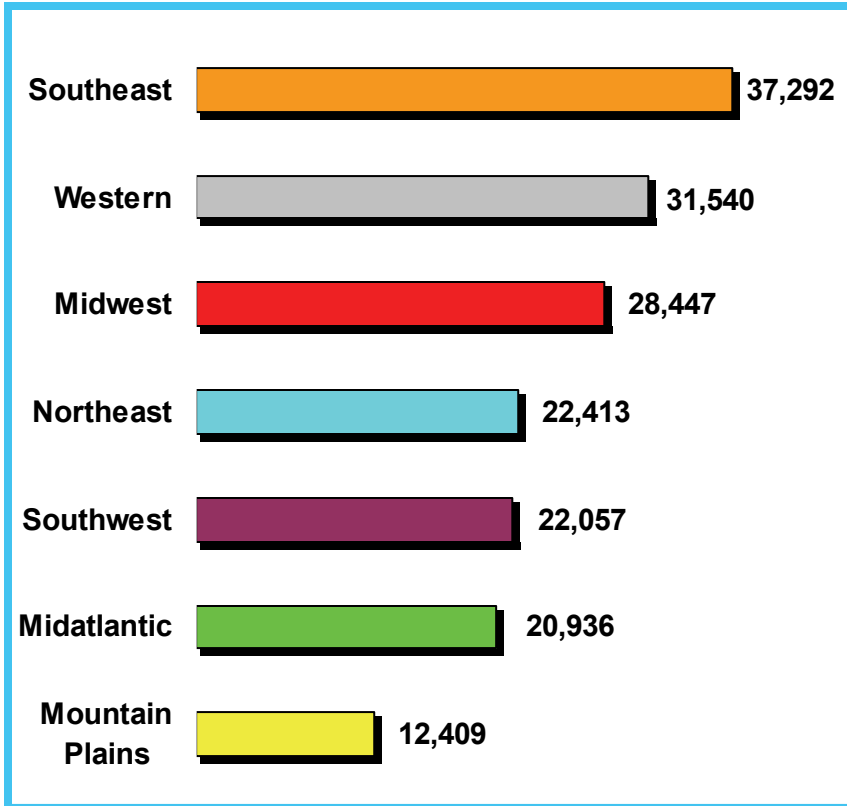


Source: STARS Management Activity Report 11/14/08

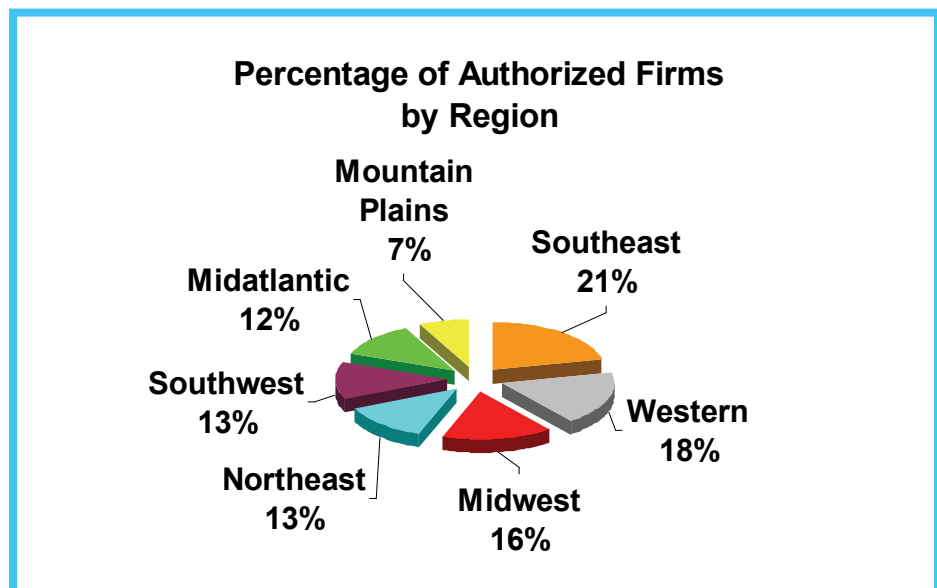


Authorized Firms by Region

The following charts break down the number and percentage of authorized firms by FNS Regional Office.



Source: STARS Management Activity Report 11/14/08



Source: STARS Management Activity Report 11/14/08



Authorizations by Firm Type and Region

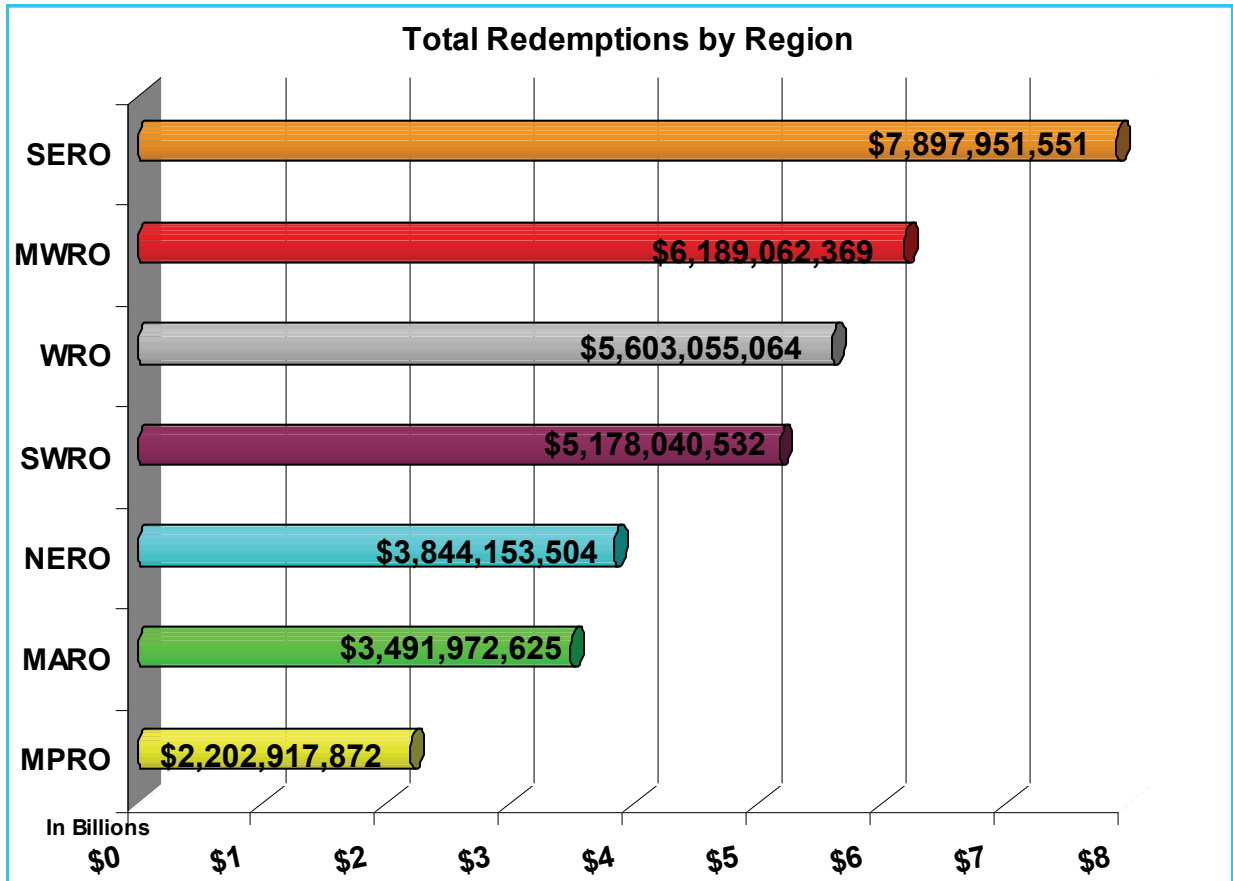
Firms are classified by type. After a re-classification in 2007, we currently have 23 firm types. Classifications are differentiated by sales volume, ratio of food sales to total sales, or whether firms specialize in one staple food group. The following shows the total number of firms by firm type and region.

Firm Types	MARO	MWRO	MPRO	NERO	SERO	SWRO	WRO	TOTAL
Bakery Specialty	217	766	486	252	503	602	1,193	4,019
Combination Grocery/Other	3,443	5,696	1,872	2,828	8,625	3,781	4,075	30,320
Communal Dining Facility	33	129	139	55	58	42	39	495
Convenience Store	5,932	9,889	3,881	5,841	13,627	10,445	12,353	61,968
Delivery Route	92	168	126	64	155	118	82	805
Drug and/or Alcohol Treatment Program	83	94	73	207	132	67	394	1,050
Farmers' Market	54	67	256	123	64	23	166	753
Fruits/Veg Specialty	231	148	44	292	395	102	291	1,503
Group Living Arrangement	42	70	37	178	97	4	33	461
Homeless Meal Provider	34	24	17	19	9	11	35	149
Large Grocery Store	322	710	504	401	618	338	576	3,469
Meal Delivery Service	24	71	56	32	27	43	17	270
Meat/Poultry Specialty	612	810	359	682	849	454	869	4,635
Medium Grocery Store	1,296	1,681	941	2,029	1,472	959	2,255	10,633
Non-Profit Food buying Co-op	22	107	17	104	30	41	38	359
Private Restaurant/ Meal Delivery	0	5	0	0	0	1	471	477
Seafood Specialty	345	96	11	329	700	393	179	2,053
Senior Citizens' Center/ Residential Building	0	62	2	7	0	0	1	72
Shelter for Battered Women and Children	0	2	0	13	1	0	10	26
Small Grocery Store	3,794	1,604	824	5,421	1,916	947	2,063	16,569
Super Store	2,352	3,209	1,941	1,373	1,006	2,237	1,894	14,012
Supermarket	2,000	3,038	820	2,163	7,005	1,447	4,503	20,976
Wholesaler	8	1	3	0	3	2	3	20
Total	20,936	28,447	12,409	22,413	37,292	22,057	31,540	175,094

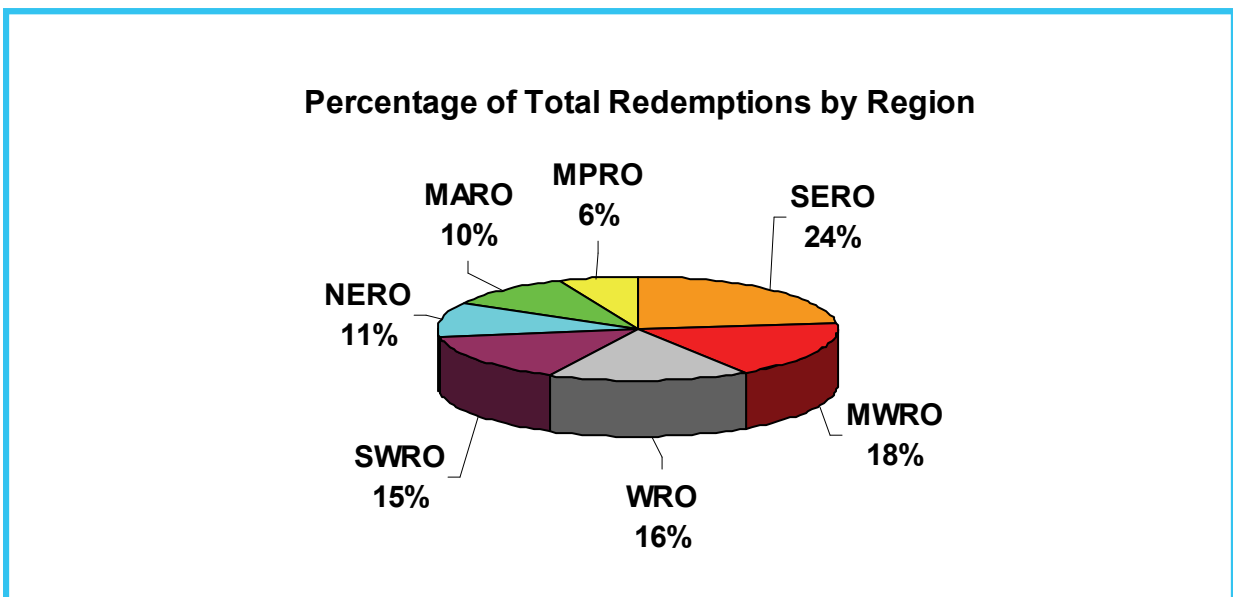
Source: STARS Management Activity Report 11/14/08



Redemptions by Region



Source: STARS Management Activity Report 11/14/08



Source: STARS Management Activity Report 11/14/08



Redemptions by Region, State & Percent of Household

The following pages show the number of authorized firms, total redemptions by State, and the percent of participating households. Texas, California and New York redeem the largest volume of benefits.

Region	State	Number of Authorized Firms	Total Redemption Amount	Regional Percent of Participating Households by State	National Percent of Participating Households by Region
MARO	Delaware	374	\$69,847,677	2.23%	0.25%
	District of Columbia	486	\$88,353,026	3.46%	0.38%
	Maryland	2,413	\$473,674,792	11.27%	1.25%
	New Jersey	4,213	\$543,910,414	15.22%	1.69%
	Pennsylvania	7,607	\$1,385,421,877	40.61%	4.50%
	Virginia	3,898	\$620,429,551	0.36%	0.04%
	Virgin Islands	108	\$22,780,858	17.64%	1.95%
	West Virginia	1,837	\$287,554,429	9.20%	1.02%
	Regional Totals		20,936	\$3,491,972,625	100.00%
MWRO	Illinois	6,952	\$1,696,691,515	34.70%	4.83%
	Indiana	3,319	\$782,721,535	15.48%	2.15%
	Michigan	7,058	\$1,492,297,090	33.89%	4.71%
	Minnesota	2,219	\$315,471,423	8.04%	1.12%
	Ohio	6,500	\$1,472,125,192	30.05%	4.18%
	Wisconsin	2,399	\$429,755,615	9.88%	1.38%
	Regional Totals		28,447	\$6,189,062,369	100.00%
MPRO	Colorado	1,761	\$326,873,862	13.51%	0.91%
	Iowa	2,273	\$306,190,713	13.67%	0.92%
	Kansas	1,310	\$212,146,166	10.47%	0.70%
	Missouri	3,520	\$810,443,397	38.08%	2.56%
	Montana	594	\$92,899,609	4.40%	0.30%
	Nebraska	427	\$60,555,504	6.55%	0.44%
	North Dakota	815	\$145,137,389	2.58%	0.17%
	South Dakota	570	\$73,630,844	3.13%	0.21%
	Utah	915	\$148,068,171	6.42%	0.43%
	Wyoming	224	\$26,972,217	1.20%	0.08%
Regional Totals		12,409	\$2,202,917,872	100.00%	6.71%
NERO	Connecticut	1,619	\$283,414,527	7.66%	0.96%
	Maine	1,252	\$190,296,654	5.54%	0.69%
	Massachusetts	3,279	\$581,522,090	16.24%	2.03%
	New Hampshire	581	\$86,684,798	1.95%	0.24%
	New York	14,477	\$2,551,480,082	64.44%	8.07%
	Rhode Island	769	\$104,349,439	2.48%	0.31%
	Vermont	436	\$46,405,914	1.69%	0.96%
Regional Totals		22,413	\$3,844,153,504	100.00%	12.53%



Redemptions by Region, State & Percent of Household

SERO	Alabama	3,317	\$660,716,431	8.20%	1.87%
	Florida	9,706	\$1,783,534,004	23.32%	5.33%
	Georgia	5,834	\$1,285,608,512	14.38%	3.29%
	Kentucky	3,572	\$750,008,647	9.90%	2.26%
	Mississippi	2,507	\$516,968,955	6.64%	1.52%
	North Carolina	5,110	\$1,102,443,346	14.52%	3.32%
	South Carolina	2,905	\$710,245,772	8.66%	1.98%
	Tennessee	4,341	\$1,088,425,884	14.39%	3.29%
Regional Totals		37,292	\$7,897,951,551	100.00%	22.85%
SWRO	Arkansas	1,811	\$435,572,555	9.64%	1.34%
	Louisiana	3,803	\$942,627,732	16.23%	2.26%
	New Mexico	1,120	\$267,838,803	5.62%	0.78%
	Oklahoma	2,551	\$483,651,437	10.75%	1.50%
	Texas	12,772	\$3,048,350,004	57.77%	8.04%
Regional Totals		22,057	\$5,178,040,532	100.00%	13.91%
WRO	Alaska	464	\$93,115,075	1.24%	0.18%
	Arizona	2,934	\$762,006,117	12.95%	1.89%
	California	18,975	\$3,008,159,055	48.20%	7.02%
	Guam	223	\$60,083,335	0.46%	0.07%
	Hawaii	863	\$184,040,124	2.64%	0.38%
	Idaho	657	\$117,360,070	2.10%	0.31%
	Nevada	1,047	\$176,456,168	3.32%	0.48%
	Oregon	2,626	\$522,922,010	13.19%	1.92%
	Washington	3,751	\$678,913,109	15.88%	2.31%
Regional Totals		31,540	\$5,603,055,064	100.00%	14.56%
NATIONAL TOTALS		175,094	\$34,407,153,516		100.00%

Source: STARS Management Activity Report 11/14/08

FSP: Average Monthly Participation (Households), Data as of 02/27/08

Redemptions by Firm Type

In prior annual reports, redemptions reported under supermarkets are now re-distributed among the supermarket and the super store categories. Combined, supermarkets and super stores redeem 85% of all SNAP benefits.

Firm Type	Total Redemption Amounts	Percent Totals	Authorized Firms	Percent Totals
Bakery Specialty	\$111,153,387	0.32%	4,019	2.30%
Combination Grocery/Other	\$815,928,161	2.37%	30,320	17.32%
Convenience Store	\$1,405,322,289	4.08%	61,968	35.39%
Delivery Route	\$62,501,809	0.18%	805	0.46%
Farmers' Market	\$2,740,236	0.01%	753	0.43%
Fruits/Veg Specialty	\$62,498,623	0.18%	1,503	0.86%
Large Grocery Store	\$744,660,316	2.16%	3,469	1.98%
Meat/Poultry Specialty	\$362,811,187	1.05%	4,635	2.65%
Medium Grocery Store	\$828,549,175	2.41%	10,633	6.07%
Non-Profit Food buying Co-op	\$24,699,163	0.07%	359	0.21%
Seafood Specialty	\$112,627,536	0.33%	2,053	1.17%
Small Grocery Store	\$678,561,351	1.97%	16,569	9.46%
Super Store	\$12,797,672,159	37.19%	14,012	8.00%
Supermarket	\$16,316,452,635	47.42%	20,976	11.98%
Wholesaler	\$2,352,865	0.01%	20	0.01%
Subtotal	\$34,328,530,892	99.77%	172,094	98.29%
Communal Dining Facility	\$3,234,385	0.01%	495	0.28%
Drug and/or Alcohol Treatment Program	\$41,984,322	0.12%	1,050	0.60%
Group Living Arrangement	\$21,979,172	0.06%	461	0.26%
Homeless Meal Provider	\$4,017,882	0.01%	149	0.09%
Meal Delivery Service	\$228,059	0.00%	270	0.15%
Private Restaurant/Meal Delivery	\$5,044,960	0.01%	477	0.27%
Senior Citizens' Center/ Residential Building	\$1,649,362	0.00%	72	0.04%
Shelter for Battered Women and Children	\$484,481	0.00%	26	0.01%
Meal Services Subtotal	\$78,622,624	0.23%	3,000	1.71%
Totals	\$34,407,153,516	100.00%	175,094	100.00%

Source: STARS Management Activity Report 11/14/08



Average Monthly Redemption Ranges

Bands illustrate average monthly redemption ranges among authorized firms. Sixty four percent of firms are small businesses whose average monthly redemptions range from \$100 to \$5,000.

Redemption Levels	Number of Firms	Percent of Firms	Average Monthly Redemption Ranges
Band A	5,922	3.38%	\$0.00
Band B	8,798	5.02%	\$0.01 to \$99.99
Band C	28,114	16.06%	\$100.00 to \$500.00
Band D	24,692	14.10%	\$501.00 to \$1,000.00
Band E	28,447	16.25%	\$1,001.00 to \$2,000.00
Band F	30,325	17.32%	\$2,001.00 to \$5,000.00
Band G	13,524	7.72%	\$5,001.00 to \$10,000.00
Band H	11,842	6.76%	\$10,001.00 to \$25,000.00
Band I	8,602	4.91%	\$25,001.00 to \$50,000.00
Band J	7,416	4.24%	\$50,001.00 to \$100,000.00
Band K	5,522	3.15%	\$100,001.00 to \$250,000.00
Band L	1,572	0.90%	\$250,001.00 to \$500,000.00
Band M	318	0.18%	\$500,001.00 and more
Total	175,094	100.00%	

Source: STARS Management Activity Report 11/14/08



Authorization and Administrative Activity

Store authorization and administration includes, but is not limited to, authorizing, reinstating, reauthorizing, and withdrawing firms. This activity is shown below.

Fiscal Year	Authorizations /Reinstatements by Region FY 2004 - FY 2008							Total Authorizations
	MARO	MWRO	MPRO	NERO	SERO	SWRO	WRO	
2004	2,794	3,703	1,591	3,296	6,581	3,657	4,150	25,772
2005	2,810	3,538	1,426	3,095	5,663	3,074	5,027	24,633
2006	2,444	4,046	1,475	3,259	4,836	2,540	4,467	23,067
2007	2,446	4,258	1,295	3,290	4,956	2,791	3,832	22,868
2008	2,889	3,769	1,409	3,385	6,029	3,496	4,132	25,109

Fiscal Year	Reauthorizations By Region FY 2004 - FY 2008							Total Reauthorizations
	MARO	MWRO	MPRO	NERO	SERO	SWRO	WRO	
2004	4,517	5,104	2,575	3,246	5,139	3,250	6,266	30,097
2005	4,234	5,321	2,131	3,915	8,082	2,163	3,780	29,626
2006	4,140	8,353	4,278	4,725	5,501	2,431	2,599	32,027
2007	2,348	5,616	3,213	3,605	5,825	3,562	11,042	35,211
2008	2,537	3,477	1,693	3,766	5,638	3,012	3,703	23,826

Fiscal Year	Withdrawals By Region FY 2004 - FY 2008							Total Withdrawals
	MARO	MWRO	MPRO	NERO	SERO	SWRO	WRO	
2004	2,226	2,293	1,105	2,448	3,416	2,060	3,724	17,272
2005	1,930	1,882	795	2,355	3,768	1,902	2,731	15,363
2006	2,225	2,588	1,258	2,687	4,102	2,819	4,418	20,097
2007	2,130	2,750	1,138	2,760	3,786	2,246	3,409	18,219
2008	1,845	2,068	887	2,316	2,831	1,723	2,621	14,291

Source: STARS Management Activity Report 11/14/08

Store Eligibility Accuracy Rate (SEAR)

SEAR is a measure of how well FNS is doing in ensuring that only stores that meet the Program's eligibility criteria accept SNAP benefits. SEAR takes place during a two-month period each year. Data is collected on a nationwide, randomly selected, statistically valid sample of stores.

To date, there have been nine SEAR measurements - Fiscal Years 1999 through 2004 and Fiscal Years 2006-2008. SEAR was not done in Fiscal Year 2005 due to continued phased implementation of STARS. Following are national SEAR results from the last four reporting periods:

Fiscal Year	Number of Authorized Firms	% Eligible	% Ineligible
2004	152,499	98.83%	1.17%
2006	162,015	98.86%	1.14%
2007	165,521	98.80%	1.20%
2008	175,094	99.18%	0.82%

Source: Annual SEAR Reports

Sanction and Compliance Actions

Sanction actions include permanent and non-permanent (term) disqualification actions, hardship, and trafficking Civil Money Penalties (CMP). Compliance actions include all sanction actions as well as official warning letters.

Region	Permanent Disqualifications	Non-Permanent (Term) Disqualification	Hardship or Trafficking CMP	Total Sanction Actions	Official Warning	Total Compliance Actions
MARO	77	57	12	146	58	204
MWRO	92	60	18	170	149	319
MPRO	18	31	5	54	52	106
NERO	169	89	6	264	84	348
SERO	270	122	35	427	122	549
SWRO	23	45	10	78	69	147
WRO	154	61	20	235	162	397
Totals	803	465	106	1,374	696	2,070

Source: STARS Management Activity Report 11/14/08

PENALTY BREAKDOWN BY FISCAL YEAR			
Fiscal Year	Permanent Disqualification	Term Disqualification	Total Firms Disqualified
2004	841	556	1,397
2005	841	703	1,544
2006	798	576	1,374
2007	673	551	1,224
2008	803	465	1,268

Source: STARS Management Activity Report 11/14/08

Other Compliance Actions:

Fines for Unauthorized Acceptance of Food Stamp Benefits: 6

Fiscal Claims: 11.

Source: STARS Management Activity Report 11/14/08



Sanction and Compliance Actions

Civil Money Penalties

A Civil Money Penalty is imposed against an authorized firm in lieu of disqualification or against a disqualified owner who sells his/her store before the expiration of the disqualification period. FNS assessed over \$680,000 in Civil Money Penalties in FY 2008. There are three different types of CMPs:

A. Hardship

A hardship CMP is imposed in place of disqualification when a disqualification would cause a hardship, not just an inconvenience, to recipients.

B. Trafficking

A trafficking CMP is imposed in lieu of permanent disqualification if a firm meets specific criteria relative to owner/manager involvement in violations, and employee training.

C. Transfer of Ownership

A transfer of ownership CMP is imposed against an owner who sells his/her store prior to completion of a disqualification period or payment in full of a hardship or trafficking CMP. FNS did not issue a transfer of ownership CMP during FY 2008.

CMPs Established During FY 2008

Hardship CMP

	CMPs Established	CMP Amounts Assessed
MARO	12	\$74,714
MWRO	17	\$88,389
MPRO	5	\$21,120
NERO	6	\$96,634
SERO	35	\$177,454
SWRO	10	\$42,862
WRO	20	\$125,985
Totals	105	\$627,158

Trafficking CMP

	CMPs Established	CMP Amounts Assessed
MARO	0	\$0.00
MWRO	1	\$54,000
MPRO	0	0.00
NERO	0	\$0.00
SERO	0	\$0.00
SWRO	0	\$0.00
WRO	0	\$0.00
Totals	1	\$54,000

Source: STARS Management Activity Report 11/14/08



Administrative Review Branch

The Administrative Review Branch performs the final administrative review within the United States Department of Agriculture (USDA) of appeals from: (1) retail and wholesale food firms aggrieved by action of the agency to deny, withdraw, or disqualify them from SNAP participation; (2) sponsors and vendors aggrieved in the Summer Food Service Program for Children, to deny their claims for reimbursement, or to demand refunds; (3) sponsoring organizations and institutions aggrieved in the Child Care Program, to deny their claims for reimbursement, or to demand refunds; and (4) State agencies aggrieved by actions of the agency to fiscally sanction them for non-compliance with regulations or State Plans of Operation.

ARB closed the fiscal year with three Administrative Review Officers (AROs), two of whom were hired in FY 2008, and one of whom also functioned as Acting Branch Chief. ARB's staffing represents a reduction from four AROs, plus a Branch Chief, that staffed the Branch in the preceding fiscal year. AROs are designated by the Secretary of Agriculture to conduct administrative hearings and issue Final Agency determinations. AROs' purpose is to ensure that firms, institutions and State Agencies aggrieved by FNS' adverse actions

have the opportunity to have their positions fairly considered by an impartial reviewing authority prior to the adverse action becoming final. AROs have the authority to reverse or otherwise alter any adverse decision found to be in error or which is inconsistent with FNS policy. An ARO's decision is the final administrative action of the USDA, subject only to judicial review.

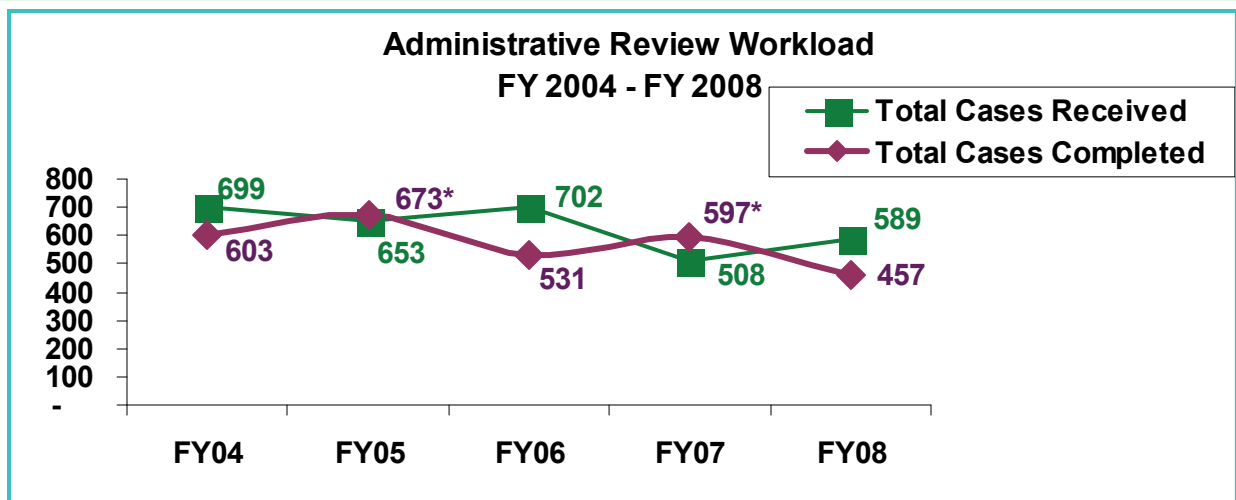
In response to continued reductions in staffing, as in prior years, ARB focused primarily on adjudicating appeals of permanent disqualifications and denials of authorization, since the adverse actions in such cases are not held in abeyance pending a resolution of the appeal. The result was that ARB issued determinations in 162 permanent disqualification appeals and 68 denials of authorization, representing just short of 40% of all cases processed. Of the cases involving permanent disqualifications and denials of authorization, approximately 90% of the adverse actions were sustained. By comparison, in FY 2007, ARB completed 201 permanent disqualifications and 92 denials of authorization, with an overall sustainment of a little over 90%.



Administrative Review Branch

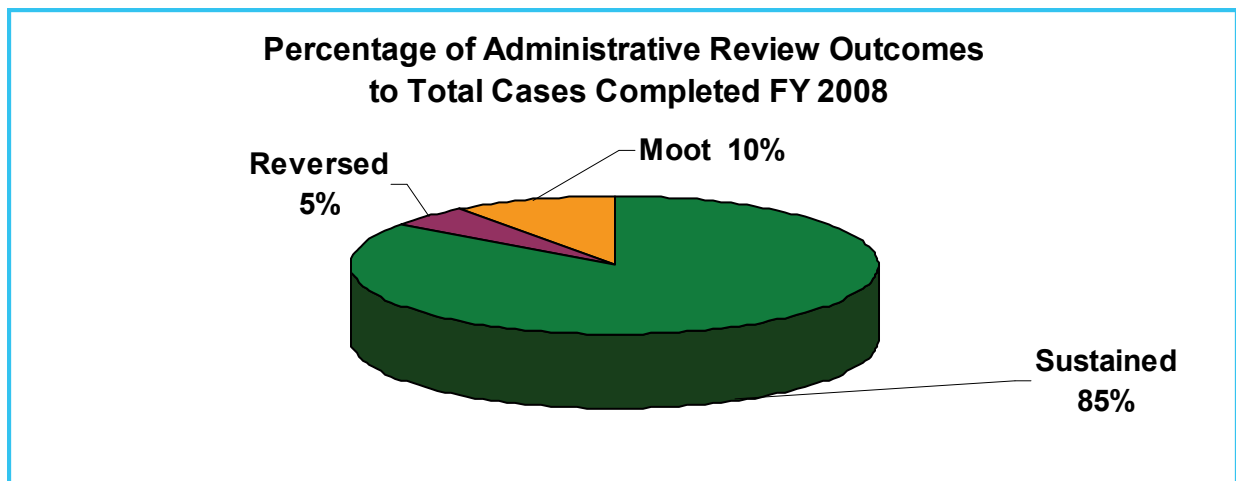
As illustrated in the diagrams that follow, the number of review requests received in FY 2008 increased by over 15% from the prior fiscal year, growing from 508 to 589. During the same period, however, the number of cases completed declined almost 25% from 597 to 457. This decrease is directly attributable to reduced resources and staff turnover that were ongoing throughout FY 2008.

Going forward, it is projected that the volume of review requests will continue to increase in proportion to the number of adverse actions taken by FNS. One additional ARO position will be filled in FY 2009.



*Note: In fiscal years in which more cases were completed than were received, uncompleted cases from previous fiscal years were carried forward.

Source: STARS Administrative Review Activity Report 611-S October 3, 2008

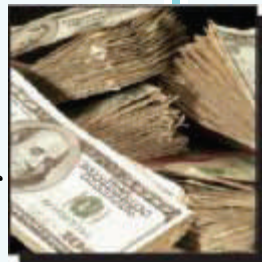


Source: STARS Administrative Review Activity Report 611-S October 3, 2008



Retailer Investigations Branch

The Office of the Inspector General (OIG) has responsibility for all investigative activity in USDA. However, authority to conduct retailer compliance investigations within SNAP was delegated to the FNS. In January 1977, the Retailer Investigations Branch was established and its primary investigative mission is to safeguard the integrity of SNAP. This has been historically accomplished through various types of undercover investigations of authorized firms that participate in SNAP.



Organizationally, RIB is part of the SNAP headquarters office. RIB has four out-stationed Area Offices (located in Chicago, Dallas, Memphis and Trenton), each managed by a Supervisory Investigator-in-Charge.

Investigations are conducted by a nationwide staff of investigators. All RIB investigators receive professional training at the Federal Law Enforcement Training Center at Glynco, Georgia.

RIB concentrates its investigations on stores with larger amounts of EBT

redemptions. Its priority has been to conduct investigations of trafficking (the exchange of EBT benefits for cash, generally at a discount rate of about 50 cents on the dollar) or sale of ineligible goods. To help combat this type of fraud, RIB adopted a proactive approach in 1997 that utilizes a fraud detection system called ALERT (Anti-fraud Locator using EBT Retailer Transactions) to help identify potential violations.

During FY 2008, RIB conducted investigations of 4,035 stores nationwide. Approximately 36% (1,445) of these investigations documented evidence of SNAP violations. Yearly SNAP benefit redemptions for these 1,445 firms totaled \$110 million. Of the 1,445 positive investigations, RIB investigators uncovered trafficking in 173 firms with annual redemptions of \$17.5 million.

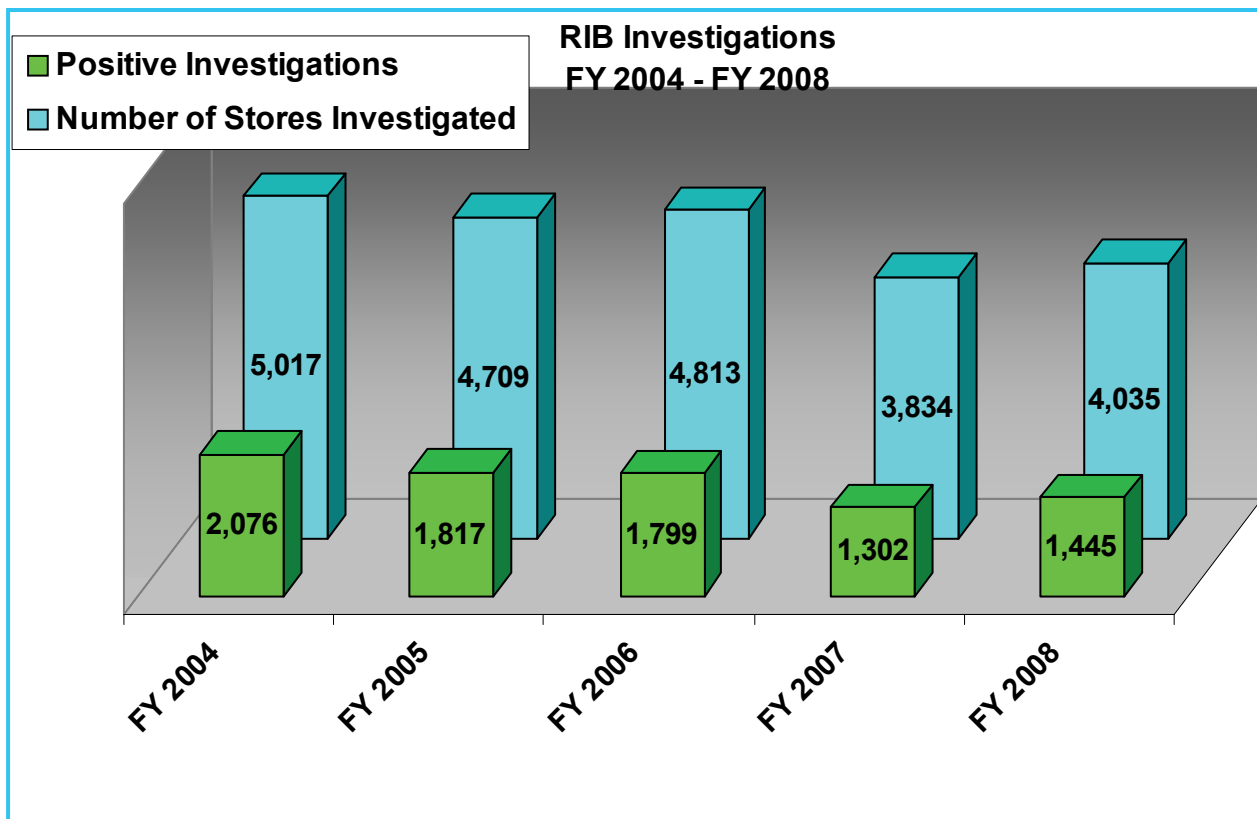
In FY 2008, RIB in addition to ongoing investigative activity, conducted four mini task force investigative operations in: Miami, FL; Ft. Lauderdale, FL; New York, NY; and New England (Rhode Island and Massachusetts).



RIB Investigations

The number of investigations conducted by RIB in each of the last five fiscal years follows. A positive investigation is one in which an investigation reveals evidence of any program violation.

Fiscal Year	Total Stores Investigated	Total Positive RIB Investigations	Percentage of Total
2004	5,017	2,076	41.4%
2005	4,709	1,817	38.6%
2006	4,813	1,799	37.3%
2007	3,834	1,302	33.9%
2008	4,035	1,445	35.8%

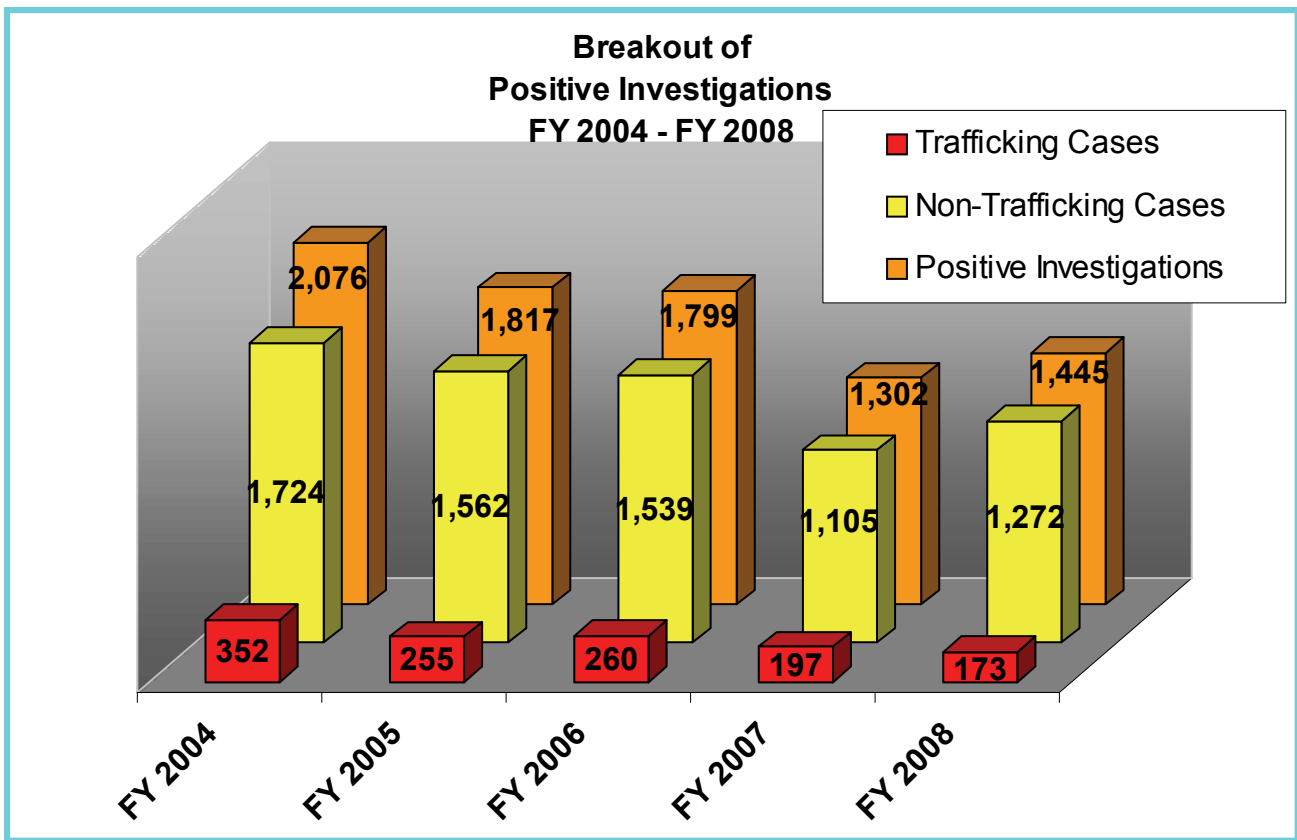


Source: STARS Management Activity Report 11/14/08



RIB Investigations

Fiscal Year	Total Non-Trafficking Cases	Total Trafficking Cases	Trafficking Cases as Percentage of Positive RIB Investigations
2004	1,724	352	17.0%
2005	1,562	255	14.0%
2006	1,539	260	14.5%
2007	1,105	197	15.1%
2008	1,272	173	12.0%



Source: STARS Management Activity Report 11/14/08



Retailer Management and Issuance Branch

The Retailer Management and Issuance Branch provides retailer management policy and operational support to field locations operating under the auspices of Field Operations in seven Regions.

RMIB is responsible for:

- Providing retailer management parameters through legislation, regulation, policy, and operating guidance
- Disseminating and ensuring that regulations, policy and procedure are consistently applied
- Managing store visit contracts utilized by local field offices
- Providing retailer-related information and materials to the FNS intra and extranet
- Managing Program-wide OIG whistleblower complaints

Local FNS field offices are unique in that they provide direct service to both applicant and licensed retailers. The RMIB functions listed are carried out in concert with Field Operations staff. Field offices are charged with the authorization, administration, reauthorization, and monitoring of 175,094 firms participating in SNAP. In FY 2008, 25,109 stores were licensed, 23,826 were reauthorized, and 1,374 were sanctioned for program violations.



The Branch is also responsible for policy and procedure related to benefit issuance.

RMIB:

- Develops and disseminates issuance policy
- Resolves policy issues
- Provides State agencies with general EBT contract direction, coordination, information and technical support during EBT procurement, re-procurement and transition, testing, and operation
- Provides issuance information and materials to the FNS Partner Web and extranet

To ensure compliance with FNS Statute and regulations, the Branch reviews all State agencies':

- Advanced Planning Documents
- Request for Proposals
- EBT system designs
- Contracts

In FY 2008, RMIB approved 8 RFP's (Arkansas, Kentucky, Louisiana, Maine, North Dakota, South Dakota, Oklahoma and West Virginia), 5 contracts (California, New Mexico, North Dakota, South Dakota, and Oklahoma), and participated in the successful EBT system conversions of Maryland, Virginia, and Wisconsin.

RMIB Highlights

A wide array of activity and accomplishments define FY 2008. Highlights include:

Farm Bill: Retailer Management and Issuance Branch staff provided extensive policy and drafting assistance with regard to the proposed and final 2008 Farm Bill. This assistance was provided in response to numerous amendments proposed in the area of retailer management, sanctions, issuance and other EBT-related provisions.

OIG Audits: BRD staff worked with JP Morgan (JPM) Electronic Financial Services to implement OIG findings and recommendations in JPM's Oversight of Electronic Benefits Transfer Operations, worked to close-out a single retailer management recommendation that resulted from an OIG audit of STARS, and responded to an OIG audit of retailer administration practices.

Retailer Reengineering National Standard Operating Procedures (SOP): Representatives from Field Operations in all seven Regions embraced the task of enhancing national Standard Operating Procedures for Field Operations retailer management. These SOPs are intended to provide a roadmap for all basic retailer management activities, will evolve as automation continues,

and are intended to ensure that all staff operates consistently and efficiently nationwide.

Store Visit Contract: Retailer Management and Issuance Branch and Regional Office staff began reviewing the current retailer store visit contracts and suggested revisions that will be coming in the future. A new multi-year contract will be bid in 2009. FNS staff also met with current store visit contractors to negotiate changes to current contracts. Contracted visits are conducted at SNAP applicant and participating stores to collect information and take pictures to assist field office staff in making store eligibility determinations.



Food Buying Cooperatives: In May 2008, SNAP and OSIPO staff, along with regional representatives from MARO, SERO, SWRO, and NERO, attended a roundtable hosted by Under Secretary Johner on challenges and opportunities for food buying cooperatives in SNAP. Discussions centered around: technological challenges related to the use of manual vouchers and interoperability of manual vouchers between States'; best practices, including outreach and access strategies; and continuation of support for partnerships between non-profit food buying cooperatives, State agencies, and other key stakeholders.

RMIB Highlights

EBT Team Develops Standard Operating Procedures (SOP): The Program EBT Team completed standard operating procedures to ensure that all necessary steps relative to foundational work (e.g., RFP review, EBT-related waiver approval, contract review) are documented. These SOPs will assist staff in operating consistently and efficiently, and provide a foundational training tool for new staff.

National EBT Conference Held in Salt Lake City: The annual national EBT Conference focused on a number of relevant topics, including: OIG audits, disaster planning, user access data security, fraud prevention, and outreach to farmers' markets. Over 180 individuals attended the conference, including members of the State and Federal Governments, EBT vendor community, outreach organizations and farmers. Positive feedback on presentations, in particular, a session on pandemic flu preparedness, was received.

Disaster Response: Retailer Management and Issuance Branch responded to 20 disaster waiver requests over the course of the year, including the Midwest floods and hurricanes. Timely household reporting of food loss or mass benefits replacement waivers were provided to

Illinois, Kansas, Louisiana, Maine, Missouri, Tennessee and Texas. A recoupment waiver for households erroneously issued duplicate disaster benefits was provided to Louisiana. Finally, the hot foods waiver was provided to Illinois, Iowa, Louisiana and Texas.



Retailer Operations Branch

The Retailer Operations Branch oversees system development, web management, help desk operations, data analysis, and provides operational support for all staff involved in SNAP retail management functions. This Branch was newly formed within the fiscal year to accomplish one primary objective; evaluate program operations using business intelligence and technology to identify innovative ways to improve program effectiveness and integrity. This objective is largely accomplished through system development, which remains a primary focus. Staff work with the Office of Information Technology (OIT), contractors, and Regional/Field stakeholders to document business processes, identify re-engineering opportunities, and implement solutions that improve the effectiveness of program management.

In addition to system development, the Branch is also primarily responsible for evaluating program integrity trends, financial fraud detection analysis, and researching operational issues.

Staff conduct research on workload trends and evaluate fraud detection techniques to ensure that we focus on the greatest threats to program integrity. In this capacity, the Branch works with our Regional and Field partners, as well as the USDA OIG.

Projects may range from as large as evaluating fraud impacts of disaster benefit issuance to focused topics, such as improving cross program reciprocal actions between SNAP and the Women, Infants, and Children (WIC) Program.



The Retailer Operations Branch is responsible for two systems that are considered major investments for the Agency; ALERT and STARS.

ROB Highlights

Highlights of the Retailer Operations Branch FY 2008 activities and accomplishments include:

ALERT Enhancements

- ***National ALERT Parameters***

In July, the Retailer Operations Branch centralized ALERT parameters into the National Office. Parameters are the defined criteria utilized by the ALERT system to evaluate electronic SNAP transactions and rank suspicious patterns of activity. Previously, parameters were managed at a Regional level as FNS field office staff could adapt quickly to variations in shopping patterns as EBT was being implemented across the country. By nationalizing parameters, while maintaining the ability to adjust to local variations, FNS was able to establish a national baseline by which to evaluate the effectiveness of fraud detection techniques. The Branch has implemented a formal process to assess and measure parameter adjustments in coordination with our stakeholders.

- ***New Fraud Analysis Tools***

ALERT implemented a number of new fraud analysis tools designed to improve our decision-making process through the presentation of suspicious transaction activity. FNS staff may utilize automated tools that compile activity based on known fraudulent patterns for either research or to directly include in a system generated charge letter. ALERT also implemented a new web service to ensure that case actions were auto-populated in the STARS system to eliminate redundant steps and improve case management.

- ***eAuthentication***

The ALERT system is a legacy client server application that was first implemented in 1997. As more systems have adopted a web based format, USDA implemented Department standards for validating user identities, called eAuthentication. ALERT is now fully eAuthenticated and meets all Department standards. FNS staff are now able to access all primary retail management systems using a single logon and password, eliminating the need to maintain multiple user accounts.



ROB Highlights

STARS Enhancements

- ***On-line Store Application***

On July 31, SNAP implemented an on-line store application that allows retail grocery stores the opportunity to apply from any computer with an internet connection, 24 hours a day, 7 days a week. The on-line application saves retail store owners time by eliminating the wait for a paper application to be mailed, asks only questions relevant to each applicant, offers help features to guide applicants through the process, includes validation checks to ensure the application is to prevent unnecessary returns, and offers the ability to check application status in real time. The user interface is clear and intuitive; incorporating public feedback to ensure that applicants can easily take advantage of its time saving features. The on-line application improves data integrity by transferring data provided by the applicant directly into the Agency's STARS database and reduces administrative costs of printing and mailing paper applications. The on-line version launched with a redesigned paper application as well that adopts plain language standards and instructions, achieving an overall streamlined application process.

- ***Compliance Automation Phase 2***

In FY 2006, FNS embarked on a multi-year project to improve system tools and introduce automation functionality that would eliminate manual administrative tasks to increase the effectiveness of managing SNAP retail integrity. In October 2007, we completed the second phase of a multi-year project that introduced national, standardized compliance letters to the STARS database. Previously, individual FNS field offices were responsible for evaluating program violations, creating adverse action letters for retail store owners, and entering activity into the database. As a result of this project, FNS field offices now use the system to evaluate investigation results, calculate sanctions, and generate standardized letters. The administrative burden of data entry is also reduced by auto-populating some activity.

- ***Compliance Automation Phase 3***

The Store Investigation Forms System (SIFS) is used by RIB to record and track activity associated with the investigation of a retail store. SIFS was a stand alone database using outdated technology and thus, had become unreliable. In May, we completed the third phase of a multi-year project which integrated the SIFS system into STARS. RIB now has a reliable, full featured system that includes new automation



ROB Highlights

functionality that reduces the administrative burden of tasks that were previously done manually. This project eliminated the last stand alone system and ensures that FNS can fully track retail store participation from the point of an application request to removal from program participation, all within the STARS database.

Help Desk Operations: The Branch directly administers help desk operations for the STARS system that supports Federal and State users, as well as the general public that utilize the on-line store application. The Help Desk operations received and responded to approximately 1,000 inquiries over the course of the year that ranged from login issues to system enhancement requests. The Branch also provides oversight for ALERT Help Desk operations served by a contractor. The ALERT Help Desk responded to 433 requests for assistance from FNS and USDA OIG staff in the use of both the ALERT system and EBT processor administrative terminals, as well as providing archived data for criminal court cases or integrity research projects.

Web Management: Continued evaluation project to review retail management content provided through the Agency intranet and the public web. Efforts were undertaken to streamline and update the public web to support the on-line store application and ensure that external stakeholders could easily and quickly access important information. The Agency intranet was reviewed to make certain that field offices are able to fully utilize group collaboration tools to facilitate policy and operational initiatives. In addition, we made progress on stream lining retail management content in order to reduce the amount of time staff spend searching for relevant policy, procedures, user manuals, or program updates. The Branch led an initiative to incorporate EBT stakeholders into the SNAP community during the redesign of an intranet partner web. In the partner web, stakeholders now have one location that captures and disseminates all key program information.

ROB Highlights

Enterprise Content Management (ECM): Conducted a proof of concept in coordination with the Southwest Regional Office and the OIT for an Enterprise Content Management system. ECM is any system that allows an organization to scan, search, access, and retrieve documents electronically. The proof of concept tested the feasibility of scanning hard copy paper applications for the Dallas and Austin Field Offices into an encrypted electronic format. The content is then accessible only to appropriate staff and allows FNS more flexibility in distributing work and responding to disaster situations. The proof of concept provided lessons that the Branch is now applying to an evaluation project to determine whether or not to expand the scope nationwide.



Benefit Redemption Division

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