



Putting Healthy Food
Within Reach

USDA

Supplemental
Nutrition
Assistance
Program

**SNAP Retailer Management
2013 Annual Report**



The Department of Agriculture's (USDA) Food and Nutrition Service (FNS) is directly responsible for the authorization and oversight of retailers who participate in the Supplemental Nutrition Assistance Program (SNAP).

In fiscal year 2013, this was accomplished jointly by the Retailer Policy and Management Division (RPM) within SNAP, and the Retailer Operations Division (ROD) within FNS' Regional Operations and Support.

Organizational changes in fiscal year 2013 focused on bringing seven Regional Field Organizations into a single, national operations team under the auspices of ROD. ROD also now includes the Retailer Investigations Branch and function, previously housed within SNAP RPM.

ROD staff perform front-end authorization, reauthorization (re-assessment of the eligibility of participating stores and businesses), maintenance and administration related to retailer participation, administrative sanction activities, retailer investigations in coordination with compliance partners (i.e. USDA Office of the Inspector General, State Law Enforcement Bureaus, Special Supplemental Nutrition Program for Women, Infants and Children).

RPM continues to oversee national policy, manage national systems and contracts, and handle due process activities associated with retailer sanctions. As a part of the organizational changes made in the retailer management area, RPM has added a Quality Assurance Branch and function.

The Year In Review

In fiscal year 2013, almost \$76 billion in client benefits were redeemed in the 252,962 participating stores, farmers' markets, direct marketing farmers, homeless meal providers, treatment centers, group homes, and others authorized to accept SNAP.*

Over the past five fiscal years, the number of authorized firms has increased by more than 30 percent. Information regarding trends in overall retailer participation can be found on page 4.

Supermarkets and superstores made up just 14.81 percent of the 252,962 firms authorized in fiscal year 2013 but continue to redeem the majority (81.64 percent) of benefits. The percentage of benefits redeemed by each of the 25 firm types is found on page 6. A State-by-State breakdown of the amount of benefits and percentage of authorized firms is found on pages 7-8.

*Unless otherwise noted, all data in this report were obtained from the Store Tracking and Redemption System (STARS) Management Activity Reports.

Administrative Actions:

Over 77,000 administrative actions, from authorization to withdrawal, took place in fiscal year 2013. These are detailed on page 9.

Farmers' Markets:

As one of many initiatives focused on improving access to healthy foods, USDA's strategic plan includes a goal to increase farmers' market participation in SNAP. Page 10 reflects the continual steady growth in the number of participating farmers' markets and direct marketing farmers.

Maintaining Program Integrity:

The retailer management team continues actively working on behalf of American taxpayers to protect the Federal investment in SNAP. Combating abuse and misuse of SNAP benefits is a top priority. The sale/purchase of SNAP benefits for cash is one of several serious violative activities that falls under the definition of trafficking. Trafficking is punishable by administrative action, civil and/or criminal prosecution.

Over the last 15 years, FNS aggressively implemented a number of measures to reduce the prevalence of trafficking in SNAP. As a result, the trafficking rate was reduced from 4 percent in the 1990's to 1.3 percent during the period 2009 through 2011. The most recent trafficking report is available at <http://www.fns.usda.gov/extent-trafficking-supplemental-nutrition-assistance-program-2009-2011-august-2013>.

FNS uses a fraud detection system to monitor electronic transaction activity at the store level and identify suspicious retail grocers for further analysis and investigation. FNS has updated the system to capitalize on new, more advanced technology, and make use of innovative analytical tools to strengthen our fraud detection capabilities. This system is instrumental to our success in identifying violators and decreasing trafficking, as it allows FNS to detect and prosecute bad actors who defraud the Program.

In fiscal year 2013, compliance analysts across the country reviewed the transactions of over 17,000 stores identified by the system. SNAP investigators conducted undercover operations in over 4,000 stores.

Of the 2,000 sanctions in FY 2013, 1,215 stores were permanently disqualified and another 662 stores were given a time-limited term disqualification.

Retailers who are sanctioned for SNAP violations and also participate in the WIC Program are reciprocally disqualified from the WIC Program, and retailers who are sanctioned for WIC violations are subject to disqualification from SNAP.

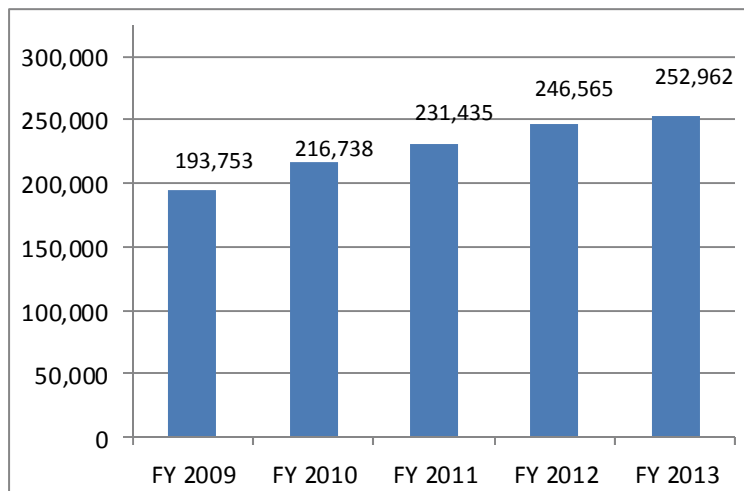
FNS relies on its investigative partners, including the USDA Office of Inspector General (OIG) and State Law Enforcement Bureau's (SLEB), to complement FNS investigative resources. OIG is the primary investigative arm for FNS Programs; it pursues criminal prosecution of violating retailers. SLEBs can also bring criminal cases against violators based on State and local statutes.

Fiscal year 2013 compliance activities, from investigation to adjudication and final sanction are found detailed on pages 12 through 18.

More information about FNS efforts to combat fraud and abuse is available and can be found on-line at <http://www.fns.usda.gov/snap/fraud.htm>.

FISCAL YEAR 2013 AT A GLANCE

Number of Authorized Firms



- As of September 30, 2013, 252,962 firms were authorized to participate in SNAP.
- Over the past five fiscal years, the number of authorized firms increased by 31 percent.
- In fiscal year 2013, supermarkets and superstores redeemed 82 percent of all SNAP benefits.

Retailer Administration Activities

FNS performed the following retailer administration activities in fiscal year 2013:

- Approved SNAP participation for 28,611 store locations.
- Confirmed the continued eligibility of 22,470 firms through reauthorization.
- Conducted 37,649 store visits.
- Withdrew 21,906 firms due to voluntary request, non-redemption, or failure to meet eligibility requirements.

Retailer Compliance Activities

FNS performed the following retailer compliance activities in fiscal year 2013:

- Reviewed the transactions of over 12,000 stores identified as potentially violating.
- Completed 4,291 undercover investigations of authorized retail grocers to determine compliance with program regulations; identified violations in 1,443 investigations, or 34 percent of the total completed.
- Initiated compliance actions on 2,924 authorized firms found in violation of program regulations. This included:
 - 2,000 sanction actions,
 - 119 transfer of ownership civil monetary penalties,
 - 106 involuntary withdrawals,
 - 1 unauthorized acceptance fine, and
 - issuance of 698 warning letters.
- Completed 1,257 reviews of FNS administrative actions appealed by aggrieved firms. FNS sustained almost 90 percent of all appeals, reversed or modified 3 percent, and found that 8 percent were moot.

Redemptions by Firm Type

Firms are classified by type. There are currently 25 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 just under 82 percent of all SNAP benefits while making up only 15 percent of the total number of authorized firms.

Firm Types	Total Authorized	Percent of Total	Redemption Amount	Percent of Total
Bakery Specialty	3,131	1.24%	\$171,310,886	0.23%
Combination Grocery/Other	64,283	25.41%	\$4,850,733,716	6.38%
Convenience Store	101,059	39.95%	\$3,831,185,769	5.04%
Delivery Route	1,073	0.42%	\$138,296,147	0.18%
Direct Marketing Farmer	1,600	0.63%	\$4,768,759	0.01%
Farmers' Market	2,457	0.97%	\$16,392,332	0.02%
Fruit/Vegetable Specialty	1,655	0.65%	\$104,911,151	0.14%
Large Grocery Store	3,691	1.46%	\$1,191,061,004	1.57%
Meat/Poultry Specialty	3,455	1.37%	\$480,964,757	0.63%
Medium Grocery Store	11,756	4.65%	\$1,598,798,145	2.10%
Military Commissary	188	0.07%	\$103,651,482	0.14%
Non-profit Food Buying Co-op	386	0.15%	\$31,182,681	0.04%
Seafood Specialty	1,835	0.73%	\$194,893,440	0.26%
Small Grocery Store	14,610	5.78%	\$1,009,626,285	1.33%
Super Store	18,804	7.43%	\$37,028,350,652	48.73%
Supermarket	18,670	7.38%	\$25,006,875,967	32.91%
Wholesaler	13	0.01%	\$8,800,524	0.01%
Store Subtotal	248,666	98.30%	\$75,771,803,699	99.72%
Communal Dining Facility	363	0.14%	\$3,986,645	0.01%
Drug and/or Alcohol Treatment Program	1,001	0.40%	\$56,322,053	0.07%
Group Living Arrangement	613	0.24%	\$78,629,307	0.10%
Homeless Meal Provider	219	0.09%	\$7,357,274	0.01%
Meal Delivery Service	270	0.11%	\$1,209,474	0.00%
Private Restaurant/Meal Delivery	1,654	0.65%	\$53,532,368	0.07%
Senior Citizens Center/Residential Building	136	0.05%	\$8,793,038	0.01%
Shelter for Battered Women and Children	40	0.02%	\$895,017	0.00%
Meal Service Subtotal	4,296	1.70%	\$210,725,177	0.28%
Total	252,962	100.00%	\$75,982,528,877	100.00%

Redemptions by Region and State

The following pages show the number of authorized firms and redemption amounts broken out by FNS Region and by State. California, New York, Texas, and Florida continue to have the highest number of firms and redemptions.

Region	State	Authorized Firms	Redemption Amount	Percent of Total Firms	Percent of Total Redemptions
Mid-Atlantic	District of Columbia	468	\$127,884,902	0.19%	0.17%
	Delaware	822	\$241,279,385	0.32%	0.32%
	Maryland	3,854	\$1,270,881,187	1.52%	1.67%
	New Jersey	6,276	\$1,464,197,603	2.48%	1.93%
	Pennsylvania	10,236	\$2,744,926,287	4.05%	3.61%
	Virginia	6,342	\$1,479,478,107	2.51%	1.95%
	Virgin Islands	101	\$56,817,341	0.04%	0.07%
	West Virginia	2,206	\$477,757,459	0.87%	0.63%
	Region Totals	30,305	\$7,863,222,271	11.98%	10.35%
Mid-West	Illinois	9,416	\$3,333,520,799	3.72%	4.39%
	Indiana	4,960	\$1,490,340,767	1.96%	1.96%
	Michigan	10,171	\$2,895,195,224	4.02%	3.81%
	Minnesota	3,236	\$730,924,084	1.28%	0.96%
	Ohio	9,257	\$2,908,062,488	3.66%	3.83%
	Wisconsin	3,890	\$1,186,689,667	1.54%	1.56%
		Region Totals	40,930	\$12,544,733,029	16.18%
Mountain Plains	Colorado	2,683	\$829,111,116	1.06%	1.09%
	Iowa	2,731	\$590,756,083	1.08%	0.78%
	Kansas	1,919	\$473,134,819	0.76%	0.62%
	Missouri	4,641	\$1,436,081,393	1.83%	1.89%
	Montana	761	\$191,033,450	0.30%	0.25%
	North Dakota	480	\$93,533,186	0.19%	0.12%
	Nebraska	1,076	\$273,010,609	0.43%	0.36%
	South Dakota	705	\$157,658,321	0.28%	0.21%
	Utah	1,341	\$377,328,943	0.53%	0.50%
	Wyoming	308	\$57,919,920	0.12%	0.08%
	Region Totals	16,645	\$4,479,567,840	6.58%	5.90%

Redemptions by Region and State (continued)

Region	State	Authorized Firms	Redemption Amount	Percent of Total Firms	Percent of Total Redemptions
Northeast	Connecticut	2,558	\$704,398,613	1.01%	0.93%
	Massachusetts	5,227	\$1,385,421,011	2.07%	1.82%
	Maine	1,597	\$357,360,859	0.63%	0.47%
	New Hampshire	1,055	\$209,678,456	0.42%	0.28%
	New York	19,013	\$5,554,758,748	7.52%	7.31%
	Rhode Island	1,027	\$278,691,167	0.41%	0.37%
	Vermont	724	\$107,296,086	0.29%	0.14%
	Region Totals	31,201	\$8,597,604,940	12.33%	11.32%
Southeast	Alabama	5,146	\$1,405,391,198	2.03%	1.85%
	Florida	16,011	\$5,917,095,481	6.33%	7.79%
	Georgia	10,018	\$3,194,108,407	3.96%	4.20%
	Kentucky	4,551	\$1,348,198,751	1.80%	1.77%
	Mississippi	3,530	\$1,026,462,289	1.40%	1.35%
	North Carolina	9,035	\$2,468,469,496	3.57%	3.25%
	South Carolina	5,183	\$1,395,567,551	2.05%	1.84%
	Tennessee	6,720	\$2,075,135,626	2.66%	2.73%
Region Totals	60,194	\$18,830,428,800	23.80%	24.78%	
Southwest	Arkansas	2,617	\$741,392,159	1.03%	0.98%
	Louisiana	4,847	\$1,514,135,923	1.92%	1.99%
	New Mexico	1,483	\$667,253,415	0.59%	0.88%
	Oklahoma	3,438	\$938,789,649	1.36%	1.24%
	Texas	18,358	\$6,008,789,198	7.26%	7.91%
	Region Totals	30,743	\$9,870,360,343	12.15%	12.99%
Western	Alaska	539	\$189,465,147	0.21%	0.25%
	Arizona	4,108	\$1,642,065,400	1.62%	2.16%
	California	25,862	\$7,594,436,019	10.22%	9.99%
	Guam	273	\$117,903,512	0.11%	0.16%
	Hawaii	1,004	\$486,762,749	0.40%	0.64%
	Idaho	1,015	\$341,659,612	0.40%	0.45%
	Nevada	1,753	\$553,268,215	0.69%	0.73%
	Oregon	3,447	\$1,198,564,961	1.36%	1.58%
	Washington	4,943	\$1,672,486,040	1.95%	2.20%
	Region Totals	42,944	\$13,796,611,654	16.98%	18.16%
National Totals	252,962	\$75,982,528,877	100.00%	100.00%	

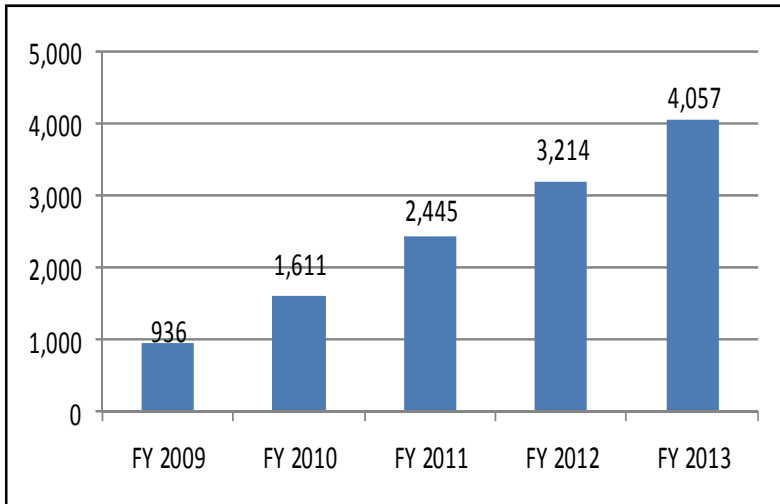
Administrative Activity

Store administration includes activities such as authorizing, reinstating, reauthorizing, and withdrawing firms. In fiscal year 2013, there were a total of 30,029 stores authorized or reinstated, 22,466 reauthorized, 21,842 withdrawn, and 2,706 denied.

<u>Administrative Actions</u>	<u>Total</u>
Authorizations:	
Initial Authorization	28,611
Reinstatement	1,418
Total Authorizations	30,029
Reauthorizations	22,466
Time-Limited Term SNAP Applicant Participation Denials:	
Determined Not to be a Retail Food Store	450
Failed to Cooperate with Information Request	18
Failed to Pay Assessed Monetary Penalty	2
Did Not Meet SNAP Eligibility Criteria	2,127
Denied for Business Integrity Issue	46
Other	63
Total Term Denials	2,706
Applicants Permanently Denied for Lack of Business Integrity	46
Participating Firms Withdrawn from SNAP:	
Permanently Withdrawn for Lack of Business Integrity	21
Time Limited Withdrawal for Business Integrity Issue (e.g., loss of other government licenses for a short period of time due to non-SNAP violations)	7
Failed to Cooperate with Information Request	20
Failed to Pay Assessed Monetary Penalty	3
Did Not Meet SNAP Eligibility Criteria	86
Was Not a Retail Food Store	17
No SNAP Transaction Activity	7,336
Non-response to Reauthorization	2,494
Withdrawal for Other Reasons	142
Voluntarily Withdrew	11,716
Total Withdrawals	21,842
Total	77,089

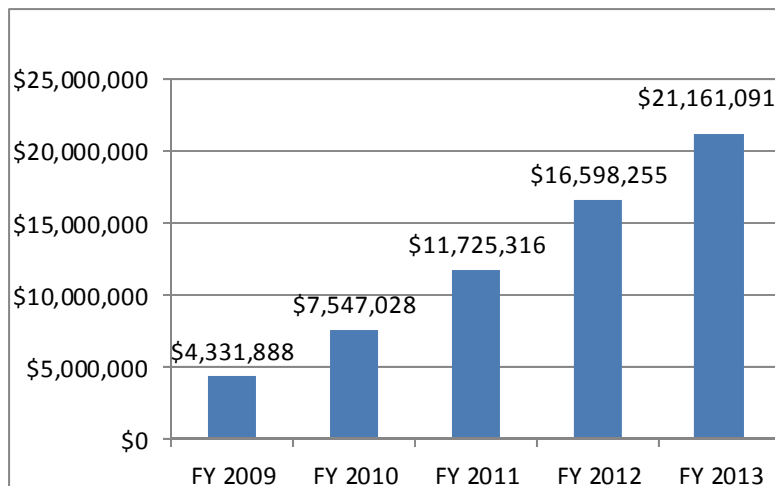
Farmers' Markets and Direct Marketing Farmers

Number of SNAP Authorized Farmers' Markets



- Over the past five fiscal years, the number of farmers' markets and direct marketing farmers increased 333 percent.
- 31 percent are open year round.
- 49 percent of all authorized markets/farmers are found in ten states: California (401), Michigan (279), New York (270), Iowa (243), Mississippi (144), Massachusetts (151), Pennsylvania (148), Oregon (135), Ohio (116), and Missouri (116).

Value of Farmers' Market SNAP Redemptions



- Over the past five fiscal years, farmers' market redemptions have increased 388 percent.
- In fiscal year 2013, program recipients made 1,088,787 purchases at farmers' markets and direct marketing farmers nationwide. The average purchase amount was \$20.24.

Key Facts About SNAP Farmers' Market Participation

- More SNAP benefits were redeemed at farmers' markets and direct marketing farmers in fiscal year 2013 during August than any other month of the year.
- Of the 3,232 counties in the U.S., 1,314 (41 percent) have at least one SNAP authorized farmers' market or farmer.
- 312,569 SNAP households made at least one purchase at a farmers' market in fiscal year 2013. Households shopping at farmers' markets spent \$70.72 on average over the course of the year.
- The top five busiest counties based on the number of SNAP households shopping at farmers' markets or direct marketing farmers are shown below:

<u>County/State</u>	<u>Number of SNAP Households Shopping</u>
New York, NY	24,859
Wayne, MI	15,153
St. Louis, MO	14,986
Gwinnett, GA	11,824
Los Angeles, CA	10,349

- 54 percent of the 312,569 SNAP households that shopped at a farmers' market or direct marketing farmer made one purchase, another 19 percent made two purchases, and 27 percent made three or more purchases within the year.
- 98.7 percent of all SNAP transactions at a market or direct marketing farmer were electronic transactions, and the remaining 1.3 percent were paper voucher authorizations.

Compliance Activity

FNS closely monitors retailers to ensure they comply with Program rules and regulations. FNS may sanction or warn retailers found violating Program rules. Sanctions include permanent or time-limited term disqualifications and civil money penalties. Retailers who commit minor violations are issued official warning letters. Retailers who are disqualified permanently and later sell their stores are also subject to a transfer of ownership civil money penalty.

In fiscal year 2013, there were 2,924 total compliance actions, including 2,000 sanctions (1,215 of them permanent disqualifications), 698 official warnings, 119 transfer of ownership civil money penalties, 106 involuntary withdrawals, and 1 unauthorized acceptance fine.

Sanctions	Total
Permanent Disqualifications	1,215
Time-Limited Term Disqualification	662
Trafficking Civil Money Penalty (CMP)	5
Hardship CMP	118
Other Compliance Actions	
Transfer of Ownership CMP	119
Official Warning	698
Involuntary Withdrawal (for other than non-redemption)	89
Permanent Involuntary Withdrawal	17
Unauthorized Acceptance Fine	1
Total	2,924

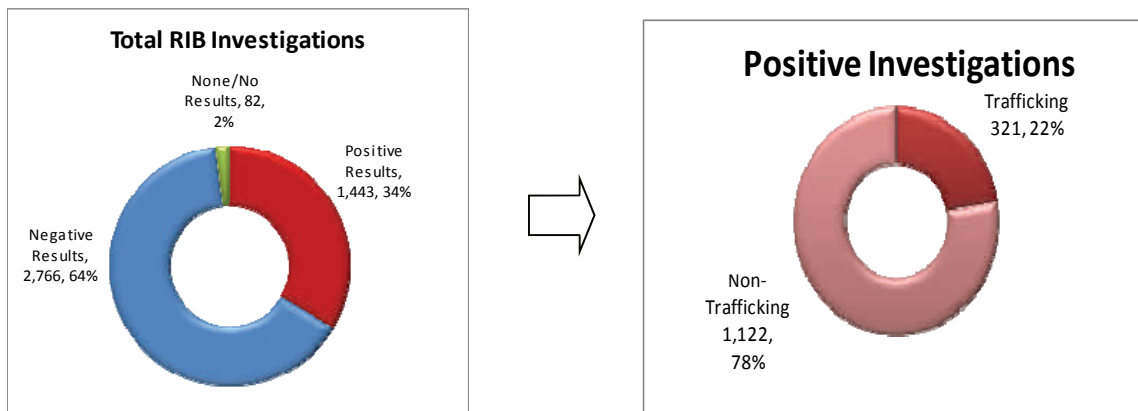
Key Fact:

In Fiscal Year 2013, FNS staff reviewed over 12,000 stores to determine whether violations were occurring.

Undercover Retailer Investigations

The Office of Inspector General (OIG) has responsibility for all investigative activity within USDA. However, authority to conduct SNAP retailer compliance investigations is delegated to FNS. In January 1977, the Retailer Investigations Branch (RIB) was established. Its primary mission is to safeguard the integrity of SNAP by monitoring retailers authorized to accept SNAP benefits. This is accomplished by a nationwide staff that conduct undercover investigations of SNAP approved retailers.

RIB investigations are conducted throughout the year. A positive investigation is one in which the investigation reveals evidence of any program violations. In fiscal year 2013, there were a total of 4,291 investigations completed, of which 1,443 resulted in violations. Trafficking is the most serious violation and is defined primarily as the exchange of SNAP benefits for cash. In fiscal year 2013, there were 321 investigations in which trafficking occurred.



RIB Investigations Fiscal Year 2013		
Completed Investigations	Total	Percent of Total
Positive Results	1,443	33.63%
Trafficking	321	
Non-Trafficking	1,122	
Negative Results	2,766	64.46%
None/No Result	82	1.91%
Total Completed	4,291	100.00%

Administrative Review

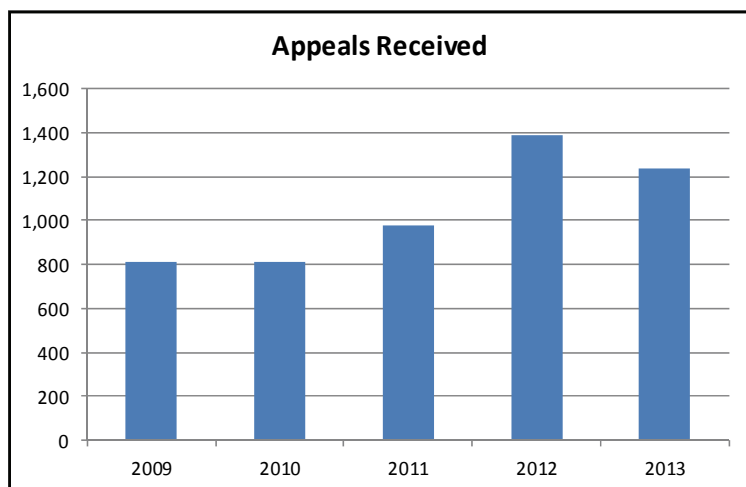
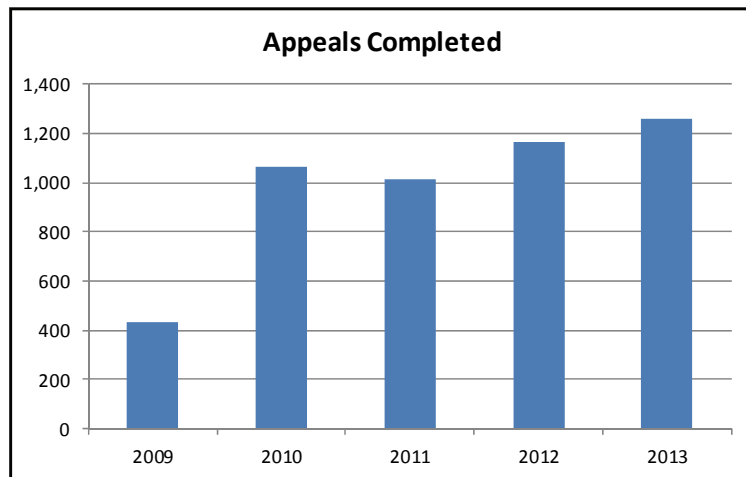
The Administrative Review Branch (ARB) performs the final administrative review of retailer appeals within USDA.

- The vast majority of administrative reviews are for firms aggrieved by action of FNS to deny, withdraw, or disqualify them from SNAP participation. In addition, ARB performs administrative reviews for sponsors and vendors aggrieved in the Summer Food Service Program and the Child and Adult Care Food Program, as well as for State agencies aggrieved by FNS actions such as Quality Control sanctions and other sanctions due to non-compliance with SNAP regulations or State Plans of Operations.

- ARB's mission is to ensure that firms, institutions, and State Agencies aggrieved by FNS' adverse actions receive the opportunity to have their positions fairly considered by an impartial reviewing authority prior to the adverse action becoming final.
- Administrative Review Officers (AROs) are designated by the Secretary of Agriculture to conduct administrative reviews and issue final agency decisions. They have the authority to reverse or otherwise alter any adverse decision found to be in error or which may be inconsistent with FNS policy. An ARO's decision is the final administrative action of the USDA, subject only to judicial review.

2013 ARB cases at a glance:

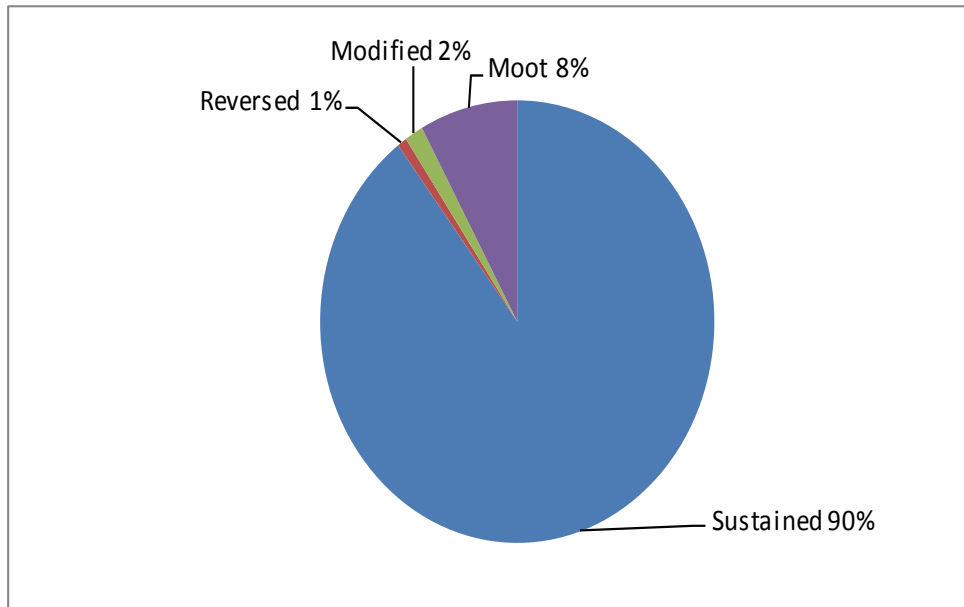
- 1,127 Sustained
- 10 Reversed
- 101 Moot*
- 19 Modified



* Of the 101 cases closed as "moot", 7 were withdrawn by appellants, 63 were withdrawn by FNS, 30 were closed as a result of appellants' failure to provide a sufficient basis for review, and 1 was withdrawn for unspecified reasons.

Administrative Review (continued)

FY 2013 Administrative Review Branch Final Decisions



- There was a decrease in the number of administrative review requests from 1,385 in fiscal year 2012 to 1,239 in fiscal year 2013.
- ARB strives to expedite decisions. By moving quickly, there is a positive impact on integrity. For example:
 - Stores whose actions are held in abeyance pending final agency decision do not stay on the Program for long periods of time after the determination is made by FNS compliance staff, if that decision supports the original finding.
 - Stores found to have trafficked and who are removed pending final agency decision have their appeals heard quickly. If the decision is reversed, the amount of time they are off the Program is minimized.
 - Collections for civil money penalties can begin earlier in the process, making it more likely that retailers can be located.
- As in past years, the majority of FNS initial determinations were upheld. A total of 90 percent of cases were upheld in fiscal year 2013.

Sanctions In Fiscal Year 2013 by State

State	Time-Limited Term Disqualification	Permanent Disqualification	Hardship CMP in Lieu of Term Disqualification	Trafficking CMP in Lieu of Permanent Disqualification	Total
AK	0	1	0	0	1
AL	4	14	5	0	23
AR	6	1	3	0	10
AZ	9	12	0	0	21
CA	136	116	16	1	269
CO	12	11	2	0	25
CT	5	29	0	0	34
DC	5	3	1	0	9
DE	2	2	0	0	4
FL	19	55	11	1	86
GA	17	62	6	1	86
HI	0	1	0	0	1
IA	1	4	1	0	6
ID	0	0	1	0	1
IL	13	89	2	1	105
IN	6	24	2	0	32
KS	3	1	0	0	4
KY	4	6	5	0	15
LA	4	18	3	0	25
MA	25	32	0	0	57
MD	15	42	3	0	60
ME	0	3	0	0	3
MI	10	37	3	0	50
MN	9	6	1	0	16
MO	10	11	3	0	24
MS	1	7	0	0	8
NC	13	27	11	0	51
ND	0	1	0	0	1
NE	4	3	0	0	7
NH	3	1	2	0	6
NJ	35	83	0	0	118
NM	0	1	0	0	1
NV	2	6	1	0	9
NY	127	186	7	0	320
OH	10	32	4	0	46

Sanctions In Fiscal Year 2013 by State (continued)

State	Time-Limited Term Disqualification	Permanent Disqualification	Hardship CMP in Lieu of Term Disqualification	Trafficking CMP in Lieu of Permanent Disqualification	Total
OK	12	18	3	0	33
OR	2	3	1	0	6
PA	23	69	1	1	94
RI	6	31	1	0	38
SC	3	18	6	0	27
SD	0	2	1	0	3
TN	4	37	1	0	42
TX	77	58	6	0	141
UT	0	2	0	0	2
VA	2	15	1	0	18
VI	0	2	0	0	2
VT	0	3	0	0	3
WA	12	17	3	0	32
WI	10	11	0	0	21
WV	1	2	1	0	4
Total	662	1,215	118	5	2,000

Sanctions In Fiscal Year 2013 by Store Type

Store Type	Time-Limited Term Disqualification	Permanent Disqualification	Hardship Civil Money Penalty in Lieu of Time Limited Term Disqualification	Trafficking Civil Money Penalty in Lieu of Permanent Disqualification	Total
Bakery Specialty	0	1	0	0	1
Combination Grocery/Other	34	22	7	0	63
Convenience Store	375	705	54	4	1,138
Delivery Route	2	5	0	0	7
Fruits/Vegetables Specialty	0	4	2	0	6
Large Grocery Store	13	4	5	0	22
Meat/Poultry Specialty	8	17	6	0	31
Medium Grocery Store	78	112	28	1	219
Seafood Specialty	2	3	0	0	5
Small Grocery Store	147	341	12	0	500
Super Store	1	0	1	0	2
Supermarket	2	0	3	0	5
Private Restaurant/Meal Delivery	0	1	0	0	1
Total	662	1,215	118	5	2,000

To access this report online,
please visit our website at
www.fns.usda.gov/snap/retailers/merchants.htm

More information about FNS efforts to combat fraud
and abuse is available at
www.fns.usda.gov/snap/fraud.htm.

For more information about SNAP in general, please visit
our website at
www.fns.usda.gov/snap.