



May 3, 2011

United States  
Department of  
Agriculture

Food and  
Nutrition  
Service

3101 Park  
Center Drive

Alexandria, VA  
22302-1500

Dear Reader:

Attached for your information is the Supplemental Nutrition Assistance Program's Benefit Redemption Division (BRD) Annual Report for Fiscal Year 2010. This report summarizes the Division's accomplishments, provides key information on retailer related activities for this year, and compares this year's performance to past years.

Our intention is to provide a report that gives an overall view of the activities for which BRD is responsible, as well as information pertaining to retailer management activities during the year.

We hope you will find this report useful. Should you need additional copies, you can download the report from our website at:

<http://www.fns.usda.gov/snap/retailers/pdfs/2010-annual-report.pdf>

Sincerely,

A handwritten signature in dark ink, appearing to read "Andrea Gold", with a long horizontal flourish extending to the right.

Andrea Gold  
Director  
Benefit Redemption Division

Attachment

# WE WELCOME SNAP

PUTTING HEALTHY FOOD WITHIN REACH



Supplemental Nutrition Assistance Program  
Food and Nutrition Service  
Benefit Redemption Division  
2010 Annual Report

# The Retailer Locator

The Benefit Redemption Division (BRD) developed and launched an important new tool to help Supplemental Nutrition Assistance Program (SNAP) recipients find stores that welcome SNAP benefits. The SNAP Retailer Locator tool was officially launched to the public on May 19 and is available in English and Spanish at the following link: <http://www.fns.usda.gov/snap/retailerlocator.htm>

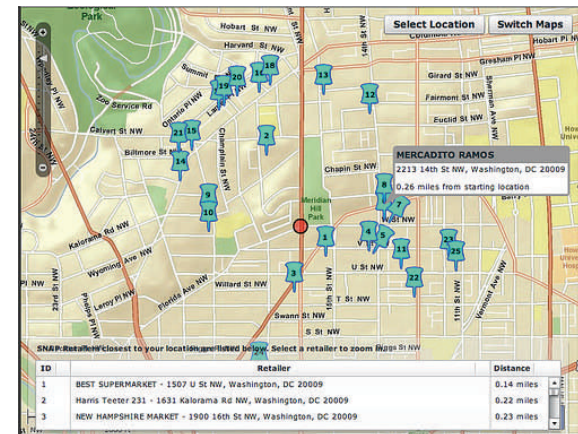


The SNAP Retailer Locator is a user-friendly web based tool that provides easy access to the location of the nearest SNAP authorized stores. Users enter a full address, city and state, or zip code and get a list of the 10, 25, or 50 closest SNAP authorized retailers plotted on a map in either street or aerial view.

The application currently maps more than 200,000 authorized retail locations including farmers' markets. Data is updated monthly and the site provides a method for retailers to report inaccurately mapped locations.

The rapid growth of the Supplemental Nutrition Assistance Program caused by the challenging economic climate means that the locator tool will be useful to the millions of additional Americans who have become eligible to participate in SNAP in the past year, as well as to the community organizations and others helping SNAP recipients. Stores that accept SNAP benefits will also benefit from SNAP participants having ready access to finding a SNAP approved store in their neighborhood.

The Retailer Locator has also become a popular tool for the research community and hunger advocacy groups, with its data download feature and Geographic Information System (GIS) mapping functionality.





# SNAP at Farmers' Markets and Direct Marketing Farmers

The Benefit Redemption Division (BRD) strives to connect Supplemental Nutrition Assistance Program (SNAP) recipients to local and healthful food sold at farmers' markets and directly from farmers by facilitating the SNAP authorization process, offering several alternatives to standard EBT card processing and streamlining policy for best practices. The concentration of fresh and nutritious foods found at farmers' markets and farm stands helps introduce low-income households to a variety of healthy foods. As SNAP clients increase their demand for local produce, small farmers will experience an increase in their customer base. Our goal is to authorize an additional 200 farmers or farmers' markets each year.

At the end of Federal Fiscal Year (FY) 2010, according to the USDA, Agricultural Marketing Service (AMS), a total of 6,132 farmers' markets were operating around the United States. This represents a 16 percent rise from 2009. Of this total, 1,611 farmers' markets and individual farmers were authorized by FNS; and they redeemed a total of \$7,547,028 in SNAP benefits in Fiscal Year 2010. This is a 263 percent increase in the number of authorized farmers and farmers markets and a 49 percent increase in SNAP redemptions over the previous five Fiscal Years.

In order to continue to increase these numbers, BRD is making information about the requirements associated with SNAP participation more readily available. Through the SNAP retailer website, information about how to become an authorized retailer and stories of best practices around the country are accessible to the public. This website is continually updated with new resources and contact information for those who need further assistance.

Additionally, BRD coauthored the AMS publication, *SNAP at Farmers Markets: A How-To-Handbook*, in collaboration with AMS and Project for Public Spaces (PPS), to provide farmers' markets with a step-by-step guide to accepting SNAP at their market. The handbook includes information on how to make the program work successfully for vendors and customers. The handbook also features a list of resources, a glossary of important terms, and several case studies from farmer's markets that have successfully implemented EBT technology.

BRD issued new policy for approving farmers' market scrip and bonus incentive projects by removing the requirement for State agencies to approve these projects and to grant waivers to allow bonus incentive projects to be offered at farmers' markets. Incentive projects provide matching "bonus dollars" in the form of tokens or paper coupons for purchases made with SNAP benefits. The incentives, funded largely by private foundations, non-profit organizations and local governments, are structured to improve the purchasing power of low-income families at farmers' markets.



## SNAP at Farmers' Markets cont.

BRD continues to reach out to farmers' markets and individual farmers to make sure that the information on accepting SNAP benefits is accurate and helpful, and that the policy devised is pertinent and applicable to the issues faced in the regions and in the field.

In return, BRD has become more informed about the farmers' market and farming environment and hopes to be in a better position to formulate new policy that will increase farmer participation in SNAP to ensure that SNAP recipients have abundant access to fresh and nutritious foods.

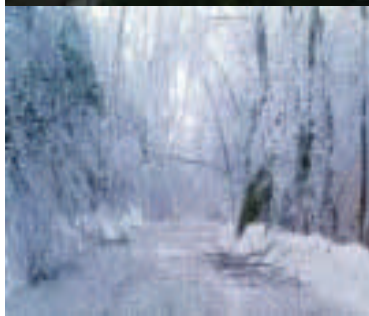


# Disaster Responses

In Fiscal Year 2010, the Retailer Management and Issuance Branch (RMIB) approved 16 Electronic Benefit Transfer (EBT)/retailer-related disaster waiver requests in 10 States. These waivers were in response to floods in the Midwest and Southeast, ice and snow storms in the Southeast, Mid-Atlantic and Midwest, and storms in the Northeast. Specifically, 13 timely reporting waivers were approved for Iowa (1), Kentucky (3), Mississippi (2), North Dakota (1), Rhode Island (1), South Dakota (1), Tennessee (2), Virginia (1), and West Virginia (1); 2 Hot Foods waivers were approved for Kentucky (1) and Iowa (1), while 1 expungement waiver was approved for Illinois.

The timely reporting waivers allowed Supplemental Nutrition Assistance Program (SNAP) recipients to report food loss after the ten-day time frame for reporting a loss of food during a disaster. The Hot Food waivers allowed SNAP recipients to purchase Hot Foods with SNAP benefits, while the expungement waiver allowed Disaster SNAP recipients benefits to be expunged after 90 days instead of the mandated 365 days.

In December 2009, two major snow storms caused lengthy power outages destroying perishable food items purchased with SNAP benefits in Kentucky and West Virginia. In addition to losing food items, residents saw their schools and businesses closed, while fallen trees and snow and ice covered roads.



Timely household reporting waivers were granted to West Virginia and Kentucky to replace benefits for citizens affected by the storms. These waivers permitted households that were not able to contact the local human service offices to request assistance outside their required reporting timeframe.

A few months later, strong storms (including several tornadoes) and subsequent flooding struck Mississippi. The Mississippi Department of Human Services implemented a timely reporting waiver allowing replacement benefits to be issued to over 52,000 SNAP households. After displaced recipients returned home to assess their damage, this waiver gave households sufficient time to report their loss of food purchased with April 2010 SNAP benefits.

In May 2010, torrential rains fell throughout the State of Tennessee with the Nashville area reporting over 13 inches of precipitation in just two days. This massive rain event led to cresting of the Cumberland River in downtown Nashville causing the city to be flooded. Over 500,000 SNAP households were reported to having been impacted by the storm with an estimated amount of replacement benefits topping \$164 million.

In July 2010, SNAP recipients in Pike County, Kentucky, were evacuated and temporarily relocated due to flash flooding and mudslides. The Hot Foods waiver allowed SNAP recipients in Pike County to purchase hot foods and hot food products with SNAP benefits.

One month later, severe storms, tornados, and flooding caused damage in several counties in Iowa. About 2,200 households were affected and a timely reporting waiver and hot foods waiver were approved.

Finally, in late August 2010, severe storms and flooding caused major damage in seven counties in Illinois. A D-SNAP was approved, and an expungement waiver was granted for the counties. The waiver allowed the State agency to expunge unused D-SNAP benefits 90 days from the date they were made available to recipients instead of the mandated 365 days.

The Disaster EBT/retailer-related waivers aided in providing efficient avenues to address the needs of SNAP recipients affected by natural disasters in Fiscal Year 2010. SNAP continues to be essential in addressing the harmful effects natural disasters can have on recipients' access to benefits.





# Economy's Impact on SNAP Retailer Management

This past year's historic growth in the number of households receiving Supplemental Nutrition Assistance Program (SNAP) benefits had a tangible impact on the number of authorized retailers. On September 30, 2010, there were 216,738 firms authorized to accept SNAP benefits. The number of SNAP authorized firms increased 12 percent within the past year, and 49 percent since 2003 when just over 145,000 firms were in the Program. Growth may continue through Fiscal Year 2011 as more Americans enroll in the program.

Renewed awareness and attention from the retail grocery industry to better serve SNAP customers resulted in unprecedented growth in the administrative activities performed by Food and Nutrition Service (FNS) to approve and monitor SNAP retailer participation. In Fiscal Year 2010, FNS authorized 38,015 new firms to accept SNAP benefits, an increase of almost 4,000 from the number of authorizations the previous year. FNS completed over 90,000 application actions, an increase of over 22,000 from the previous year. An application action occurs during normal processing activities to receive, enter, review, and issue a decision on an application request. Application actions represent activities performed by FNS customer service representatives working with applicants to complete their application and submit the necessary supporting documentation that allows the Agency to screen firms and make eligibility decisions.

In Fiscal Year 2010, FNS was faced with the challenging issue of supporting tremendous growth in retailer participation while maintaining application timeliness, program integrity, and customer service standards. FNS succeeded in meeting this challenge due to the hard work and dedication of its Field staff, re-engineered standard operating procedures, and process improvements implemented in its computer systems used to manage the Program.

**Key Fact:**  
FNS authorized 38,015 new firms to accept SNAP benefits in FY 2010. An increase of over 4,000 from the previous year.

# Economy's Impact on SNAP Redemptions

In Fiscal Year 2010, \$64,443,517,056 in Supplemental Nutrition Assistance Program (SNAP) benefits were redeemed at authorized retailers, an increase of 29 percent from the previous year. As a point of historical comparison, SNAP authorized retailers redeemed \$14,983,320,706 in benefits in fiscal year 2000. The level of SNAP redemptions has increased just over 430 percent within the past 10 years.

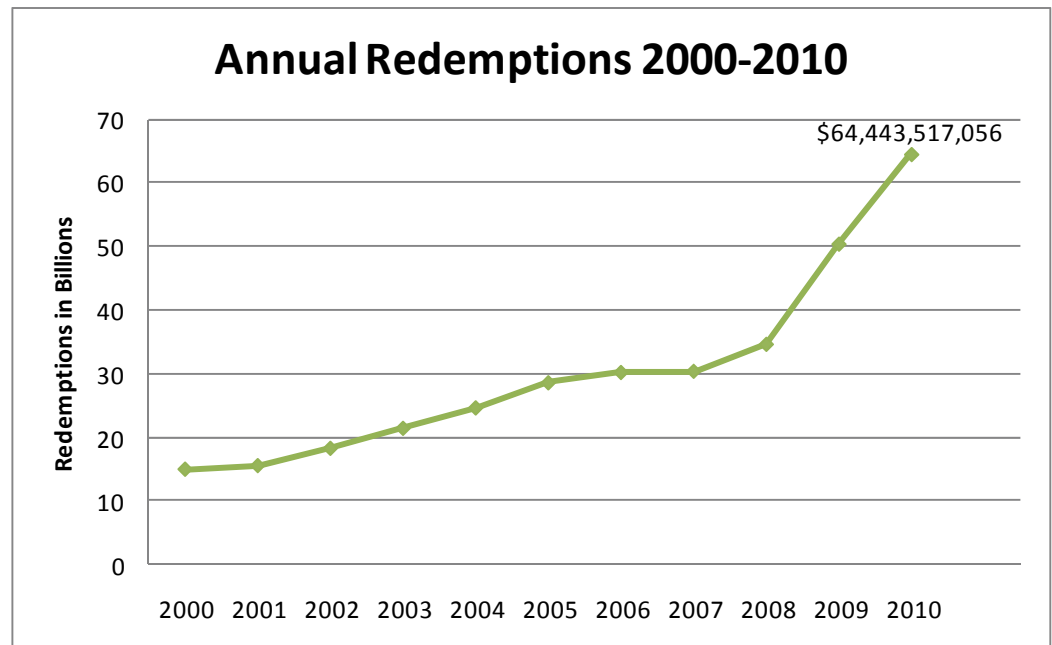
What hasn't changed during the same time span is the overall trend in where benefits are redeemed. In Fiscal Year 2000, 82 percent of all benefits were redeemed at supermarkets and superstores, compared to 83 percent in Fiscal Year 2010. The vast majority of activity continues to occur within large chain retailers.

It is important to note that SNAP also provides a significant boost to local economies. For every \$5.00 in new SNAP benefits, up to \$9.00 is generated in total economic activity. By injecting immediate revenue streams into local businesses, SNAP helped accomplish a primary goal of the new American Recovery and Reinvestment Act of 2009 – stimulating the American economy.



**Key Fact:**  
For every \$5.00 in new SNAP benefits, up to \$9.00 is generated in total economic activity.

Source: Effects of Change in Food Stamp Expenditures Across the US Economy/ FANRR-26-6

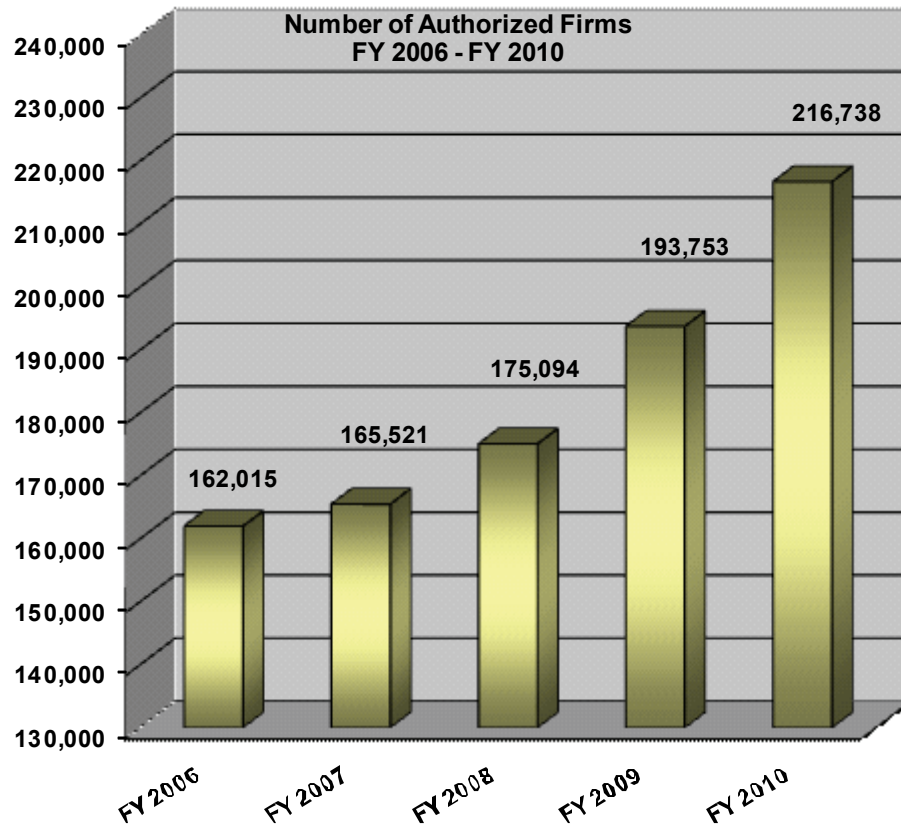


Source: STARS Management Activity Report 12/12/10



## More Retailers Participating in the Program

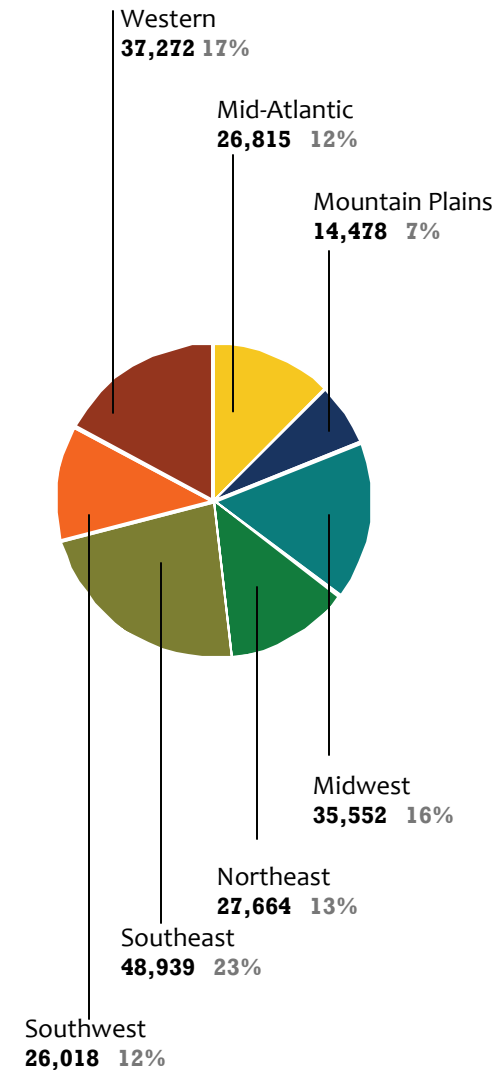
The number of authorized firms continues to grow at an increasing rate. From FY 2006 through FY 2010 there was almost a 34 percent increase in the number of retailers authorized. In FY 2010 alone, there was a 12 percent increase with the addition of almost 23,000 new retailers.



Source: STARS Management Activity Report 12/12/10

## Authorized Firms By Geographic Region

Total Authorized: 216,738



Source: STARS Management Activity Report 12/12/10

## Retailer Redemptions

The following pages show the number of authorized firms and redemption amounts broken out by state. In FY 2010, Southeast Regional Office (SERO) states cumulatively led the way with both the percentage of authorized firms and redemptions. California, New York and Texas continue to have the highest number of firms and redemptions.



## Retailer Redemption Data

Region	State	Authorized Firms	Redemption Amount	Percent of Authorized Firms	Percent of Redemption Amount
<b>MARO</b>	Delaware	681	\$178,077,004	0.31%	0.28%
	District of Columbia	423	\$112,780,184	0.20%	0.18%
	Maryland	3,178	\$951,613,632	1.47%	1.48%
	New Jersey	5,628	\$1,068,037,417	2.60%	1.66%
	Pennsylvania	9,502	\$2,323,260,416	4.38%	3.61%
	Virginia	5,201	\$1,237,804,982	2.40%	1.92%
	Virgin Islands	99	\$43,004,583	0.05%	0.07%
	West Virginia	2,103	\$462,304,710	0.97%	0.72%
<b>Regional Totals</b>		<b>26,815</b>	<b>\$6,376,882,927</b>	<b>12.37%</b>	<b>9.90%</b>
<b>MWRO</b>	Illinois	8,471	\$2,746,041,697	3.91%	4.26%
	Indiana	4,222	\$1,315,715,960	1.95%	2.04%
	Michigan	9,000	\$2,767,286,681	4.15%	4.29%
	Minnesota	2,740	\$590,296,402	1.26%	0.92%
	Ohio	7,980	\$2,701,797,335	3.68%	4.19%
	Wisconsin	3,139	\$983,778,816	1.45%	1.53%
	<b>Regional Totals</b>		<b>35,552</b>	<b>\$11,104,916,890</b>	<b>16.40%</b>
<b>MPRO</b>	Colorado	2,238	\$688,285,549	1.03%	1.07%
	Iowa	2,472	\$525,678,252	1.14%	0.82%
	Kansas	1,558	\$403,111,661	0.72%	0.63%
	Missouri	4,088	\$1,361,098,277	1.89%	2.11%
	Montana	684	\$174,008,520	0.32%	0.27%
	Nebraska	919	\$245,910,851	0.42%	0.38%
	North Dakota	478	\$98,671,522	0.22%	0.15%
	South Dakota	654	\$145,763,090	0.30%	0.23%
	Utah	1,128	\$360,420,654	0.52%	0.56%
	Wyoming	259	\$51,955,839	0.12%	0.08%
	<b>Regional Totals</b>		<b>14,478</b>	<b>\$4,054,904,214</b>	<b>6.68%</b>

Region	State	Authorized Firms	Redemption Amount	Percent of	Percent of
				Authorized Firms	Redemption Amount
NERO	Connecticut	2,107	\$565,512,795	0.97%	0.88%
	Maine	1,465	\$345,383,589	0.68%	0.54%
	Massachusetts	4,409	\$1,155,679,499	2.03%	1.79%
	New Hampshire	879	\$187,611,268	0.41%	0.29%
	New York	17,251	\$4,917,744,380	7.96%	7.63%
	Rhode Island	942	\$222,998,383	0.43%	0.35%
	Vermont	611	\$91,564,168	0.28%	0.14%
<b>Regional Totals</b>		<b>27,664</b>	<b>\$7,486,494,083</b>	<b>12.76%</b>	<b>11.62%</b>
SERO	Alabama	4,095	\$1,216,174,609	1.89%	1.89%
	Florida	12,959	\$4,399,742,232	5.98%	6.83%
	Georgia	8,399	\$2,579,917,052	3.88%	4.00%
	Kentucky	4,159	\$1,200,421,561	1.92%	1.86%
	Mississippi	2,865	\$878,575,567	1.32%	1.36%
	North Carolina	6,752	\$2,062,052,473	3.12%	3.20%
	South Carolina	4,003	\$1,257,334,043	1.85%	1.95%
	Tennessee	5,707	\$1,920,600,300	2.63%	2.98%
<b>Regional Totals</b>		<b>48,939</b>	<b>\$15,514,817,837</b>	<b>22.58%</b>	<b>24.08%</b>
SWRO	Arkansas	2,138	\$694,059,626	0.99%	1.08%
	Louisiana	4,237	\$1,290,010,933	1.95%	2.00%
	New Mexico	1,294	\$534,259,597	0.60%	0.83%
	Oklahoma	3,087	\$880,191,556	1.42%	1.37%
	Texas	15,262	\$5,487,398,679	7.04%	8.52%
<b>Regional Totals</b>		<b>26,018</b>	<b>\$8,885,920,392</b>	<b>12.00%</b>	<b>13.79%</b>
WRO	Alaska	494	\$159,085,680	0.23%	0.25%
	Arizona	3,720	\$1,560,795,437	1.72%	2.42%
	California	22,307	\$5,719,333,600	10.29%	8.87%
	Guam	230	\$96,443,611	0.11%	0.15%
	Hawaii	918	\$355,318,017	0.42%	0.55%
	Idaho	770	\$293,163,309	0.36%	0.45%
	Nevada	1,421	\$424,719,620	0.66%	0.66%
	Oregon	3,046	\$1,028,840,111	1.41%	1.60%
	Washington	4,366	\$1,381,881,327	2.01%	2.14%
<b>Regional Totals</b>		<b>37,272</b>	<b>\$11,019,580,713</b>	<b>17.20%</b>	<b>17.10%</b>
<b>NATIONAL TOTALS</b>		<b>216,738</b>	<b>\$64,443,517,056</b>	<b>100.00%</b>	<b>100.00%</b>

**Key Fact:**  
In FY 2010, SNAP redemptions increased 29% from the previous year



# Redemptions by Firm Type

Firms are classified by type. There are currently 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. They are further grouped based upon those that provide traditional retailer services and those that provide meal services. Combined, supermarkets and super stores redeem 83 percent of all Supplemental Nutrition Assistance Program (SNAP) benefits while making up only 17 percent of the total number of authorized firms. Meal Service providers represent fewer than 2 percent of the authorized firms and redeemed less than 1 percent of total benefits.

## Redemptions by Region and Firm Type

Firm Types	MARO	MWRO	MPRO	NERO	SERO	SWRO	WRO	Total Authorized	Percent Totals	Redemption Amounts	Percent Totals
Bakery Specialty	236	843	504	307	581	657	1,311	4,439	2.05%	\$215,310,018	0.33%
Combination Grocery/Other	5,848	8,887	3,225	4,628	13,607	6,884	5,929	49,008	22.61%	\$2,743,081,127	4.26%
Convenience Store	8,742	12,563	4,740	7,924	18,986	10,898	14,901	78,754	36.34%	\$2,716,861,801	4.22%
Delivery Route	121	220	129	122	240	135	120	1,087	0.50%	\$146,247,970	0.23%
Farmers' Market	116	237	322	357	230	65	284	1,611	0.74%	\$7,547,028	0.01%
Fruits/Veg Specialty	309	211	18	258	665	136	366	1,963	0.91%	\$119,054,142	0.18%
Large Grocery Store	423	747	448	398	584	372	610	3,582	1.65%	\$1,072,253,369	1.66%
Meat/Poultry Specialty	575	869	370	621	892	488	769	4,584	2.11%	\$575,885,252	0.89%
Medium Grocery Store	1,423	1,853	819	2,388	1,520	989	2,190	11,182	5.16%	\$1,455,281,116	2.26%
Non-Profit Food buying Co-op	51	172	19	113	33	27	48	463	0.21%	\$38,877,386	0.06%
Seafood Specialty	419	125	20	390	821	432	163	2,370	1.09%	\$210,031,735	0.33%
Small Grocery Store	3,822	1,686	751	5,628	2,163	1,038	1,906	16,994	7.84%	\$1,194,210,573	1.85%
Supermarket	1,996	2,819	720	1,894	5,836	1,402	3,992	18,659	8.61%	\$22,276,404,205	34.57%
Super Store	2,493	3,773	2,102	1,946	2,435	2,336	3,032	18,117	8.36%	\$31,497,486,673	48.88%
Wholesaler	9	2	2	0	4	2	2	21	0.01%	\$5,725,848	0.01%
<b>Subtotal</b>	<b>26,583</b>	<b>35,007</b>	<b>14,189</b>	<b>26,974</b>	<b>48,597</b>	<b>25,861</b>	<b>35,623</b>	<b>212,834</b>	<b>98.20%</b>	<b>\$64,274,258,243</b>	<b>99.74%</b>
Communal Dining Facility	33	132	108	59	47	40	28	447	0.21%	\$4,085,894	0.01%
Drug Alcohol Treatment Program	75	101	78	222	152	60	315	1,003	0.46%	\$56,892,871	0.09%
Group Living Arrangement	49	71	36	333	94	3	39	625	0.29%	\$74,680,828	0.12%
Homeless Meal Provider	46	27	16	22	14	12	48	185	0.09%	\$6,714,835	0.01%
Meal Delivery Service	27	75	47	32	21	41	16	259	0.12%	\$543,138	0.00%
Private Restaurant/Meal Delivery	0	49	0	0	11	0	1,188	1,248	0.58%	\$20,840,714	0.03%
Senior Citizens' Center/ Residential Bldg	1	88	4	9	2	0	1	105	0.05%	\$4,918,742	0.01%
Shelter for Battered Women and Children	1	2	0	13	1	1	14	32	0.01%	\$581,791	0.00%
<b>Meal Services Subtotal</b>	<b>232</b>	<b>545</b>	<b>289</b>	<b>690</b>	<b>342</b>	<b>157</b>	<b>1,649</b>	<b>3,904</b>	<b>1.80%</b>	<b>\$169,258,813</b>	<b>0.26%</b>
<b>Totals</b>	<b>26,815</b>	<b>35,552</b>	<b>14,478</b>	<b>27,664</b>	<b>48,939</b>	<b>26,018</b>	<b>37,272</b>	<b>216,738</b>	<b>100%</b>	<b>\$64,443,517,056</b>	<b>100%</b>

Source: STARS Management Activity Report 12/12/10

# Administrative Activity

Store authorization and administration includes, but is not limited to authorizing, reinstating, reauthorizing and withdrawing firms. In FY 2010, there were a total of 40,612 stores authorized or reinstated, 30,605 reauthorized and 16,173 withdrawn.

## Administrative Activity by Region

Administrative Action	MARO	MWRO	MPRO	NERO	SERO	SWRO	WRO	Total
<b>Authorizations</b>	5,512	5,815	1,960	5,783	11,002	4,234	6,306	40,612
Initial Authorization	5,245	5,620	1,801	5,429	10,349	4,022	5,549	38,015
Reinstated	267	195	159	354	653	212	757	2,597
<b>Reauthorizations</b>	4,577	2,812	1,709	4,329	6,720	3,030	7,428	30,605
<b>Term Denials</b>	44	406	142	10	209	113	199	1,123
Business Integrity	0	0	0	0	9	2	0	11
Failure to Cooperate	0	0	0	0	46	1	0	47
Failure to Pay Civil Money Penalty	1	0	0	0	0	1	0	2
Not a Retail Food Store	1	22	5	2	14	4	20	68
Failure to Meet Store Eligibility Rules	42	384	133	7	135	104	124	929
Other	0	0	4	1	5	1	55	66
<b>Permanent Denials (Business Integrity)</b>	4	3	1	0	7	2	0	17
<b>Withdrawals</b>	1,927	2,245	992	2,456	3,827	1,711	3,015	16,173
Permanent - Business Integrity	0	6	0	0	3	4	0	13
Involuntary - Business Integrity	0	2	0	1	0	0	0	3
Involuntary - Failure to Cooperate	0	3	0	7	20	4	8	42
Involuntary - Failure to Pay	0	0	0	0	0	1	0	1
Involuntary - Non-Redeemer	473	654	305	623	1,157	407	696	4,315
Involuntary - Not a Retail Food Store	0	0	2	0	2	0	1	5
Involuntary - Failure to Meet Store Eligibility Rules	1	2	6	2	4	17	2	34
Involuntary - No State Contract	4	1	2	7	2	6	34	56
Involuntary - Non-response to Reauthorization	192	119	43	244	207	136	723	1,664
Involuntary - Other	0	12	19	10	6	8	146	201
Voluntary	1,257	1,446	615	1,562	2,426	1,128	1,409	9,839

# Penalty Breakdown by Fiscal Year

The penalty breakdown by fiscal year is a manifestation of those retailers who violated Supplemental Nutrition Assistance Program (SNAP) redemption rules and have been permanently disqualified from program participation as a result of their actions. There is a correlation between the amount of authorized retailers and program violations. From fiscal year 2009 to 2010, there was an 18% increase in total firms disqualified; likewise, since fiscal year 2007, there has been a 25% increase in total disqualifications.

Penalty Breakdown FY 2007 –FY 2010			
Fiscal Year	Permanent Disqualifications	Term Disqualification	Total Firms Disqualified
2007	677	552	1,229
2008	805	460	1,265
2009	893	406	1,299
2010	931	600	1,531

Source: STARS Management Activity Report 12/12/10





## Compliance Activity

The Food and Nutrition Service (FNS) closely monitors retailers to ensure they comply with Program rules and regulations. FNS may sanction or issue a warning letter to retailers found violating the rules. Sanctions include permanent and term disqualifications, civil money penalties and fines. Retailers who commit minor violations are issued official warning letters. In FY 2010, there were a total of 2,620 compliance actions, consisting of 1,832 sanctions and 782 official warning letters. In addition, there were six unauthorized acceptance fines.

### Compliance Activity by Region

Sanctions	MARO	MWRO	MPRO	NERO	SERO	SWRO	WRO	Total
Permanent Disqualification	158	120	22	226	157	78	170	931
Term Disqualification	69	56	33	152	131	55	104	600
Civil Money Penalty	34	38	18	71	76	23	41	301
Hardship	31	29	17	17	74	11	26	205
Trafficking	0	1	0	1	1	0	2	5
Transfer of Ownership	3	8	1	53	1	12	13	91
Official Warning Letter	60	101	64	95	197	113	152	782
Unauthorized Acceptance Fine	0	0	0	0	1	5	0	6
<b>Total Compliance Actions</b>	<b>321</b>	<b>315</b>	<b>137</b>	<b>544</b>	<b>562</b>	<b>274</b>	<b>467</b>	<b>2,620</b>

Source: STARS Management Activity Report 12/12/10

#### Key Fact:

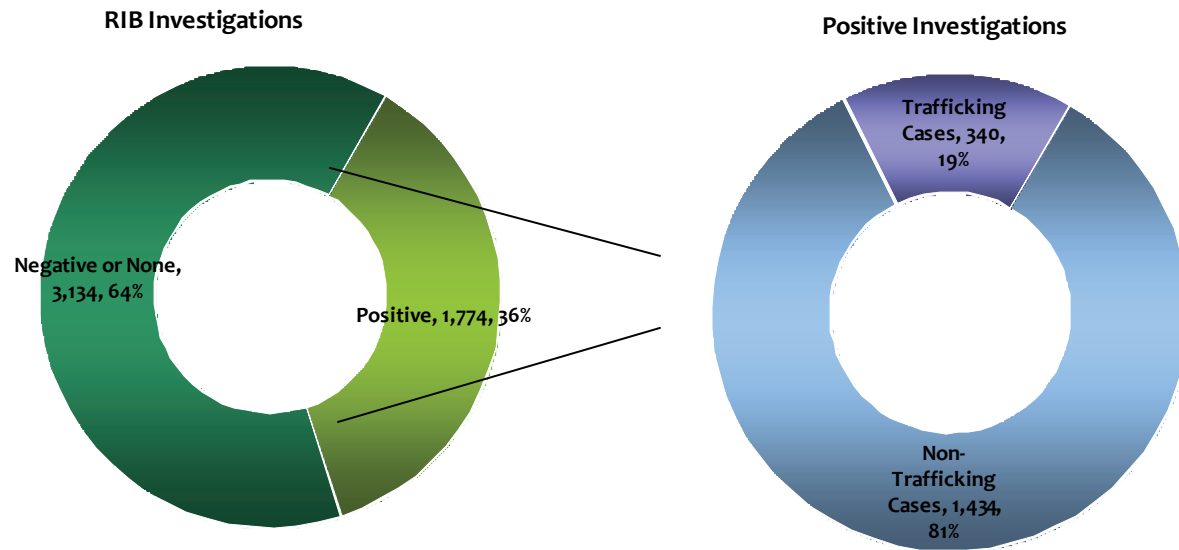
In FY 2010, total compliance actions increased by 23% from the year before.

# Retailer Investigations

The Office of the Inspector General (OIG) has responsibility for all investigative activity in the United States Department of Agriculture (USDA). However, authority to conduct Supplemental Nutrition Assistance Program (SNAP) retailer compliance investigations was delegated to the Food and Nutrition Service (FNS). In January 1977, the Retailer Investigations Branch (RIB) was established and its primary mission is to safeguard the integrity of SNAP. Historically, this is accomplished by a nationwide staff that conduct undercover investigations of SNAP approved retailers. RIB investigators receive professional training at the Federal Law Enforcement Training Center in Glynco, Georgia.

RIB investigations are conducted throughout the year. A positive investigation is one in which the investigation reveals evidence of any program violations. In FY 2010, there were a total of 4,908 investigations completed, of which, 1,774 resulted in a positive investigation. Positive investigations are further grouped by whether there were trafficking actions involved. Trafficking is the exchange of SNAP benefits for cash or other consideration other than eligible food and is the most serious program violation. In FY 2010, there were 340 investigations which identified trafficking had occurred.

## Retailer Investigation Activity



Source: STARS Management Activity Report 12/12/10

# Administrative Review Branch

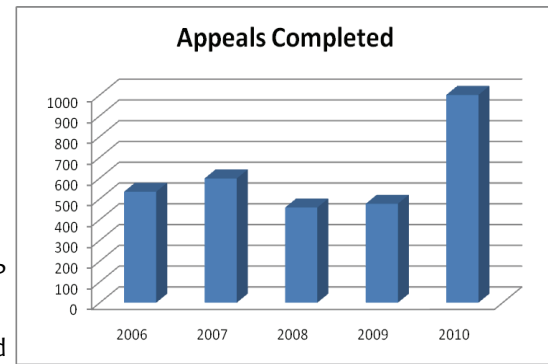
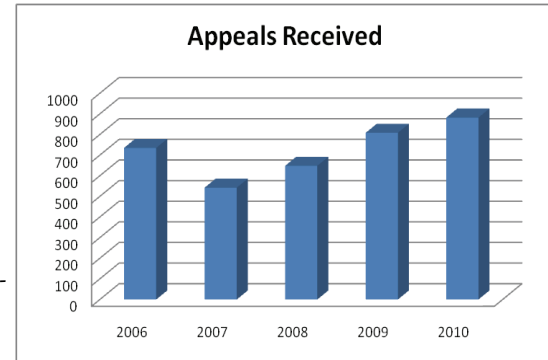
The Administrative Review Branch (ARB) performs the final administrative review of appeals within the United States Department of Agriculture (USDA) for: (1) retail and wholesale food firms aggrieved by action of the agency to deny, withdraw, or disqualify them from Supplemental Nutrition Assistance Program (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.

Administrative Review Officers (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.

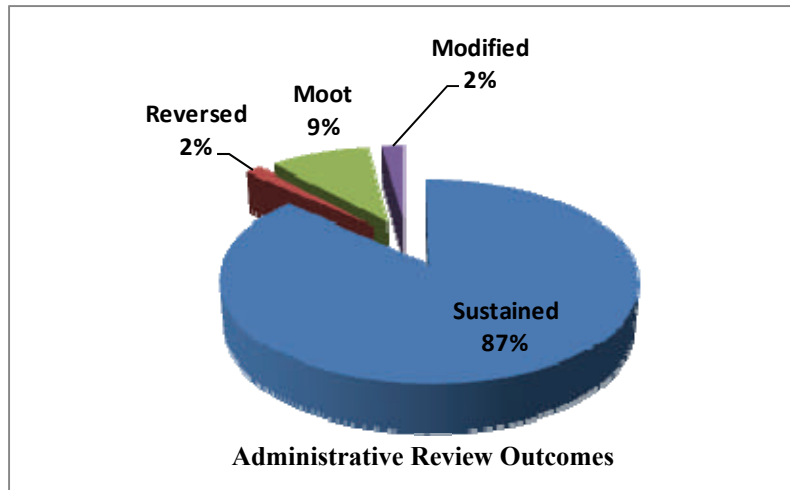
**2010 at a Glance**  
 -----  
**882 Cases Received**  
**1,061 Disposed**  
**922 Sustained**  
**16 Reversed**  
**99 Moot**  
**24 Modified**

During FY2010 as in prior years, ARB prioritized adjudication of 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. As the number of cases awaiting review was reduced, the focus was expanded to include adjudication of the oldest cases.

With a staff of 6.5 AROs (one ARO is also the SNAP Quality Control Arbitrator), the Branch Chief and one Legal



Source: STARS Management Activity Report 01/31/11



Instruments Examiner in place at the close of FY2010, the number of outstanding cases was significantly decreased. By the end of FY2010 the outstanding cases were reduced by 49%, down from 658 on September 30, 2009 to 337 on September 30, 2010.

Source: STARS Management Activity Report 12/12/10



# **Benefit Redemption Division**

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