



United States
Department of
Agriculture

Food and
Consumer
Service

3101 Park Center Drive
Alexandria, VA 22302

**FOOD STAMP COUPON AND WIC VOUCHER MANAGEMENT PRACTICES
AND PROGRAM EDUCATIONAL NEEDS OF FOOD STAMP RETAILERS
FINAL REPORT**

DECEMBER 1995

Enclosed for your information is a summary of Food Stamp Coupon and WIC Voucher Management Practices and Program Educational Needs of Food Stamp Retailers. This report address questions relating to how currently authorized retailers handle food stamp coupons and WIC vouchers, and explores the training needs and experiences of food stamp and WIC retailers.

If you have any questions regarding this report, please contact Ken Offerman, Family Programs Staff, Office of Analysis and Evaluation, (703) 305-2115.



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Authorized Food Retailer Characteristics Study

Technical Report II

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TECHNICAL REPORT II FOOD STAMP COUPON AND WIC VOUCHER MANAGEMENT PRACTICES AND PROGRAM EDUCATIONAL NEEDS OF FOOD STAMP RETAILERS

December 1995

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I. Introduction

The United States Department of Agriculture, through the Food and Consumer Service (FCS) administers both the Food Stamp Program (FSP) and the Special Supplemental Food Program for Women, Infants, and Children (WIC). During 1994, the FCS conducted a national survey on a representative sample of food retailers authorized to redeem food stamps.¹ This survey was conducted through physical assessments of the sampled stores and interviews with managers or manager/owners. This report presents the findings of that survey on two special topics:

- the management of FSP coupons and WIC vouchers by the retailers,² and
- retailers' perception of FCS retailer educational efforts.

FCS needs this information as part of its mission to assure the integrity of benefit redemptions.

With the exception of Electronic Benefit Transfer (EBT) sites, food stamp transactions are accomplished primarily through the use of paper coupons. Coupons are provided to FSP participants in the form of booklets. When purchasing food, participants present the coupons to authorized retailers. Food stamp retailers are required to give change for food stamp purchases in \$1 denominations of food coupons (cash may be used only when the change is less than \$1). Depending on the extent of their food stamp business, retailers differ in the amount of inventory of stamps they maintain for providing change.

WIC is designed to provide supplemental food to low-income pregnant, postpartum, and breast-feeding women and their infants and preschool children. Its purpose is to help reduce and prevent the incidence of nutrition-related health problems. Food vouchers are provided to program participants, who exchange the vouchers for food prescribed on the voucher at authorized retail grocery stores. Retailers deposit the vouchers in a bank or submit them to a State WIC office. They receive payment within 60 days.

¹ The sample consisted of 2,520 retailers selected from 40 Primary Sampling Units through a three-stage sampling design. Efforts were made to contact all stores drawn for the sample; 2,381 were operational. In each of these stores, a physical assessment was conducted of the store and the stock carried by the retailer and to conduct interviews with the designated manager. Although physical assessment of the stores was made in all of these stores, 22 managers refused to be interviewed and 5 completed only part of the interview. Because this report is based on responses to the manager interview, the remaining respondents serve as a basis for the analysis. Even among those who responded to the interview, some respondents refused to provide certain information. In addition, some respondents had little or no knowledge of the topics addressed by this study. Therefore, the number of respondents varies throughout the report because not all retailers answered every question asked. [It must be noted that for stores found to be out of business, the sampling plan called for selecting a substitute retailer. In total, there were 120 substitute retailers. Because this substitution was based on a different probability mechanism from that used for drawing the original sample, the primary use of the "supplemental sample" is to provide additional verifying information on the base sample.]

² The subset of WIC vendors included in the sample of authorized Food Stamp Program retailers is not intended to be representative of all WIC vendors since not all WIC stores are authorized to accept food stamps. A second consideration relative to addressing this topic is that the sample included WIC vendors located in only 24 States. Since there is considerable variation in how individual States administer the WIC Program and in particular how they manage their food delivery/food instrument accountability and control measures, the sample of WIC vendors may fail to capture some critical elements related to WIC voucher management across all States.

An expectation going into the study was that the amount of time that retailers retain coupons and vouchers would be dependent on their cash flow and/or access to a participating bank. Depending on volume and location, stores redeem coupons and vouchers as frequently as daily or as infrequently as monthly. Banks vary in the relationships and requirements they place on these retailer customers, which results in different patterns of banking among retailers.

This report addresses the following questions:

1. How do currently authorized retailers handle food stamp coupons and WIC vouchers? Specifically, how do practices differ in terms of:
 - length of time retailers hold coupons or vouchers in stores after they are received,
 - maintenance of food stamp inventory,
 - banking arrangements for redeeming coupons, and
 - arrangements for redeeming WIC vouchers?
2. What are the training needs of food stamp and WIC retailers? Specifically, how do authorized retailers differ in terms of:
 - perceptions about the adequacy of retailer training provided by FCS field offices, and
 - needs for further information and suggestions for improvement?

Information collected relating to Question 1 will be described first, followed by information collected relating to Question 2. These questions will be discussed in the following sections: Management of Food Stamp Coupons, Management of WIC Vouchers, and FCS Retailer Education Efforts.

Because administration of FCS compliance efforts focuses on store type and location, data gathered in response to these questions were first cross-tabulated by the following store types.³

³ These categories reflect information provided by the retailers when they applied to FCS for authorization. The groupings were modified by reclassifying self-identified supermarkets as grocery stores when their gross sales were less than \$2 million and by reclassifying self-identified grocery stores as supermarkets when their gross sales exceeded \$2 million. These reclassifications were made to ensure consistency with industry standards and to conform to the intent of the FSP classification system.

- Supermarkets—food retailers with gross sales of more than \$2 million,
- Large groceries—food retailers with gross sales between \$500,000 and \$2 million,
- Small groceries—food retailers with gross sales of under \$500,000,
- Convenience stores—stores self-defined as convenience stores, regardless of their sales,
- Gas/grocery stores—stores self-defined as gas/grocery stores and presumably having relatively substantial gasoline sales,
- Specialty food stores—stores that specialize in a few food lines, and
- Other stores—stores that include produce stands, rolling routes, general stores, combination stores, and other miscellaneous classifications.

Responses were also cross-tabulated by location (subdivided by urbanization and income). Retailers were classified into three urbanization categories—"urban," "mixed," and "rural"—based on the proportion of urban population in the ZIP Code area where the store is located.⁴ Retailers were also classified by whether or not they were located in a "low-income" or "other" area.⁵

⁴ The percentages of the population classified as urban within the ZIP Code area of the sampled stores were used to distinguish among these three categories. "Urban" areas were those with an urban population of 90 percent or more of the total population, and "rural" areas were those with an urban population of 10 percent or less of the total population. The remaining areas were classified as "mixed." 1990 Census data were used to establish the urban population proportion.

⁵ ZIP Code areas in which at least 25 percent of the households had incomes below the poverty line were classified as "low-income"; the remaining ZIP Code areas were classified in the "other" category. Information on poverty levels was derived from the 1990 Census.

II. Management of Food Stamp Coupons

The management of food stamp coupons involves depositing them for reimbursement, maintaining a certain number to make change, and making arrangements for crediting the coupons to operating accounts or redeeming them for cash. Patterns relating to these practices found among authorized FSP retailers surveyed are described in this section. The topics discussed are:

- length of time food stamps coupons are held,
- maintenance of food stamp inventory, and
- banking arrangements for redeeming food stamps.

The analysis in this section is based on 2,235 responses. Excluded are retailers who did not provide a manager interview. In addition, we excluded 119 retailers located in the two EBT sites (Baltimore City, Maryland, and Ramsey County, Minnesota) because these retailers largely serve participants receiving benefits through EBT and thus do not deal with coupons to any extent.⁶

A. Length of Time Food Stamp Coupons Are Held

The length of time retailers hold food stamp coupons can be expected to vary. Large stores with substantial food stamp business often redeem food stamps using the same procedures they use to make cash deposits. In contrast, smaller stores with little food stamp business often allow coupons to accumulate. In addition, some retailers have problems with banks that require minimum "lots" of coupon redemptions by denomination. Although a Federal Reserve ruling has banned this practice, not all stores may be aware of it and may hold coupons until they have a full lot.

Understanding of the length of time and the reasons coupons are held by retailers and information on depositing frequency are useful to the FCS in planning changes to the Redemption Certificate supply and inventory management. To assess timing, retailers were asked the following open-ended question:

"How often are food stamps generally deposited or redeemed, for example, as often as cash deposits?"

⁶Although EBT is implemented in both sites, retailers may accept coupons from participants from adjoining non-EBT areas.

In recording the responses of the retailers, the interviewers coded them according to the following categories:

Done as frequently as cash deposits
Done less frequently than cash deposits
Done more frequently than cash deposits
Depends on volume
Other

As a follow-on, they were asked:

Is this:

a few times a day
daily
a few times a week
weekly
a few times a month
monthly?

Sixteen of 2,235 non-EBT retailers surveyed did not respond to this question. Responses to this question are examined in the following two subsections.

Frequency of redeeming food stamp coupons compared to cash deposits—

The timing of cash deposits is suggestive of convenient deposit cycles for the retailer. We would expect retailers to redeem food stamps while making cash deposits unless they allow coupons to accumulate (perhaps because of low volume) or their banking arrangement hinders such transactions. A little less than half of the respondents (47 percent) redeem food stamps as frequently as cash deposits. Approximately the same number (45 percent) redeem food stamps less frequently than cash deposits, in which we can speculate that retailers either allow coupons to accumulate or their redeeming cycles follow food stamp issuance cycles rather than cash deposit cycles. A small percentage of retailers, about 5 percent, indicated that the frequency of their food stamp coupon redemptions depended on their food stamp volume. Their redemption cycle may reflect the food stamp issuance cycle of the area in which they are located. Only 1 percent indicated they redeem food stamp coupons more frequently than they deposit cash.

The percentages describing the timing of food stamp redemptions relative to cash deposits are generally consistent across different types of stores, with two major exceptions (see Table II.1). First, supermarket retailers are more likely than other retailers to redeem food stamp coupons as frequently as they deposit cash. Sixty-six percent of supermarket retailers reported this management practice, compared to 47 percent of all retailers. Second, small grocery and "other store" retailers are more likely than retailers in the other categories to report that the frequency of their food stamp redemptions depends on their volume of food stamps. Seven percent of small grocery store and 6 percent of "other store" respondents reported that the frequency of redeeming food stamps depends on the volume of food stamps, compared to 2 percent for supermarket and large grocery store retailers, 3 percent for specialty store retailers, and roughly 4 percent for convenience and gas/grocery store retailers.

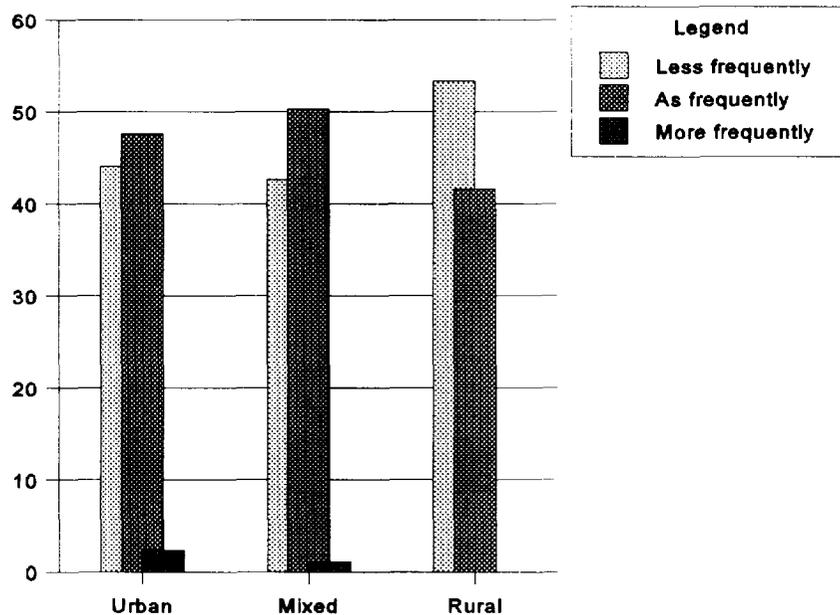
Frequency Food Stamps Redeemed	Supermarkets	Large Grocery Stores	Small Grocery Stores	Specialty Stores	Convenience Stores	Gas/Grocery Stores	Other Stores	All Stores
As frequently as cash deposits	66.3%	46.5%	44.8%	45.2%	43.8%	46.5%	40.0%	47.3%
Less frequently than cash deposits	31.0%	48.6%	44.8%	43.7%	50.6%	45.7%	50.9%	45.4%
More frequently than cash deposits	0.3%	1.4%	2.3%	5.1%	0.3%	1.2%	1.1%	1.4%
Depends on volume	2.1%	2.1%	7.4%	3.0%	4.5%	3.7%	6.4%	4.6%
Other	0.3%	1.4%	0.7%	3.0%	0.8%	2.9%	1.5%	1.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%*
Respondents	326	142	420	197	624	245	265	2,219

Source: Macro International Inc. *The Authorized Food Retailer Characteristics Study*. Contract No. 53-3198-3-007. USDA/Food and Consumer Service, Office of Analysis and Evaluation, 1994.

* Of the 2,235 non-EBT retailers surveyed in the study, 16 did not respond to this question.

Exhibit II.1

Frequency of Food Stamp Redemptions
Relative to Cash Deposits by Urbanization of Retailer
(See Table II.2 for details)



Differences in frequency of food stamp redemptions, relative to cash deposits, among retailers in geographical areas characterized by degrees of urbanization and income are displayed in Table II.2. Retailers in urban and mixed areas were more likely than rural retailers to redeem food stamps as frequently as they made deposits (see Exhibit II.1). Forty-eight percent of the retailers in urban areas and 50 percent of those in mixed areas reported that they redeem food stamp coupons *as frequently* as they make cash deposits. This contrasts with the 42 percent of the retailers in rural areas reporting that they redeem food stamp coupons as often as they make cash deposits.

Table II. 2 Percentage Distribution of Non-EBT Retailers Redeeming Food Stamps as Frequently as Cash by Urbanization and Income												
Frequency Food Stamps Redeemed	Urban			Mixed			Rural			Total		
	Low-income	Other	Total									
As frequently as cash deposits	52.2%	46.5%	47.7%	53.6%	49.6%	50.3%	52.8%	38.0%	41.5%	52.8%	46.0%	47.4%
Less frequently than cash deposits	34.5%	46.6%	44.0%	37.1%	43.8%	42.6%	43.4%	56.5%	53.4%	37.4%	47.5%	45.4%
More frequently than cash deposits	5.4%	1.4%	2.3%	0.0%	1.3%	1.1%	0.0%	0.0%	0.0%	2.4%	1.1%	1.4%
Depends on volume	7.4%	4.7%	5.3%	7.9%	3.5%	4.2%	2.8%	4.1%	3.8%	6.5%	4.1%	4.6%
Other	0.5%	0.8%	0.7%	1.4%	1.8%	1.8%	1.0%	1.4%	1.3%	0.9%	1.3%	1.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Respondents	203	753	956	140	665	805	106	347	453	449	1,765	2,214*

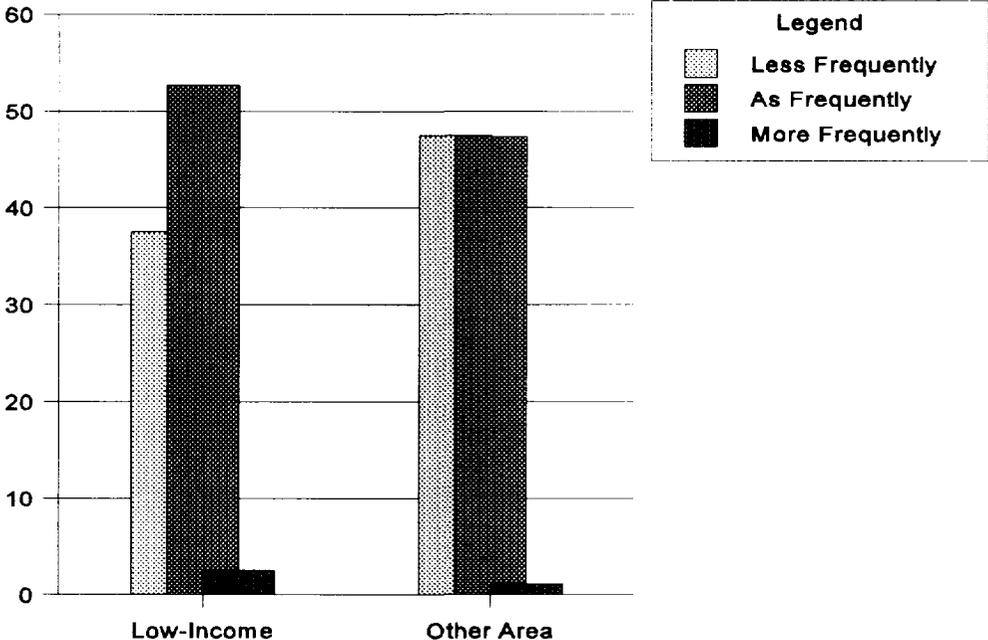
Source: Macro International Inc. *The Authorized Food Retailer Characteristics Study*. Contract No. 53-3198-3-007. USDA/Food and Consumer Service, Office of Analysis and Evaluation, 1994.

* Of the 2,335 non-EBT retailers surveyed, 16 did not respond to this question and 5 could not be linked to a geographic area that could provide urbanization/income demographics.

Authorized retailers in low-income areas are somewhat more likely than authorized retailers in other areas to redeem food stamp coupons as frequently as they deposit cash (Exhibit II.2). Fifty-three percent of the retailers in low-income areas, compared to 46 percent of the retailers in other areas, reported that they redeem food stamps as frequently as they deposit cash. This pattern is consistent across the different types of urbanization categories, especially in rural areas, where 53 percent of the low-income retailers and 38 percent of the other retailers reported that they deposit food stamp coupons as frequently as cash.

Exhibit II.2

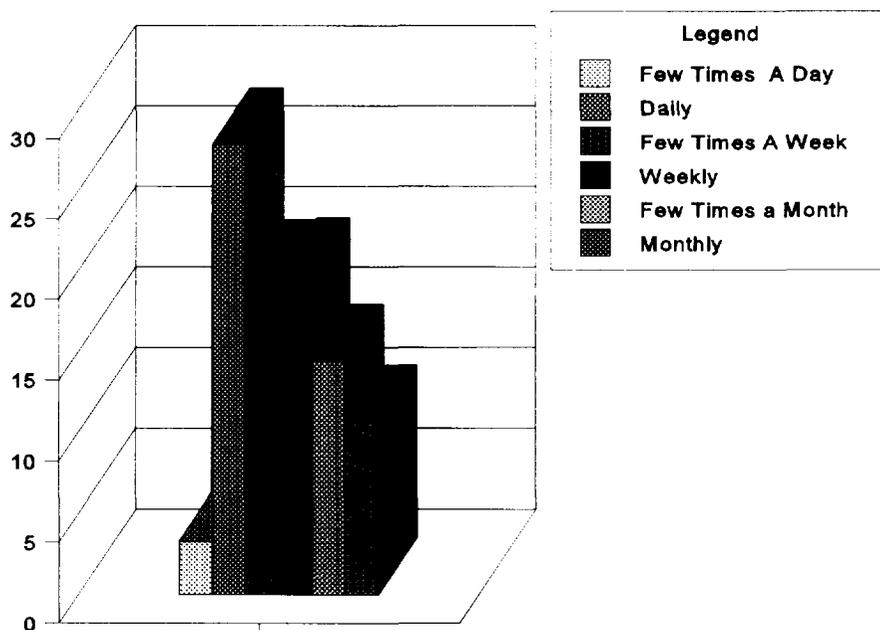
Frequency of Food Stamp Redemptions
Relative to Cash Deposits by Income of Area
(See Table II.2 for details)



Timing of food stamp coupon redemptions—In terms of absolute frequency of food stamp redemptions, Exhibit II.3 provides a distribution of retailers on how frequently they redeem food stamps. The data indicate that most retailers redeem daily, or at least weekly. Almost a third of the retailers redeem food stamps at least once a day (i.e., a few times a day or daily), and most redeem at least weekly. Only about 10 percent redeem food stamps monthly.

Exhibit II.3

Frequency of Food Stamp Redemptions
(See Table II.3 for details)



Supermarkets tend to redeem food stamp coupons more frequently than other stores. Specialty stores redeem less frequently than other retailers. Sixty-eight percent of the supermarket retailers reported that they deposit food stamps at least daily, compared to 31 percent of all stores (Table II.3).

Frequency Food Stamps Redeemed	Supermarkets	Large Grocery Stores	Small Grocery Stores	Specialty Stores	Convenience Stores	Gas/Grocery Stores	Other Stores	All Stores
A few times a day	10.1%	2.8%	1.2%	1.5%	2.7%	1.2%	3.0%	3.3%
Daily	57.7%	27.0%	9.8%	18.9%	29.8%	30.6%	20.0%	27.9%
A few times a week	14.1%	25.5%	21.4%	23.5%	20.3%	18.8%	17.0%	19.7%
Weekly	8.0%	15.6%	27.9%	29.1%	19.1%	18.0%	20.4%	19.8%
A few times a month	4.3%	15.6%	19.7%	11.7%	17.0%	13.1%	15.1%	14.4%
Monthly	4.0%	9.9%	14.3%	8.7%	8.2%	13.8%	17.7%	10.6%
Other	1.8%	3.6%	5.7%	6.6%	2.9%	4.5%	6.8%	4.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Respondents	326	141	420	196	624	245	265	2,217*

Source: Macro International Inc. *The Authorized Food Retailer Characteristics Study*. Contract No. 53-3198-3-007
USDA/Food and Consumer Service, Office of Analysis and Evaluation, 1994.

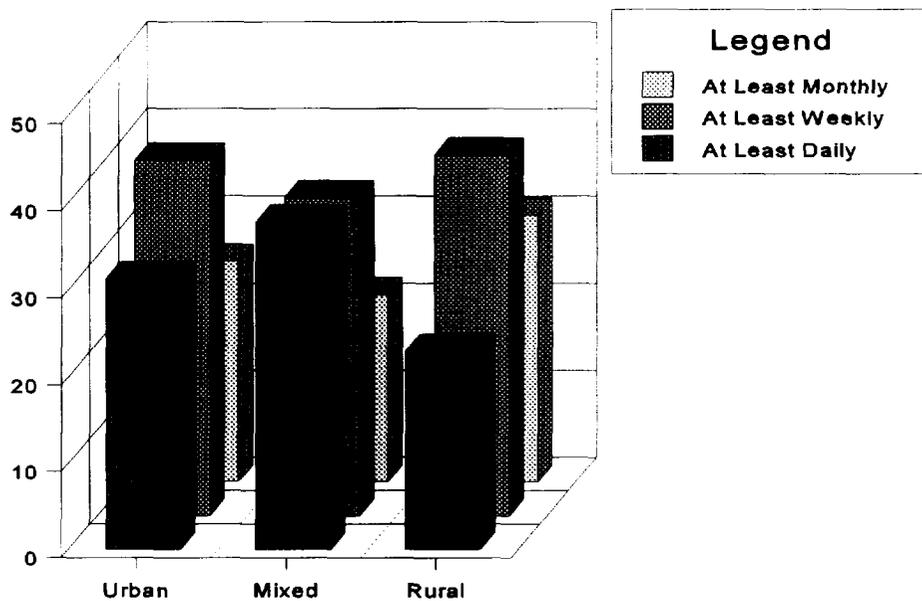
* Of the 2,235 non-EBT retailers surveyed, 18 did not respond to this question.

Most nonsupermarket retailers tend to redeem food coupons at most weekly or a few times a week. Approximately one-half of the specialty store and small grocery store respondents reported that they redeem their food stamp coupons weekly or a few times a week. This was the case for only 22 percent of the supermarket retailers, and 37 percent to 41 percent of the other retailers. At the extreme, a relatively higher proportion of small groceries and "other" stores redeem coupons at most a few times a month.

Exhibits II.4 and II.5 provide information on frequency of redemptions by store location. (These exhibits are supported by Table II.4.) When responses are compared by store location, it is noted that retailers in mixed areas tend to redeem food stamps more frequently, and rural retailers redeem food stamps less frequently than retailers in urban areas (Exhibit II.4). Thirty-eight percent of the authorized retailers in mixed areas reported that they redeem food stamps at least once a day. Approximately 29 percent of the urban retailers and 23 percent of the rural retailers redeem food stamps that frequently. On the other hand, 22 percent of the retailers from mixed areas, 25 percent of the urban retailers, and 31 percent of the rural retailers reported that they redeem food stamps a few times a month or monthly.

Exhibit II.4

Frequency of Food Stamp Coupon Redemptions by Urbanization
(See Table II.4 for details)



Retailers in low-income areas redeem food stamps less frequently than retailers in other areas (Exhibit II.5). For instance, 23 percent of the retailers in low-income areas responded that they redeem food stamp coupons at least daily, compared to 33 percent of the retailers in other areas. The differences between retailers in different income areas in food stamps redemption frequency persist when the degree of urbanization of the areas is taken into account. The largest difference is between stores in higher- income mixed urbanization areas and those in low-income rural areas. Four out of 10 retailers with stores located in higher-income mixed areas redeem food stamp coupons at least daily. In contrast, 18 percent of retailers with stores located in low-income rural areas redeem food stamp coupons at least daily.

Exhibit II.5

Frequency of Food Stamp Coupon Redemptions
by Income Level of Area
(See Table II.4 for details)

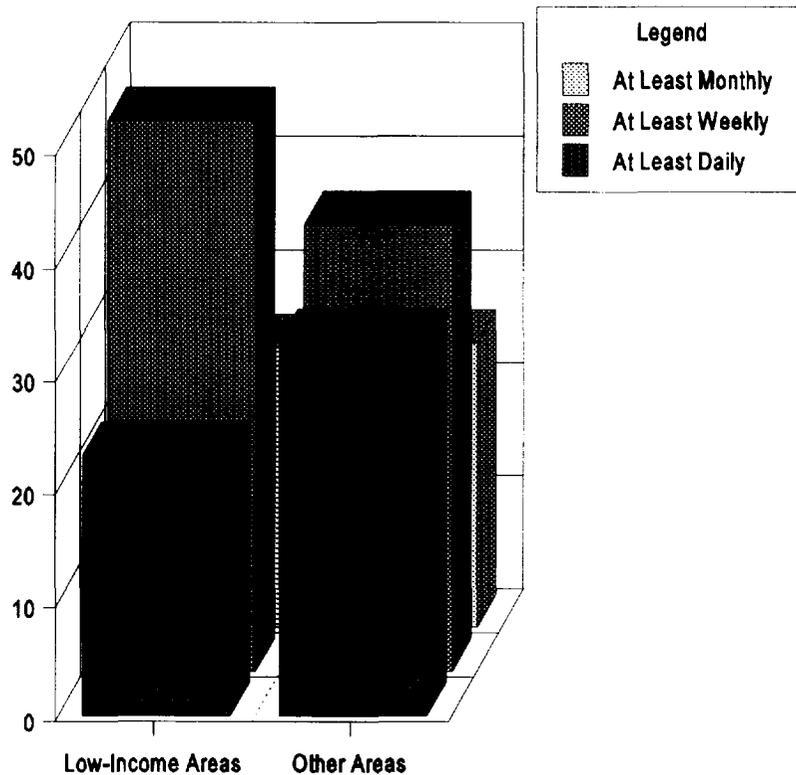


Table II.4
Percentage Distribution of Non-EBT Retailers by Frequency Food Stamps Are Deposited, Urbanization, and Income

Frequency Food Stamps Deposited or Redeemed	Urban			Mixed			Rural			Total		
	Low-Income	Other	Total									
A few times a day	2.5%	2.5%	2.5%	4.3%	5.0%	4.8%	0.9%	2.3%	2.0%	2.7%	3.4%	3.2%
Daily	20.3%	28.7%	26.9%	22.9%	35.1%	32.9%	17.0%	21.9%	20.7%	20.3%	29.8%	27.8%
A few times a week	23.8%	17.7%	19.0%	29.3%	17.4%	19.5%	18.9%	22.2%	21.4%	24.3%	18.5%	19.7%
Weekly	25.2%	21.1%	22.0%	21.4%	16.2%	17.1%	26.4%	18.2%	20.1%	24.3%	18.7%	19.9%
A few times a month	17.8%	16.0%	16.4%	10.7%	11.1%	11.1%	17.9%	16.1%	16.6%	15.6%	14.2%	14.5%
Monthly	6.9%	9.7%	9.1%	8.6%	11.0%	10.6%	14.2%	14.1%	14.1%	9.2%	11.0%	10.7%
Other	3.5%	4.3%	4.1%	2.8%	4.2%	4.0%	4.7%	5.2%	5.1%	3.6%	4.4%	4.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Respondents	202	752	954	140	665	805	106	347	453	448	1764	2,212*

Source: Macro International Inc. *The Authorized Food Retailer Characteristics Study*. Contract No. 53-3198-3-007. USDA/Food and Consumer Service, Office of Analysis and Evaluation, 1994.

* Of the 2,235 non-EBT retailers surveyed, 18 did not respond to this question and 5 could not be linked to a geographic area that could provide urbanization/income demographics.

B. Maintenance of Food Stamps Inventory

When presented with food stamp coupons worth more than \$1, retailers must provide change in \$1 food stamps. It is therefore necessary for stores to maintain an inventory of \$1 coupons for making change. Information was collected on how large a food stamp inventory retailers maintained, the denominations they maintained, how their inventory of food stamps varies throughout the month, and the factors affecting variability in the inventory of food stamps.

The retailers were asked the open-ended question:

"Approximately how much inventory of food stamps is maintained?"

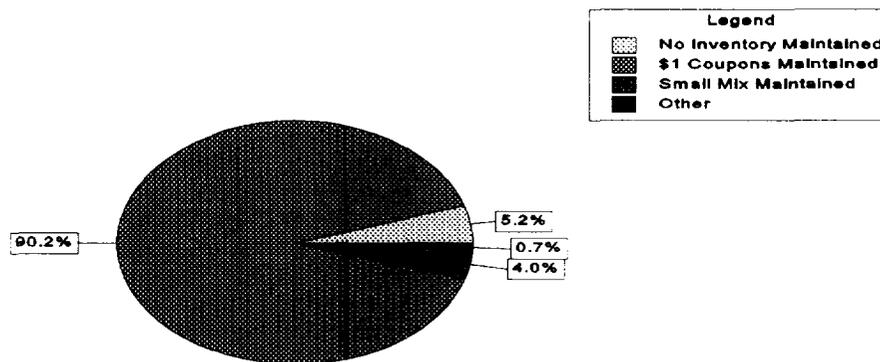
Their responses were coded into the following categories:

- No inventory maintained
- Only \$1 coupons are maintained
- Maintain small mix of coupons
- Other

Ninety percent of the retailers reported only \$1 coupons are maintained (Exhibit II.6), 4 percent reported that they maintain a small mix of coupons, and 5 percent reported that they do not maintain an inventory of food stamps.

Exhibit II.6

Distribution of Food Stamp Coupon Inventory Maintained
(Percentage of Retailers)



This pattern is fairly consistent across store types (see Table II.5). The only exceptions are specialty stores and "other stores," which demonstrate a slightly greater tendency not to maintain inventory. There is also very little variation between urbanization and area income (see Table II.6). The most notable difference in inventory is between retailers in low-income rural areas, where roughly 7 percent maintain a small mix of coupons, and urban retailers in low-income areas, where less than 1 percent reported that they maintain a small mix of coupons.

Food Stamp Inventory	Supermarkets	Large Grocery Stores	Small Grocery Stores	Specialty Stores	Convenience Stores	Gas/Grocery Stores	Other Stores	All Stores
No inventory maintained	4.0%	4.9%	3.6%	7.6%	5.5%	2.5%	9.3%	5.2%
Only \$1 coupons are maintained	91.4%	90.2%	91.0%	89.9%	91.0%	92.2%	83.9%	90.2%
Small mix of coupons maintained	3.7%	4.2%	5.2%	2.5%	3.2%	4.1%	4.9%	3.9%
Other	0.9%	0.7%	0.2%	0.0%	0.3%	1.2%	1.9%	0.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Respondents	327	142	420	197	625	245	267	2,223*

Source: Macro International Inc. *The Authorized Food Retailer Characteristics Study*. Contract No. 53-3198-3-007. USDA/Food and Consumer Service, Office of Analysis and Evaluation, 1994.

* Of the 2,235 non-EBT retailers surveyed, 12 did not respond to this question.

Mixture of Food Stamp Inventory Maintained	Urban			Mixed			Rural			Total		
	Low-Income	Other	Total									
No inventory maintained	4.9%	6.4%	6.0%	7.2%	4.1%	4.6%	4.7%	4.0%	4.2%	5.5%	5.1%	5.1%
Only \$1 coupons are maintained	93.1%	87.7%	88.9%	90.7%	91.4%	91.3%	88.7%	91.9%	91.2%	91.4%	89.9%	90.2%
Small mix of coupons maintained	1.0%	5.0%	4.2%	2.1%	3.9%	3.6%	6.6%	3.5%	4.2%	2.7%	4.3%	4.0%
Other	1.0%	0.9%	0.9%	0.0%	0.6%	0.5%	0.0%	0.6%	0.4%	0.4%	0.7%	0.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Respondents	205	755	960	140	666	806	106	346	452	451	1,767	2,218*

Source: Macro International Inc. *The Authorized Food Retailer Characteristics Study*. Contract No. 53-3198-3-007. USDA/Food and Consumer Service, Office of Analysis and Evaluation, 1994.

* Of the 2,235 non-EBT retailers surveyed, 12 did not respond to this question and 5 could not be linked to a geographic area that could provide urbanization/income demographics.

When asked whether they maintain the same coupon inventory throughout the month, 9 out of 10 reported that they do so (see Table II.7). This pattern is consistent across store types, with a slight deviation among large grocery store retailers, among whom 86 percent reported that they maintain the same inventory. This pattern is consistent across urbanization and income categories, with a slight deviation among retailers in low-income urban areas; 84 percent of those retailers reported that they maintain the same inventory (see Table II.8).

Food Stamp Inventory Maintained Throughout Month	Supermarkets	Large Grocery Stores	Small Grocery Stores	Specialty Stores	Convenience Stores	Gas/ Grocery Stores	Other Stores	All Stores
Same inventory maintained	91.7%	86.4%	90.7%	89.2%	89.6%	89.4%	92.3%	90.2%
Same inventory not maintained	8.3%	13.6%	9.3%	10.8%	10.4%	10.6%	7.7%	9.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Respondents	326	140	421	195	624	246	260	2,212*

Source: Macro International Inc. *The Authorized Food Retailer Characteristics Study*. Contract No. 53-3198-3-007. USDA/Food and Consumer Service, Office of Analysis and Evaluation, 1994.

* Of the 2,235 non-EBT retailers surveyed, 23 did not respond to this question.

Food Stamp Inventory Maintained Throughout the Month	Urban			Mixed			Rural			Total		
	Low-Income	Other	Total									
Same inventory maintained	84.2%	89.2%	88.1%	92.1%	91.1%	91.3%	94.3%	91.9%	92.5%	89.0%	90.5%	90.2%
Same inventory not maintained	15.8%	10.8%	11.9%	7.9%	8.9%	8.7%	5.7%	8.1%	7.5%	11.0%	9.5%	9.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Respondents	202	751	953	140	662	802	105	347	452	447	1,760	2,207*

Source: Macro International Inc. *The Authorized Food Retailer Characteristics Study*. Contract No. 53-3198-3-007. USDA/Food and Consumer Service, Office of Analysis and Evaluation, 1994.

* Of the 2,235 non-EBT retailers surveyed, 23 did not respond to this question and 5 could not be linked to a geographic area that could provide urbanization/income demographics.

Retailers who reported that they do not maintain the same inventory of food stamps throughout the month were asked the open-ended question: "What are the factors that lead to differences?" One hundred seventy-six responses were obtained. Eighty percent of these responses related to the issuance of food stamps at the beginning of the month and the need to have change on hand. The other responses related primarily to the practice of letting the number of food stamps accumulate before depositing them.

C. Banking Arrangements for Redeeming Food Stamps

Banks vary in the requirements they place on food stamp redemptions. Redemptions may be restricted to certain times of the day, certain days, and certain offices. Exchange for cash may be immediate or delayed for a processing period. Redemptions may be applied to offset a credit line or be deposited into an operating account. Retailers were asked the following open-ended question:

"What sort of arrangements do you have for redeeming coupons?"

Their responses were coded using the following categories:

Redeemed for cash
Credited to certain operating accounts
Other

Eight out of 10 respondents indicated that they credit the coupons to their account, 10 percent redeem the coupons they collect for cash, and 10 percent handle the coupons some other way (see Table II.9). Eighty-five percent of the "other" category indicated that they deposit the coupons in a bank, but did not specify the type of account to which the deposit was credited. The next most frequent "other" response was that the coupons were "sent to main office" or "corporate office handles it."

Arrangement for Redeeming Food Stamp Coupons	Supermarkets	Large Grocery Stores	Small Grocery Stores	Specialty Stores	Convenience Stores	Gas/ Grocery Stores	Other Stores	All Stores
Redeemed for cash	9.8%	17.6%	8.3%	11.7%	6.2%	15.1%	8.7%	9.7%
Credited to accounts	78.9%	74.6%	83.1%	75.1%	83.4%	74.7%	82.6%	80.3%
Other	11.3%	7.8%	8.6%	13.2%	10.4%	10.2%	8.7%	10.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Respondents	327	142	420	197	626	245	264	2,221*

Source: Macro International Inc. *The Authorized Food Retailer Characteristics Study*. Contract No. 53-3198-3-007. USDA/Food and Consumer Service, Office of Analysis and Evaluation, 1994.

* Of the 2,235 non-EBT retailers surveyed, 14 did not respond to this question.

The pattern above is consistent across store type categories with two deviations, large grocery store retailers and gas/grocery store retailers. Roughly 15 to 18 percent of these retailers reported that they redeem food stamp coupons they collect for cash, compared to 10 percent overall.

Urban retailers and retailers in high-income, rural areas tend to redeem coupons at their banks for cash more than retailers in the other urbanization/income categories (see Table II.10). Twelve to 14 percent of the retailers in urban areas and high-income rural areas reported that they redeem food stamp coupons for cash. On the other hand, less than 6 percent of the retailers in the other urbanization/income categories redeem coupons for cash. None of the retailers in low-income mixed areas reported that they redeem food stamp coupons at their banks for cash.

Table II.10
Percentage Distribution of Non-EBT Retailers by Arrangement for Redeeming Food Stamp Coupons, Urbanization, and Income

Arrangement for Redeeming Food Stamp Coupons	Urban			Mixed			Rural			Total		
	Low-Income	Other	Total									
Redeemed for cash	12.2%	11.7%	11.8%	0.0%	6.9%	5.7%	4.7%	14.1%	11.9%	6.6%	10.4%	9.6%
Credited to accounts	71.7%	79.7%	78.0%	80.0%	83.5%	82.9%	84.0%	79.8%	80.8%	77.2%	81.1%	80.3%
Other	16.1%	8.6%	10.2%	20.0%	9.6%	11.4%	11.3%	6.1%	7.3%	16.2%	8.5%	10.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Respondents	205	753	958	140	665	805	106	347	453	451	1,765	2,216*

Source: Macro International Inc. *The Authorized Food Retailer Characteristics Study*. Contract No. 53-3198-3-007. USDA/Food and Consumer Service, Office of Analysis and Evaluation, 1994.

* Of the 2,235 non-EBT retailers surveyed, 14 did not respond to this question and 5 could not be linked to a geographic area that could provide urbanization/income demographics.

D. Summary

The data examined in this section provide several notable findings. First, with regard to store type, supermarkets tend to redeem food stamps more quickly and in tune with cash deposit cycles than other types of stores. This pattern of redemptions most likely reflects their large food stamp sales volumes and/or corporate policy. Small groceries tend to wait longer before depositing their food stamps (this may reflect their smaller food stamp business and their response to food stamp issuance cycles).

Second, almost all stores tend to carry \$1 food coupons to make change and maintain their inventory throughout the month. Although there was little variation across most stores studied, specialty stores tended, more than other stores, to carry no food stamp inventory.

Third, most stores (about 80 percent) had their redemptions deposited to their accounts. Large groceries tend to show a slightly lower propensity to redeem their stamps for cash.

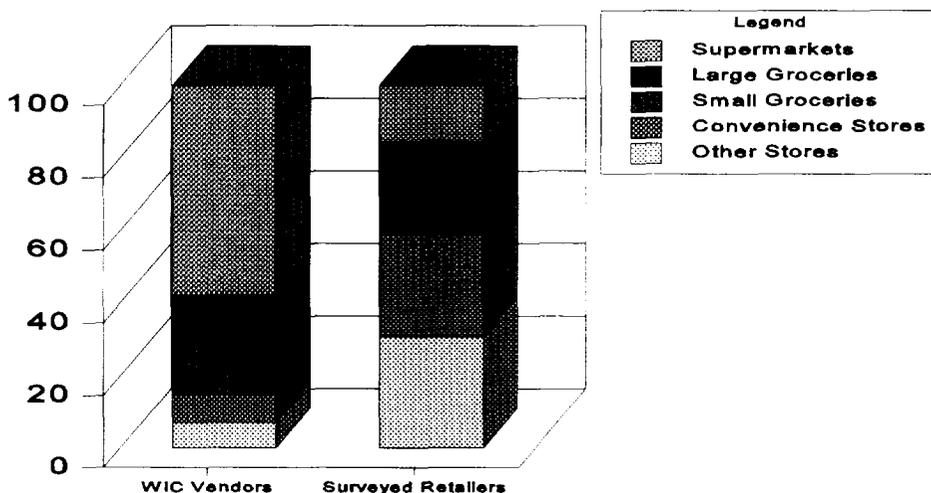
Fourth, with regard to location, the data indicate that retailers in rural areas make redemptions less frequently than retailers in more urbanized areas, and retailers in low-income areas tend to make redemptions more quickly than retailers in other areas.

III. Management of WIC Vouchers

Five hundred twenty-seven WIC retailers were included in the survey sample.¹ Unlike the last section, WIC retailers in EBT areas are included in the analysis. Fifty-eight percent of the WIC retailers in the survey are accounted for by supermarkets (304 stores); 15 percent by large grocery stores (79 stores); 12 percent by small grocery stores (65 stores); 8 percent by convenience stores (42 stores); and 7 percent by specialty stores, gas/grocery stores, and "other" store types (1, 15, and 21 stores, respectively).² Exhibit III.1 provides a comparison of WIC stores to the 2,381 surveyed stores, by store type. Supermarkets and large groceries are more highly represented among stores that redeem WIC vouchers than they are in the overall sample. All other store types are relatively underrepresented among WIC retailers. This comparison indicates that WIC and food stamp retailers are somewhat different populations, with WIC being more prevalent in larger FSP-authorized stores.

Exhibit III.1

Distribution of WIC Vendors and Surveyed Retailers by Store Type



As shown in Exhibit III.2, two-fifths of the WIC vendors were located in urban areas, just over one-third in rural areas, and one-quarter in rural areas. These figures correspond

¹ The 527 WIC retailers represent 22.1 percent of the total number of respondents surveyed. There are approximately 200,000 authorized FSP retailers and approximately 45,000 WIC vendors. If all WIC vendors were authorized to redeem food stamps, they would represent 22.5 percent of all authorized retailers. However, there are WIC vendors that are not authorized to accept food stamps. The proportions of different kinds of WIC vendors included in the retailer sample are expected to be similar to the proportions in the WIC vendor population that are involved in food sales. Exact figures on the number of food stamp authorized retailers also serving WIC are unavailable. In any case, the sample provides evidence on those WIC vendors participating in the Food Stamp Program in those States included in the sample.

² Because of the small number of cases for specialty stores, gas/groceries, and "other stores," analyses do not stress these store types.

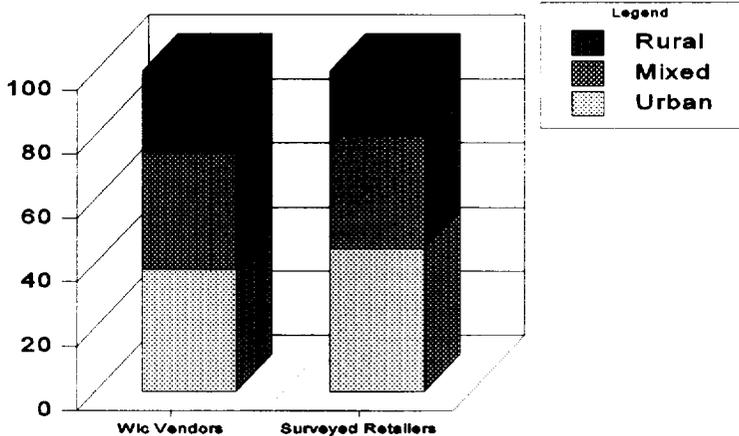
reasonably well to the distribution of surveyed FSP-authorized retailers. About 20 percent of the WIC vendors were located in low-income areas, compared to 21 percent of all authorized retailers.

The following sections focus on:

- length of time WIC vouchers are held,
- arrangements for redeeming WIC vouchers,
- practices in depositing WIC vouchers, and
- amount of time until reimbursement.

Exhibit III.2

Distribution of WIC Vendors and Surveyed Retailers by Level of Urbanization



A. Length of Time WIC Vouchers are Held

Retailers accepting WIC vouchers were asked:

"How often are WIC vouchers deposited, for example, as often as check deposits (or cash if checks not accepted)?"

Their responses were coded into the following categories:

- Done as frequently as check deposits*
- Done less frequently than check deposits*
- Done more frequently than check deposits*
- Depends on volume*
- Other*

Overall, 74 percent of the WIC retailers deposit their vouchers as frequently as they make check or cash deposits. Seventy-nine percent of the supermarket retailers reported that they deposit WIC vouchers as frequently as they deposit checks and cash (see Table III.1). Almost all of the 15 gas/grocery stores indicated that they deposit WIC vouchers as frequently as they deposit checks or cash. The percentages for other store types ranged from 61 to 66 percent.

Frequency WIC Vouchers Are Deposited	Supermarkets	Large Grocery Stores	Small Grocery Stores	Specialty Stores	Convenience Stores	Gas/ Grocery Stores	Other Stores	All Stores
As frequently as check/cash deposits	79.3%	65.8%	61.3%	100.0%	61.9%	93.3%	61.9%	73.5%
Less frequently than check/cash deposits	17.1%	30.3%	22.6%	0.0%	33.3%	6.7%	33.3%	21.4%
More frequently than check/cash deposits	0.0%	1.3%	6.4%	0.0%	2.4%	0.0%	4.8%	1.3%
Depends on volume	2.3%	1.3%	9.7%	0.0%	2.4%	0.0%	0.0%	2.9%
Other	1.3%	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Respondents	304	79	62	1	42	15	21	524*

Source: Macro International Inc. *The Authorized Food Retailer Characteristics Study*. Contract No. 53-3198-3-007. USDA/Food and Consumer Service, Office of Analysis and Evaluation, 1994.

Of the 527 WIC retailers surveyed, 3 did not respond to this question.

The data generally indicate no discernible differences according to the location of the retailer's store (Table III.2). The percentages of retailers who reported they deposit WIC vouchers as often as they deposit checks and cash range from 72 percent (urban areas) to 77 percent (rural areas). In low-income areas, the differences are greater. Sixty-five percent of retailers in low-income areas deposit their WIC vouchers as frequently as checks/cash, compared to 75 percent in other areas. This disparity largely reflects the difference between retailers located in low-income urban areas—in which 41 percent deposit their food stamps as frequently as their check/cash deposits—and in other urban areas, where 78 percent deposit their food stamps as frequently as their check/cash deposits.

Frequency WIC Vouchers Are Deposited Compared to Check/Cash Deposits	Urban			Mixed			Rural			Total		
	Low-Income	Other	Total									
As frequently as check/cash deposits	41.2%	78.3%	72.0%	81.2%	71.1%	72.8%	73.0%	77.9%	76.5%	65.1%	75.5%	73.4%
Less frequently than check/cash deposits	29.4%	16.9%	19.0%	18.8%	24.5%	23.6%	27.0%	20.0%	22.0%	25.2%	20.5%	21.4%
More frequently than check/cash deposits	8.8%	2.4%	3.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.9%	0.9%	1.3%
Depends on volume	17.7%	1.2%	4.0%	0.0%	3.1%	2.6%	0.0%	2.1%	1.5%	5.8%	2.1%	2.9%
Other	2.9%	1.2%	1.5%	0.0%	1.3%	1.0%	0.0%	0.0%	0.0%	1.0%	1.0%	1.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Respondents	34	166	200	32	159	191	37	95	132	103	420	523*

Source: Macro International Inc. *The Authorized Food Retailer Characteristics Study*. Contract No. 53-3198-3-007. USDA/Food and Consumer Service, Office of Analysis and Evaluation, 1994.

* Of the 527 WIC retailers surveyed, 3 did not provide an answer to this question and 1 could not be linked to a geographic area that could provide urbanization/income demographics.

B. Arrangements for Redeeming WIC Vouchers

WIC instruments may be in the form of bank drafts, checks, vouchers, or via electronic transactions in a limited number of instances. Depending on the policy of the State in which they do business, WIC retailers may have to submit voucher redemption requests to a particular bank representing the State, or submit them directly to the State agency or its contracted processor.

Retailers accepting WIC vouchers were asked:

"Where do you redeem WIC vouchers?"

Responses included:

- State-certified bank
- State agency
- Own bank
- Other

Distributions of these responses by store type are shown in Table III.3 and distributions by urbanization and income are shown in Table III.4. **The distribution of WIC retailers according to where they redeem WIC vouchers reflects, in part, the policies of the various State WIC agencies and the system used for processing WIC vouchers.**³ It is noted that 79 percent of the WIC retailers in the sample reported that they redeem WIC vouchers at their own bank (see Table III.3). Ten percent in the sample do so at a State agency, and about 6 percent use State-certified banks.

With two exceptions, 80 percent or more of the retailers within each store type use their own bank to deposit WIC vouchers. Only 60 percent of the convenience stores and stores in the "other stores" category use their own bank (see Table III.3).

Where WIC Vouchers Are Redeemed	Supermarkets	Large Grocery Stores	Small Grocery Stores	Specialty Stores	Convenience Stores	Gas/ Grocery Stores	Other Stores	All Stores
State-certified bank	4.6%	7.6%	9.2%	0.0%	14.3%	6.7%	4.7%	6.4%
State agency	9.2%	11.4%	4.6%	0.0%	19.1%	0.0%	28.6%	10.3%
Own bank	79.9%	81.0%	86.2%	100.0%	59.5%	93.3%	61.9%	78.9%
Other	6.3%	0.0%	0.0%	0.0%	7.1%	0.0%	4.8%	4.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Respondents	303	79	65	1	42	15	21	526*

Source: Macro International Inc. *The Authorized Food Retailer Characteristics Study*. Contract No. 53-3198-3-007. USDA/Food and Consumer Service, Office of Analysis and Evaluation, 1994.

* Of the 527 WIC retailers surveyed, 1 did not respond to this question.

In total, there were 24 states represented in the sample, and due to variation in the operations of State agencies, the analysis cannot be representative of all WIC retailers or State operations.

Table III.4 Percentage Distribution of WIC Retailers by where WIC Vouchers Are Redeemed, Urbanization, and Income												
Where WIC Vouchers Are Redeemed	Urban			Mixed			Rural			Total		
	Low-income	Other	Total									
State-certified bank	14.3%	4.2%	6.0%	3.1%	8.2%	7.3%	2.6%	7.3%	6.0%	6.7%	6.5%	6.4%
State agency	14.3%	9.0%	9.9%	0.0%	13.8%	11.5%	2.6%	11.6%	9.0%	5.7%	11.4%	10.3%
Own bank	68.5%	77.7%	76.1%	95.8%	74.8%	78.0%	94.8%	80.0%	84.2%	85.7%	77.1%	78.9%
Other	2.9%	9.0%	8.0%	3.1%	3.2%	3.2%	0.0%	1.1%	0.8%	1.9%	5.0%	4.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Respondents	35	166	201	32	159	191	38	95	133	105	420	525*

Source: Macro International Inc. *The Authorized Food Retailer Characteristics Study*. Contract No. 53-3198-3-007. USDA/Food and Consumer Service, Office of Analysis and Evaluation, 1994.

- * Of the 527 WIC retailers surveyed, 1 did not answer this question and 1 could not be linked to a geographic area that could provide urbanization/income demographics.

When urbanization is considered, the sample data suggest that use of the retailer's own bank decreases as urbanization increases (see Table III.4). Eighty-four percent of the rural WIC retailers in the sample use their own bank, while 76 percent of the urban WIC retailers use their own bank in depositing WIC vouchers. This trend may reflect lack of access to banking in rural areas.

The tendency to use one's own bank is slightly more pronounced in low-income areas. Overall, 86 percent of the WIC retailers sampled in low-income areas use their own bank in redeeming WIC vouchers, compared to 77 percent of the WIC retailers in higher-income areas. Low-income areas also display the greatest dissimilarity in use of the banks. Whereas approximately 94 and 95 percent of the WIC retailers sampled in mixed and rural low-income areas use their own bank, only 69 percent of the WIC retailers in lower-income urban areas use their own bank.

C. Practices in Depositing WIC Vouchers

Retailers were asked the following open-ended question:

"Are WIC vouchers deposited with the check deposit, or is a separate deposit made of WIC vouchers?"

Their responses were coded into the following categories:

- With check deposit
- Separate deposit
- Don't accept other checks
- With cash deposit
- Other

As noted earlier, patterns of depositing WIC vouchers are, in part, determined by requirements of the State WIC agencies. Overall, 74 percent of the WIC retailers in the sample surveyed reported that they deposit WIC vouchers along with their check or cash deposits, and 25 percent make separate deposits for their WIC vouchers (see Table III.5). This pattern is found for most of the store types except for small grocery stores; 61 percent of these stores reported that they deposit WIC vouchers with their check or cash deposits, and 34 percent reported that they deposit WIC vouchers separately.

Practices in Depositing WIC Vouchers	Supermarkets	Large Grocery Stores	Small Grocery Stores	Specialty Stores	Convenience Stores	Gas/ Grocery	Other Stores	All Stores
With check deposit	74.5%	78.3%	61.3%	100.0%	74.2%	80.0%	92.9%	74.1%
Separate deposit	24.7%	20.3%	33.9%	0.0%	25.8%	20.0%	7.1%	24.6%
With cash deposit	0.0%	0.0%	3.2%	0.0%	0.0%	0.0%	0.0%	0.4%
Other	0.8%	1.4%	1.6%	0.0%	0.0%	0.0%	0.0%	0.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Respondents	255	69	62	1	31	15	14	447*

Source: Macro International Inc. *The Authorized Food Retailer Characteristics Study*. Contract No. 53-3198-3-007. USDA/Food and Consumer Service, Office of Analysis and Evaluation, 1994.

* Of the 527 WIC retailers surveyed, 80 did not provide an answer to this question.

Practices in depositing WIC vouchers vary according to the urbanization and income level of the location of the WIC retailers (see Table III.6). As urbanization decreases, the practice of depositing WIC vouchers with check or cash deposits increases, and the practice of depositing WIC vouchers separately decreases. Moreover, WIC retailers sampled in low-income areas are more likely to deposit WIC vouchers separately than WIC retailers in other income areas.

Practices in Depositing WIC Vouchers	Urban			Mixed			Rural			Total		
	Low-income	Other	Total									
With check deposit	31.0%	76.5%	68.5%	73.3%	67.9%	68.9%	78.4%	92.8%	88.3%	62.5%	77.1%	74.0%
Separate deposit	62.1%	22.8%	29.7%	26.7%	31.3%	30.5%	21.6%	4.8%	10.0%	35.4%	21.7%	24.7%
With cash deposit	6.9%	0.0%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	0.0%	0.4%
Other	0.0%	0.7%	0.6%	0.0%	0.8%	0.6%	0.0%	2.4%	1.7%	0.0%	1.2%	0.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Respondents	29	136	165	30	131	161	37	83	120	96	350	446*

Source: Macro International Inc. *The Authorized Food Retailer Characteristics Study*. Contract No. 53-3198-3-007. USDA/Food and Consumer Service, Office of Analysis and Evaluation, 1994.

* Of the 527 WIC retailers surveyed, 80 did not provide an answer to this question and 1 could not be linked to a geographic area that could provide urbanization/income demographics.

When urbanization and income are considered together, two categories of WIC retailers stand out. First, 31 percent of the WIC retailers sampled in low-income urban areas reported that they deposit WIC vouchers with check or cash deposits. Second, a pattern in the opposite direction is found among rural WIC retailers in higher-income areas. Ninety-three percent of those WIC retailers in the sample reported that they deposit WIC vouchers along with their check deposits.

D. Amount of Time It Takes to Receive Reimbursements

To determine the amount of time it takes WIC retailers to receive reimbursement for the WIC vouchers deposited, retailers were asked:

"How long does it take to receive reimbursement for your WIC vouchers?"

Their responses were organized into the following categories:

- Less than 1 week*
- 1 to 2 weeks*
- 2 to 4 weeks*
- 4 to 6 weeks*
- More than 6 weeks*

The following analysis does not reflect the type of voucher/food instrument used in each State. Such differences must be kept in mind in interpreting the following results.

More than 40 percent of the WIC retailers sampled did not know how long it takes to receive reimbursement for the WIC vouchers deposited for their store (see Table III.7). However, seven out of 10 of those who were able to provide an answer to this question reported that reimbursement is received in less than 1 week. Nine percent of the retailers reported it takes 1 to 2 weeks, and about 9 percent reported it takes 2 to 4 weeks to receive WIC voucher reimbursement.

Amount of Time It Takes to Receive Reimbursement	Supermarkets	Large Grocery Stores	Small Grocery Stores	Specialty Stores	Convenience Stores	Gas/Grocery Stores	Other Stores	All Stores
Less than 1 week	64.5%	74.1%	84.0%	100.0%	65.5%	100.0%	53.8%	70.4%
1 to 2 weeks	9.4%	8.6%	10.0%	0.0%	3.5%	0.0%	23.1%	9.1%
2 to 4 weeks	10.1%	10.4%	0.0%	0.0%	13.8%	0.0%	15.4%	8.7%
4 to 6 weeks	10.9%	5.2%	2.0%	0.0%	6.9%	0.0%	7.7%	7.4%
More than 6 weeks	5.1%	1.7%	4.0%	0.0%	10.3%	0.0%	0.0%	4.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Respondents	138	58	50	1	29	8	13	297*

Source: Macro International Inc. *The Authorized Food Retailer Characteristics Study*. Contract No. 53-3198-3-007. USDA/Food and Consumer Service, Office of Analysis and Evaluation, 1994.

* Of the 527 WIC retailers surveyed, 230 did not answer this question.

Only three of the store type categories have a reasonable number of cases for analysis: supermarkets (138), large grocery stores (58), and small grocery stores (50). The percentage of retailers reporting that it takes less than a week to receive WIC reimbursement increases as store size decreases. Thus, whereas 65 percent of the supermarkets receive reimbursement within a week, 74 percent of the large groceries and 84 percent of the small groceries do so.

As urbanization decreases, the percentage of retailers reporting that it takes less than 1 week to receive WIC voucher reimbursement increases (see Table III.8). Whereas 59 percent of the WIC retailers in urban areas receive reimbursement within a week, 69 percent in mixed areas and 85 percent in rural areas do so.

Amount of Time to Receive Reimbursement	Urban			Mixed			Rural			Total		
	Low-Income	Other	Total									
Less than 1 week	61.5%	58.0%	58.9%	91.3%	62.5%	68.5%	97.1%	77.2%	84.6%	84.3%	64.9%	70.4%
1 to 2 weeks	26.9%	11.6%	15.8%	4.3%	10.2%	9.0%	0.0%	3.5%	2.2%	9.7%	8.9%	9.1%
2 to 4 weeks	7.7%	16.0%	13.7%	0.0%	5.7%	4.5%	2.9%	12.3%	8.8%	3.6%	10.8%	8.7%
4 to 6 weeks	3.9%	7.2%	6.3%	0.0%	14.8%	11.7%	0.0%	5.3%	3.3%	1.2%	9.8%	7.4%
More than 6 weeks	0.0%	7.2%	5.3%	4.4%	6.8%	6.3%	0.0%	1.7%	1.1%	1.2%	5.6%	4.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Respondents	26	69	95	23	88	111	34	57	91	83	214	297*

Source: Macro International Inc. *The Authorized Food Retailer Characteristics Study*. Contract No. 53-3198-3-007. USDA/Food and Consumer Service, Office of Analysis and Evaluation, 1994.

* Of the 527 WIC retailers surveyed, 230 did not answer this question.

Differences between retailers in low-income areas and in higher-income areas are notable. Whereas 84 percent of the WIC retailers in low-income areas receive reimbursement in less than a week, 65 percent of those in higher-income areas do so.

E. Summary

The deposit of WIC vouchers was examined relative to: (1) length of time WIC vouchers are held; (2) arrangements for redeeming WIC vouchers; (3) practices in redeeming WIC vouchers; and (4) the time until payment is received.

In terms of the length of time WIC vouchers are held:

- Most WIC retailers deposit their WIC vouchers as frequently as they deposit checks or cash.
- Supermarkets tend, more than other stores, to deposit their WIC vouchers as frequently as checks or cash.
- Retailers in low-income urban areas are less likely to deposit their WIC vouchers as frequently as checks or cash.

Relative to arrangements, almost 80 percent of WIC retailers deposit their WIC vouchers in banks. The data suggest that rural retailers and retailers in low-income neighborhoods use their own banks more than their counterparts.

In general, the practice of WIC retailers is to deposit vouchers along with check deposits. However, retailers in low-income urban neighborhoods tend either to make a separate deposit or include vouchers in a cash deposit. These are most likely smaller grocery stores that make cash deposits more often than check deposits.

Finally, most retailers reported receiving reimbursement within a week, although supermarkets tend to wait longer than other types of stores. Retailers in low-income neighborhoods tend to receive reimbursement sooner, as do retailers in rural areas.

IV. FCS Retailer Education Efforts

In addition to FSP coupon and WIC voucher issues, the survey collected information on retailer interaction with the FSP and WIC. This information has the potential to identify possible areas for FCS educational efforts. In assessing the educational efforts of the FCS field offices, we first examined the process of applying or reapplying to become an authorized food stamp retailer. Next, we reviewed information collected in the survey relating to retailers' knowledge of the FSP requirements. Finally, retailer needs for further information and suggestions for improvement will be considered.

A. The Retailer Application Process

To assess the ease of applying for the FSP, retailers were asked:

"Do you recall what the process was for applying to be an authorized or reauthorized food stamp retailer?"

Almost half (48 percent) of the 2343 retailers who responded to this question indicated that either they did not remember or that they were not involved in the process. Of the 1,214 retailers who were involved and remembered, 82 percent responded that they completed the application process and 9 percent indicated that the application process was completed under previous management of the store. Twenty-nine percent of those who were involved and remembered indicated that they attended training for completing the application for authorization.

When asked: *"How was the application processed?"* 44 percent said they submitted the application through the mail and 36 percent said they completed the application at an FCS field office. Interviewers asked the open-ended question: *"Who completed the application?"* and responses were coded into one or more of the following categories:

- Owner
- Manager
- Prior manager
- Accountant
- Lawyer
- Corporate office
- Other

The data indicate that, in many cases, several individuals were involved in filling out the application. Sixty percent responded that the application was filled out by the store owner, and 12 percent indicated the application was completed by the manager. Two percent said the application was completed under previous management of the store. A little more than 40 percent of retailers reported that a third party—an accountant, lawyer, corporate officer, or other person—completed

the application process. A corporate office filled out the application in 27 percent of the cases. When those who used a third party to fill out the application were asked why they did so, 74 percent indicated that it was corporate policy. Other reasons, such as the form being too confusing, were cited infrequently.

The retailers generally found the application easy to understand and complete. Retailers were asked:

"How would you rate the application in terms of clarity and amount of instruction provided for completion? Would you say it was:

Very easy to understand and complete

Somewhat easy to understand and complete

Fairly difficult to understand and complete

Extremely confusing; need to have additional instructions provided?

Seventy percent of the respondents reported that the application was "very easy to understand and complete", 22 percent indicated that it was "somewhat easy to understand and complete." Six percent indicated it was fairly difficult to understand and complete, and less than 2 percent thought the application was extremely confusing.

B. Knowledge of Food Stamp Requirements

Food stamp recipients are, at times, confused as to which foods can be purchased with food stamps. The respondents were asked the following open-ended question:

"As you know, the Food Stamp Program distinguishes between eligible foods that can be purchased with food stamps and ineligible foods that cannot be purchased with food stamps. Could you identify the foods/products your customers believe are eligible but are not, and tend to cause confusion?"

Four out of 10 retailers responded either that their customers did not have any problems understanding which foods are eligible *or they did not know* if their customers had such problems.⁴ For those retailers who indicated their customers have problems, the most troublesome item was hot food. Fifty-five percent of the respondents mentioned that these foods were a source of confusion. Seventeen percent indicated household products, 13 percent identified tobacco, and 9 percent mentioned alcoholic beverages as sources of confusion.

⁴ This is a curious statistic since the expectation is that at least a few customers would demonstrate a lack of knowledge relative to allowable purchases concerning food stamps during check-out. It may reflect that some of the respondents do not have experience with customer check-out procedures or do not give a great deal of attention to food stamp purchases.

The FSP makes a distinction between staple foods and nonstaple foods. Staple foods include meats, poultry, fish, bread, cereals, vegetables, fruits, eggs, and dairy products. Nonstaple foods include coffee, tea, cocoa, carbonated and noncarbonated drinks, candy, condiments, and spices. Both staple and nonstaple foods can be bought with food stamps. Ineligible items include tobacco, alcohol, household products, and hot prepared foods (fried chicken, fried fish, soups, etc.).

Knowledge of these categories is important both in preparing applications and processing food stamp recipient purchases. The responding retailers were told that the FSP makes a distinction between staple eligible foods and nonstaple eligible foods, and then asked the open-ended question: *"When you think of nonstaple eligible foods under the food stamp definitions, what foods come to mind?"* Thirty-eight percent of the retailers mentioned outright that they did not know what staple foods are. Of the others who gave a response, candy and gum were mentioned by 66 percent, and soft drinks were mentioned by 57 percent. Coffee, tea, or cocoa were mentioned by roughly 11 percent of the respondents, and 8 percent cited condiments. Spices were mentioned by 2 percent of the

Ascertaining how information relating to staple foods is reaching the retailers, the respondents were asked: *"Did someone from the Food Stamp Program explain staple foods to you, or was it provided through written materials?"* Twelve percent of the respondents indicated they could not respond to this question because they did not know what staple foods are.⁵ Of those who gave a response, a little more than half (53 percent) received written materials, and 17 percent reported that someone from the FSP office explained the distinction to them. Fourteen percent reported both receiving written materials and having the distinction explained to them by someone from the FSP office. Fifteen percent reported neither receiving materials nor having the distinction explained to them.

⁵ Some persons who previously responded that they did not know what staple foods were (see previous paragraph) actually responded to this item. Other responses were also given by persons who did not know what staple foods were. Therefore, the percentages for this paragraph differ from the one reported previously.

C. Interaction with FSP and WIC

A number of questions were asked about interaction with FSP and WIC. The number and content of interactions may provide information on educational needs. Retailers were asked:

"How often do you contact the Food and Consumer Service and Local Food Stamp Office per year?"

Ninety-five percent of the retailers indicated no contact with the Food and Consumer Service with regard to the Food Stamp Program and almost 80 percent mentioned no contact with a local office. With respect to contacts with the local offices, 9 percent indicated more than one contact, and a few (0.3 percent) indicated 12 contacts.

Contacts made by FCS generally reflected these statistics. Six percent of the retailers indicated that they were contacted by FCS, while 18 percent indicated they were contacted by the field office. Few retailers (3.1 percent) were contacted more than four times.

Among those who had contacts, 35 percent indicated that they received clarification on food stamp eligible foods; 27 percent indicated that they reported problem customers; 14.1 percent reported problems with banks; and 14.1 percent indicated that they called to discuss problems with community groups. Of the 35 percent who needed clarification on eligible food stamp foods, 28.4 percent reported that the contact was made when initially applying for the program, while 12.8 percent indicated that this contact was made during reauthorization. Only 6.5 percent indicated that the contact was made after disqualification.

To ascertain whether WIC retailers have had recent WIC education/training visits, they were asked whether they had had such a visit recently, and if so, whether it was "within the past 3 months, 4 to 12 months, 1 to 2 years, or more than 2 years ago." Forty-four percent of the WIC retailers reported that they had had such a visit within the past 3 months of their interview. Forty-six percent had had such a visit with 4 to 12 months of the interview. Nine percent said it had been 1 to 2 years, and 1 percent indicated it had been more than 2 years since they had a WIC education/training visit.

D. Information Needs and Suggestions for Improvement

The retailers were asked the open-ended question: *"What are the major problems, if any, you encounter with the Food Stamp Program?"*

More than half reported that they have no significant problem with the program. Most problems were dealing with participants and not with the program itself. Some typical responses are listed in Exhibit IV.1

At the end of the interview the retailers were asked whether or not there were "additional services that could be provided" by the FSP. About one out of four respondents made a comment or gave a suggestion. A variety of responses was obtained. Fourteen percent of responses related to EBT.

These comments reflected the respondents' interest in having EBT installed in their stores. Ten percent showed interest in obtaining additional literature on eligible and ineligible foods. About 9 percent of the comments expressed interest in training, some specifically relating to the training of employees, and others relating to the training of food stamp recipients. The use of training videos was among their suggestions. Six percent were related to concerns about receiving posters and signs to display in their stores. Some mentioned the quality of posters should be improved so that they would not fade easily. About 5 percent either indicated a desire for candy and gum to be changed to ineligible foods, hot foods allowed as an eligible food, or both. A small number of retailers expressed concern about fraud, and others, seemingly not aware a hotline exists, proposed the use of a hotline to report abuses. Some of their actual responses are provided in Exhibit IV.2. These responses indicate a wide range of concerns among food stamp retailers. Many of these suggestions are not new; however, the interest among retailers to improve the program is worth noting.

Exhibit IV.1

Typical Retailer Responses Relating Problems with the Food Stamp Program By Frequency of Occurrence

Coupons torn out of books
Books with no cover
People wanting to sell stamps
EBT equipment breaking down
Customers with no ID
Banks requiring a certain amount for deposits
Separating eligible and ineligible items at the register
Customers desiring to buy 5 cents worth of food to get 95 cents change
Children with cards
Counterfeit food stamps done with laser color printers
Customers requesting the purchase of hot foods
Customers presenting food stamps predated for future date
Customers not indicating that they have food stamps until everything has been totaled
Language barrier with migrant workers.

Exhibit IV.2

List of Additional Services That Can Be Provided by Frequency of Occurrence

Have a hotline setup to report things without identifying yourself
More information on eligible foods
Signs to post around store
Teach people how to shop and eat better
Allow purchase of more products such as bath soap, laundry soap, toilet paper, hot foods, etc.
Photo ID cards
Bring in EBT
Video training for food stamps
Send out list of rules and regulations to post for customers making food stamp purchases
Bigger mix of different denominations of stamps in same book
Add \$20 food stamps to the program; ease the paper requirement
Glad they don't make \$20 bills
Lengthen the distribution period
Clarify food eligibility rules
There are too many food stamp products
Annual training updates
More bilingual signs
Basic personal hygiene items should be eligible
Inspect stores and enforce program rules more often
Should be able to buy canning jars and lids for preserving food, and fertilizer for gardening
Take taxes off license to be food stamp retailer
A training tape would be helpful for cashiers
Reference manual
Need more pamphlets
Crack down on fraud

E. Summary

This section examined the possible FNS educational/training needs. The information provided by retailers indicates the authorization/reauthorization process usually involved multiple individuals and third parties. In many cases, corporate offices were responsible for processing the applications. The majority of retailers indicated that the form was clear. However, there seemed to be a lack of understanding of FSP staple food categories. Almost a third of retailers surveyed indicated that they did not know what staple foods were, and although almost two-thirds identified candy and gum and carbonated beverages as examples of nonstaple foods, only one of eight mentioned coffee and tea as nonstaple foods, and still fewer recognized that condiments and spices were nonstaples. For the most part, retailers did not seem to have received sufficient information or training from FCS to help them identify staple foods. Almost a quarter do not remember any contact, written or in person, with FCS field offices.

V. Conclusions

This report discussed issues concerning food stamp coupon and WIC voucher management by retailers authorized to redeem food stamps. The data for this discussion derived from a survey of 2,351 retailers authorized to redeem food stamps in 1993.

Food Stamp Coupon Management—The first analysis focused on food stamp coupon management, particularly on the degree to which retailers redeem coupons and hold inventory. Since retailers using EBT to redeem food stamps are not generally faced with coupon management issues, they were excluded from this first analysis. The findings indicate that most stores tend to redeem at least weekly and in accordance with their cash deposit cycles. The findings indicate differences among retailers by the type of store they operate, and the location in which they operate the store. Supermarkets in particular tend to distinguish themselves as retailers who redeem food stamps along with cash deposits and very frequently. Most supermarkets deposit food stamps daily. This deposit pattern reflects the high volume of food stamps processed through these stores. Small groceries and other retailers such as routes, stores with mixed formats (combination bar/groceries, restaurant/groceries) tend to wait longer until redeeming and tend to redeem in accordance with volume. Most types of stores tend to carry inventory throughout the month, although specialty stores were most likely not to carry inventory.

Basically, coupon management data indicated differences between high volume retailers and low volume retailers, with the latter being less inclined to redeem coupons soon after their being accepted for a food purchase.

In terms of location, the data indicate that retailers in rural areas tend to redeem coupons less frequently than retailers in urban areas and retailers in low income areas tend to redeem more quickly than retailers in high-income areas. This result probably reflects differences in food stamp volume among areas distinguished by different socio-economic characteristics.

Management of WIC Vouchers—Of the stores surveyed, 527 participated in the WIC program. Most WIC stores tend to deposit their WIC vouchers as frequently as they make cash or check deposits. As with food stamp coupons, supermarkets tend to deposit vouchers along with cash deposits. Retailers in urban-low income areas are less likely to deposit their WIC vouchers along with check or cash deposits. This group was also more likely to make a separate deposit from their check or cash deposits or include it in their cash deposits and unlikely to include it in their check deposits. Of the store types, small groceries were most likely to display this pattern. This pattern most likely correlates to how WIC participants use their benefits.

Education/Training Needs—The last focus of this study was on educational/training needs of FSP/WIC retailers. The survey addressed issues related to filling out authorization/reauthorization forms and to distinguishing between eligible and ineligible

foods. The data indicate that multiple individuals were involved in the authorization/re-authorization process. Many retailers indicated that the form was completed by their corporate office. Although many respondents thought the form was not difficult to fill out, there was a lack of knowledge as to certain critical elements that help the program decide whether retailers can provide sufficient food. In particular, few individuals could identify staple foods, as defined by the Food Stamp Program. Contact with food stamp representatives was also lacking in many of the cases.