

**EVALUATION OF FOOD RETAILER COMPLIANCE
MANAGEMENT DEMONSTRATIONS IN EBT-READY STATES
AND RELATED INITIATIVES**

Office of Research and Analysis

April 1997

Purpose

As Electronic Benefit Transfer (EBT) usage expands with national implementation, there has been increased interest in possible alternatives and refinements to current retailer management activities. The purpose of the demonstrations was to explore the option of opening retailer management activities to States to pursue alternative approaches and initiatives with Food Stamp Program (FSP) retailers. This study evaluates the Retailer Compliance Management Demonstrations in EBT-ready States. In these demonstrations, the State food stamp agencies in New Mexico (NM) and South Carolina (SC) assumed responsibility for managing the participation of food retailers in the FSP, a task previously managed exclusively by the Federal Government.

Method

The data for the evaluation were collected from the participating State agencies and, to provide points of comparison for the demonstrations, from four Food and Consumer Service (FCS) Field Offices. Data were collected from the New Mexico and South Carolina Field Offices (the baseline offices). In addition, to provide data from settings unaffected by the demonstration, the Little Rock, Arkansas Field Office served as a comparison site for the New Mexico demonstration, and the Jackson, Mississippi Field Office was the comparison site for the South Carolina demonstration. The principal data sources were three rounds of interviews in New Mexico and South Carolina with State and field office staff, one round of interviews at the comparison field offices, retailer management activity and participation data from FCS' computer system, and demonstration cost reports.

Findings

New Mexico and South Carolina successfully performed the field offices' principal retailer management functions, with substantial training and technical assistance from the Field Offices.

The consolidation of EBT and FSP retailer management into a single point of contact clearly improved coordination and communication with the EBT vendor, but the impact on retailers' ease of access was mixed.

The demonstrations highlighted the pressures of EBT implementation on States, FNS and EBT vendors, and pointed out the competing priorities (i.e., NM limited staff resources; developmental & implementation considerations related to the SC retailer management computer system; and State & EBT vendor financial incentives to limit the number of POS deployments/retailer authorizations) under an integrated system when FSP and EBT retailers management are combined.

EBT implementation had substantial effects (i.e., increased incidence of withdrawals and reduced retailer population) on retailer management activity and retailer participation in South Carolina, but the effects in New Mexico were less clear and modest at best.

Both States used the opportunity of store visits during EBT implementation to enhance the presence of the FSP among retailers. The States identified ineligible or problematic stores during these visits, but most of the withdrawals during EBT rollout were the result of EBT vendor activity.

State labor costs for retailer management were remarkably similar to those of the FNS field offices, once differences in workload and the role of EBT implementation activity were taken into account.

While both States took definite steps to limit the number of marginal stores authorized to participate in the FSP, the States, like the field offices, were hampered by the difficulty of justifying the withdrawal of marginal stores under current regulations. Furthermore, due to the circumstances of the demonstrations, a definitive measure of any discernible effects on retailer authorizations, withdrawals, or disqualifications was not possible.

The States retained some retailer management functions at the end of the demonstration and were willing to keep more. Future State

participation in retailer management is clearly an option, although funding issues have to be resolved.

There were clear synergies from the enhanced State involvement in retailer management during EBT implementation, with benefits for both the States and FCS. The experience with State retailer management after EBT implementation was more limited and less conclusive, but potential benefits for retailer access and integrity emerged.

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