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Retailer Pre-Authorization Visit Demonstration

PRELIMINARY REPORT ON IMPLEMENTATION AND OPERATIONS

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CHAPTER ONE

**INTRODUCTION AND OVERVIEW OF THE FOOD RETAILER
PRE-AUTHORIZATION VISIT DEMONSTRATION**

The Food and Consumer Service (FCS) of the U.S. Department of Agriculture administers the Food Stamp Program (FSP), the nation's largest nutritional assistance program. The purpose of the FSP is to improve the food-purchasing power of financially needy households. The program provides low-income households with benefits in the form of coupons or electronically-encoded cards that enable recipients to purchase eligible food items at authorized retail food stores. After a recipient makes a food stamp purchase at an authorized store, the retailer redeems the benefits through the banking system that ultimately draws down the food stamp redemption account at the US Treasury.

In order to be eligible to accept food stamps, retailers must meet the eligibility criteria established by FCS. According to the revised criteria enacted in the Food Stamp Improvements Act of 1994 (Public Law 103-225),¹ an eligible store is one that "sells food for home preparation and consumption and (A) offers for sale, on a continuous basis, a variety of foods in each of the four categories of staple foods, as specified in subsection (u)(1), including perishable foods in at least two of the categories; or (B) has over 50 percent of the total sales of the establishment or route in staple foods."² FCS is currently working on regulations to put these criteria into operation.

Retailers interested in accepting food stamps for the first time must apply to their FCS Field Office and be approved before participating in the FSP. Participating FSP stores must also apply for reauthorization every two to three years. Field Office staff review the application information, follow up with a phone call if necessary, and in some cases pay an in-person visit to the retailer. Due to limited resources, however, it has become increasingly difficult for Field Office staff to visit retailers.

¹ As referenced in FSP-BRD Policy Memoranda 94:03 and 94:06.

² Public Law 103-225, §§ 201.

In order to prevent ineligible, fraud-prone retailers from participating in the FSP, the USDA budget for FY 1997 includes a sum of \$4.2 million for FSP retailer authorization site visits. This money will be used primarily to fund store visits by contracted vendors, who will provide the information gathered to the FCS Field Office staff making the eligibility decisions. To prepare for the receipt of this funding, FCS conducted the Food Retailer Pre-Authorization Visit Demonstration.

1.1 POLICY CONTEXT

During recent years, increasing attention has focused on the vulnerability of the FSP to retailer fraud. This fraud has generally taken one of three forms. The most prevalent is "retailer trafficking," the practice of buying food stamp coupons or EBT cards from program recipients for cash (at a price below face value) and then redeeming these benefits from the government for their full value. The second type of system abuse occurs when retailers sell ineligible items such as gasoline, tobacco, or liquor to food stamp clients. The final type of fraud occurs when retailers sell illegal items, such as guns and drugs, in exchange for food stamp benefits.

Using data on undercover trafficking investigations, FCS has estimated that \$815 million in benefits was trafficked for cash in FY1993.³ Although this level of trafficking amounts to less than four percent of all benefits issued, FCS takes the problem very seriously and has devoted increasing effort to it in recent years. A good deal of this effort is devoted to monitoring retailer participation and to investigating and sanctioning those who violate program rules.

In addition to monitoring and sanctions, FCS can protect program integrity by preventing fraud-prone retailers from entering the program at all, or to remove them before they can do harm. The eligibility criteria for retailers are intended to keep out firms that have little or no legitimate reason to redeem food stamp benefits. Perhaps the best way to enforce these criteria is through store visits, in which a program representative can verify that the firm is actually a legitimate store and that it carries the requisite staple foods.

³ Theodore F. Macaluso, *The Extent of Trafficking in the Food Stamp Program*, Alexandria VA: USDA Food and Consumer Service, Office of Analysis and Evaluation, August 1995.

In recent years, however, FCS has not had the level of staffing and travel funding that would enable it to conduct on-site application checks at even a sizeable fraction of stores wanting to participate in the FSP. The annual workload for the 59 FCS Field Offices includes 20,000 new applications and 90,000 reauthorizations, plus monitoring and assistance to the ongoing population of 200,000 authorized retailers. Instead of store visits, Field Offices have relied on retailers' applications, supporting documentation, and limited face-to-face contact in interviews at the Field Office or other central locations.

As a result, FCS has been criticized by the U.S. General Accounting Office (GAO) and other parties for relying too much on retailer-provided information.⁴ The USDA Office of Inspector General (OIG) has conducted several audits, including visits to hundreds of stores, that have identified substantial numbers of ineligible stores.

Responding to both external and internal concern, FCS has recently increased the amount of Field Office staff time devoted to store visits, either to individual new applicants or to groups of already-authorized stores in targeted geographic areas or store types. Other resources, such as visits by state agency (SA) staff or use of independent databases on retailers, have also been explored. In the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193), FCS was given a mandate to conduct pre-authorization visits, but FCS also obtained a number of new powers to strengthen the authorization process, including access to tax filing documents, a waiting period for re-application, limited authorization periods, and a longer time period for the review of retailer applications. Perhaps the greatest opportunity, however, has been presented by the appropriation of \$4 million for hiring private contractors to visit stores in FY 1997.

1.2 RETAILER PRE-AUTHORIZATION DEMONSTRATION

With the expectation of the FY 1997 funding to support pre-authorization store visits, FCS set out to determine the most beneficial way to manage these newly-acquired resources. FCS also wanted to determine how to ensure that contractors provide sufficient data to enable Field Offices to make sound, sustainable determinations of program eligibility. Thus, FCS has

⁴ U.S. General Accounting Office, "Food Assistance — Reducing Food Stamp Benefit Overpayments and Trafficking," report to the U.S. House of Representatives Committee on Agriculture, June 1995.

conducted a large-scale, four-month-long demonstration, the Food Retailer Pre-Authorization Visit Demonstration. The demonstration involved the efforts of various staff at FCS headquarters, the regions, and the Field Offices. Headquarters staff provided contract support and guidance. Each region designated a contracting officer, a contracting officer's representative (COR), and a COR backup. Sixteen FCS Field Offices in seven regions across the nation participated in the demonstration. Participating regions and Field Offices include:

Region	Field Office
Mid-Atlantic Region (MARO)	Harrisburg Trenton
Northeast Region (NERO)	Boston New York Wallingford
Southeast Region (SERO)	Raleigh Tampa
Midwest Region (MWRO)	Detroit Grand Rapids
Southwest Region (SWRO)	Austin Little Rock
Mountain Plains Region (MPRO)	Denver Wichita
Western Region (WRO)	Los Angeles Phoenix Sacramento

For the demonstration, the Regional offices contracted with vendors to work in the territories covered by the participating Field Offices. Each of the 16 Field Offices initiated contractor store visits (via call orders) for both new authorizations and reauthorizations on an as-needed basis. Field Offices had the flexibility to establish the criteria for which stores were assigned to the contractors, based on store type, geographic location, etc. Contractors made in-person store visits in which, after receiving the consent of a store representative, they completed a checklist of the food inventory and took photographs of the staple food stock. Contractor reports, comprising a cover page, the checklist, the photographs, and (in some regions)

supplemental information were then submitted to the FCS Field Offices. The information from the contractors, in conjunction with the application information, was used by FCS to make eligibility determinations. Chapter Two provides a more detailed description of the demonstration processes.

Demonstration planning activities began in late 1995; contractors began visiting stores in June 1996. Field Offices ordered contractor visits through September 30, 1996; therefore, the evaluation of contractor reports was ongoing at the time this report was prepared.

1.3 EVALUATION OBJECTIVES/RESEARCH QUESTIONS

In a competitive procurement, FCS selected Abt Associates Inc. to evaluate the demonstration. The primary goal of the evaluation is to determine how best to manage and allocate the additional resources that FCS will have in FY 1997 for contractor-conducted pre-authorization store visits. The major research questions under the core objective include:

- Which demonstration procedures and management processes yield an optimum mix of accuracy, timeliness, and price?
- What contractor-supplied data do FCS staff perceive as sufficient for making authorization decisions and what is the minimal set of data that actually suffices

for eligibility determinations that are accurate, timely, and sustained upon appeal?

The second goal of this evaluation is to help FCS manage the retailer authorization function with maximum efficiency and accuracy in determining retailer eligibility. The main questions under the additional objective include:

- What is the likelihood that FCS will authorize phantom or marginal stores if contractors conduct visits?
- How can contractor visits uncover information helpful to identify which stores engage in trafficking?
- What other elements of value are added by having contractors conduct in-person visits?

In order to answer the research questions posed by FCS, Abt Associates is conducting on-site data collection activities, together with the collection and processing of FCS forms and records. The on-site data collection activities were designed to answer the "how" and "why" of the demonstration: how stores were assigned, scheduled, visited, and assessed; how the demonstration processes were implemented and managed; and why assignments and eligibility decisions were made as they were. The on-site data collection also served the purpose of reviewing the quality and usefulness of the contractor-provided information, and documenting the time and other cost resources used in contractor visits. The on-site activities were conducted between July 15 and September 30, 1996, and include:

- Interviews with FCS regional office staff (two rounds in each office)
- FCS Field Office staff interviews and case reviews (two rounds, with reviews of completed actions in the second round)
- Interviews with the contractor staff assigned to conduct visits (two rounds)
- Observation of contractor-conducted store visits (two rounds)
- Observation of FCS initial and follow-up store visits (two rounds)
- Collection of procurement and fiscal documents

The second major data collection activity, which is ongoing, is the collection and processing of FCS forms and records. Special forms created for the demonstration and other FCS administrative records are being collected from all 16 participating Field Offices. Retailer data from the STARS computer system are being assembled, as well. The database from these sources will be used to analyze the following: numbers and characteristics of new applications and reauthorizations assigned to each treatment group (contractor visit, FCS visit, and no visit); timeliness and usefulness of contractor reports; FCS actions to gather additional data from contractor-visited stores; and outcome of the application process (approval, denial or withdrawal). The data elements include the following:

- **Initial tracking sheets**—completed by FCS Field Office staff for all new applicant stores and stores subject to reauthorization. Data include store name and tracking number, assignment status, and outcome information.

- **Contractor visit site reports**—Data include: success or failure of the contractor to locate store and complete the visit; date of visit; store type and characteristics; extent of staple foods and perishables; completeness of survey form; and completeness and quality of photographs (for the on-site review subsample).
- **Follow-up action reports**—Data include: timeliness of contractor deliverables; completeness of contractor information and additional information requested; action taken on contractor report; additional information requested from store; follow-up visits conducted by FCS; and final action type and date.
- **STARS files**—Core data include: store type, size, sales, and length of FSP participation. Additional data may include post-approval participation, fraud indicators, and withdrawal or disqualification.
- **Administrative review records**—Data include incidence and outcome of appeals.

1.4 ORGANIZATION OF THIS REPORT

Chapter Two describes the processes by which the FCS implemented and operated the demonstration, and the challenges experienced by the participants. In Chapter Three, we present an analysis of tracking forms that document actions on individual stores. In Chapter Four, the report concludes with a summary of the principal findings and lessons identified at this stage of the evaluation. Readers seeking the highlights of this report may wish to direct their attention to the introduction to Chapter Two and then to Chapter Four, which summarizes and interprets the principal results from Chapters Two and Three.

Throughout the remainder of this report, Field Offices will not be identified by name, but rather by a descriptive label. The Field Offices were divided into three groups based on number of retailers served: large offices (L) with more than 5,000 retailers; medium-sized offices (M) with fewer than 5,000 retailers and more than 3,000; and small offices (S) with fewer than 3,000 retailers. Within each group, the Field Offices have been assigned the corresponding letter and a random number, such as M-2. Each of the nine contractors active during the demonstration has been assigned a letter (from A to I); for reasons of confidentiality, all references to contractors are by letter.

CHAPTER TWO

DEMONSTRATION IMPLEMENTATION AND OPERATIONS

The Food Retailer Pre-Authorization Visit Demonstration developed out of the planning process for the contracting of store visits in FY 1997. In early 1996, FCS headquarters staff drafted a Statement of Work (SOW) and operating procedures for the demonstration. A senior program specialist from the New York Field Office was assigned to serve as the national coordinator for the demonstration. Headquarters and Regional Offices worked together to select the participating Field Offices, allocate funds, and refine the SOW and procedures. FCS determined that the contracts would be established by the Regional Offices using the Blanket Purchase Agreement (BPA) process. This mechanism, usually employed for purchasing more standardized commodities (e.g., office furniture), offered the only rapid way to procure contractors' services but imposed some important constraints, as discussed later in this chapter.

The Field Offices that participated in the demonstration collectively serve 64,716 retailers, roughly one-third of the national total. As indicated in Exhibit 2-1, they range in size from S-1 (1,393 retailers) to L-2 (9,788 retailers). FCS initially projected a total of 8,525 visits, based on the agency's estimation of the average cost of a visit and the \$560,000 allocated at the outset of the demonstration. The projected number of visits ranged from 381 in the smallest Field Offices to 609 in the largest offices, reflecting the variation in allocations. (Actual numbers of store visits ordered and dollars expended are presented later in this chapter.)

The following sections describe the steps taken in implementing and operating the demonstration, which were:

- Contractor recruitment and selection
- Contractor training
- Assigning stores to visits and issuing call orders
- Conducting store visits
- Evaluating contractor products and performance
- Making eligibility decisions, and
- Maintaining Field Office operations

Exhibit 2-1
PROJECTED CONTRACTOR VISITS BY SITE

Field Office	Total Number of Retailers	Dollars Initially Allocated ^a	Initial Projection of Visits
L-1	6,442	40,000	609
L-2	9,788	40,000	609
L-3	8,497	40,000	609
M-1	3,782	40,000	609
M-2	3,418	35,000	532
M-3	4,200	40,000	609
M-4	3,138	35,000	532
M-5	4,887	40,000	609
M-6	3,618	40,000	609
M-7	4,010	40,000	609
M-8	3,361	35,000	532
S-1	1,393	25,000	381
S-2	1,748	25,000	381
S-3	2,185	30,000	457
S-4	1,788	25,000	381
S-5	2,461	30,000	457
TOTALS	64,716	560,000	8,525

^a Total initial budget of \$600,000 included \$40,000 that was not allocated to any site.

Detailed information on the characteristics of the demonstration in individual Field Offices is provided in Appendix A; similar tables on contractor characteristics are provided in Appendix B.

2.1 CONTRACTOR RECRUITMENT AND SELECTION

The first step in implementing the demonstration was selecting the contractors in each Region who would conduct the store visits. The process for selecting contractors for the Food Retailer Pre-Authorization Demonstration began when FCS Headquarters placed an announcement in the Commerce Business Daily (CBD) on March 6, 1996 to solicit bidders for the

demonstration. The CBD announcement instructed potential bidders to send a letter of interest to the Region in which they were interested in conducting work.

Meanwhile, the basic SOW was finalized and then customized by each Regional Office. As illustrated in Exhibit 2-2, the regional SOWs differed in the way they defined the territories for bids, the deadlines for contractor reports, and the terms of payment for terminated visits (e.g., when a store was out of business). Some Regional Offices added requirements for work not included in the basic SOW, most notably the Western Region's requirement for a sketch of the store layout to supplement the checklist and photographs.

Exhibit 2-2

**PROVISIONS OF BLANKET PURCHASE AGREEMENTS
AND REGIONAL STATEMENTS OF WORK**

Region	Territory for Bids	Deadlines for Deliverables (Days)		Additional Required Work	Payment
		New Auth.	Reauth.		
MARO	County basis	7	14	None	Half price for terminated visits
NERO	Entire area covered by each Field Office	7	10	Information on POS terminals	Full price for all visits
SERO	Entire area covered by each Field Office	10	20	None	Full price for all visits
MWRO	Entire area as specified in each of the 4 SOWs ^a	7	10	Picture of clerk operating cash register & signature of that individual	Price paid is for each store regardless of number of return visits
SWRO	Counties or states	7	30	Deliver posters and reauthorization forms	Full price for all visits
MPRO	All of Kansas and/or Colorado	10	10	None	Full price for all visits
WRO	Any or all geographical areas specified	10	21	Sketch of store layout	Half price for terminated visits

^a The MWRO SOWs covered the following areas in Michigan: Wayne County (Detroit), the remaining counties served by the Detroit Field Office; the rest of the Lower Peninsula (served by the Grand Rapids Field Office); and the Upper Peninsula.

Once each Regional Office had finalized its SOW, it sent bidders' packets to the firms that had responded to the CBD announcement. Contractors were given instructions on when and where to send their proposals addressing the statement of work and their qualifications for conducting the work. The proposal requirements consisted mainly of pricing information and brief statements of qualifications.

Altogether, 40 bids were received, with a range of three to eight bids per region. Contractors were selected primarily on their stated ability to meet the scope of work and price. Bid prices ranged from \$25 to \$749 per visit; the selected contractors had prices ranging from \$25 to \$300 per visit, with the majority of BPAs at prices between \$55 and \$80 per visit. Some Regional Offices attempted to use a rating system, but found it difficult to differentiate between contractors based on their proposals.

Following procurement regulations, the process of soliciting qualified bidders and the selection of contractors was handled by contracting officers at the regional level. One Regional Office (NERO) had input from Field Office representatives in reviewing contractor proposals. Most Field Offices, however, were not involved in the contracting process, but expressed the desire to be more involved in future contractor selection. Regional and Field Office staff also expressed the need to have more information from the contractors on project staffing and availability, references, and samples of work in order to make more informed procurement decisions.

The Regional Offices were able to select multiple contractors under the BPA arrangement, and all but two Regional Offices awarded at least three BPAs. One Regional Office selected a single contractor for its two Field Offices; the other exception was the Regional Office that selected a single contractor for each Field Office. The Regional Offices that awarded more than two BPAs expected that the Field Offices would be able to rotate work among contractors, allowing greater flexibility for the Field Offices and potentially fostering competition among contractors.

Shortly after the BPAs were awarded, however, the FCS Contracts Management Branch determined that each order for store visits had to be offered first to the lowest-priced BPA holder for the area. This change of procedures created some confusion and difficulties for the contractors, the Regional Offices, and the participating Field Offices. Although having multiple

contractors allowed rapid replacement of non-performing contractors, the higher-cost contractors were not always prepared to conduct the work when FCS needed them. For example, higher-cost contractors indicated that the change in procedures made it difficult for them to keep staff or subcontractors on board who needed assurances of a steady flow of work. One contractor who had not received an order in several months, and without the assurance of receipt of work from FCS, had disbanded operations. When the Field Office wanted to shift work to that contractor, the firm did not refuse the work, but lacked the staff to carry out the work on time.

2.2 CONTRACTOR TRAINING

All but two Field Offices provided training sessions for their selected contractors. These sessions generally followed a training outline developed by the national demonstration coordinator that covered the scope and purpose of the store visits, preparing for and conducting the store visits, reporting, and invoicing. Issues encountered by Field Offices in conducting the training included getting the appropriate contractor staff to attend the training (i.e., the reviewers who would actually visit the stores) and resistance from some contractors to sending *any* representative to the training. Some offices also experienced lack of staff and time to prepare for the training. Several Regional Offices pitched in to help prepare training materials; Regional Office staff conducted the training for three Field Offices.

The two Field Offices where contractors were not trained were in the same region. The Regional Office attempted to arrange a training session for the contractor serving its Field Offices, but was unable to do so because of communications problems with the contractor and limited availability of contractor personnel to attend training. Both the Regional Office and the Field Offices later expressed regrets over the lack of training, which they viewed as contributing to early problems with the quality of contractor deliverables.

In addition to the FCS training, most of the contractor organizations also provided some "in-house" training for their staff. (Company principals who conducted reviews sometimes attended FCS training, but did not receive in-house training.) The contractors' in-house training ranged in intensity from mailing written instructions, with telephone follow-up, to spending substantial training time in the field with individual reviewers. Judging from Field Office evaluations of reviewers performance, company principals or supervisors who attended FCS

training delivered the most effective in-house training. Contractors generally viewed the FCS training as helpful, although some felt that it was too short to convey all of the necessary information.

2.3 ASSIGNING STORES TO VISITS AND ISSUING CALL ORDERS

In order to accommodate demonstration activities with the most ease, Field Offices integrated the process of ordering store visits into the authorization and reauthorization processes already in place. In almost all cases, the Field Offices ordered contractor visits after most or all application materials had been received from the retailer. The national demonstration guidelines issued to the Field Offices provided basic rules for determining which stores would be excluded from the visits (mainly chain supermarkets and stores recently visited by FCS or state officials), but the Field Offices had considerable autonomy to choose when and where store visits would take place. As a result, the variety of visits ordered ranged from a specific focus on high redeemers¹ in part of one Field Office territory, to sites where even an occasional supermarket was visited.

The vehicle for requesting contractor visits was the "call order." New authorization visits were occasionally ordered individually, but most call orders comprised several stores, up to a maximum of 20 stores. The overall average for the demonstration was 12.7 stores per call order. Only four of the 16 Field Offices mixed new authorization and reauthorization visits in their call orders. Most Field Offices preferred to keep the two types of visits separate, because of the difference in deadlines for reports (seven to ten days for new authorizations *versus* ten to 30 days for reauthorizations).

Over 80 percent of the Field Offices grouped the stores in their call orders geographically to reduce the contractors' travel time and increase their efficiency. The Field Offices had more flexibility to group reauthorization visits, because they were not under the 30-day processing deadline that pertains to new applications. Some Field Offices even coordinated their call orders for new authorization visits with separate orders for reauthorization visits in the same areas, especially when the new authorization visits were few and in remote areas. In some sites,

¹ A "high redeemer" is a retailer identified as a potential violator on the basis of patterns of excessive redemptions.

however, the available stores were too few in number or too dispersed to allow much clustering of call orders.

The staffing assignments for the task of issuing call orders varied somewhat from Field Office to Field Office. Eleven of the 16 Field Offices (69 percent) had one staff person taking primary responsibility for the task; at the opposite extreme, two Field Offices (13 percent) had each program specialist issuing their own call orders. Although assigning one person to the task helps to ensure control and coordination of the process, having more than one staff person available is necessary to avoid backups.

Seven Field Offices (44 percent) used automation to facilitate the placement and tracking of the call orders. Those Field Offices that did not have automated systems either did not have the capability or simply did not have the time and labor power to invest in implementing those systems for the short period of the demonstration. Two Regional Offices developed automated systems for placing call orders: one system also calculated invoices; the other set up the tracking forms for the evaluation. The systems developed by the Regional Offices were used in four of the seven Field Offices that had automated call order processes; the other three Field Offices developed their own databases to track contractor visits.

2.4 CONDUCTING STORE VISITS

The contractors' procedures for conducting the store visits included the following steps:

- Planning routes and preparing forms and other supplies
- Locating stores
- Securing consent to conduct the store visit
- Completing the cover sheet, checklist and any supplemental documentation, and
- Taking the photographs of staple foods, the checkout area, and the store exterior

The structure imposed by the regional SOWs made the store visit process fairly uniform, but some variations among contractors were notable. Methods for planning routes and finding stores ranged from relying on the reviewer's general sense of direction to the use of computerized maps. Most reviewers were scrupulous about getting the retailer consent form signed before proceeding, but a few would begin the examination of the store (e.g., taking the exterior

photograph) before getting the retailer's consent.² The more reliable reviewers generally followed a pattern of at least two complete trips through the store. One contractor in the Western Region, where store sketches were completed, actually made three passes through the store: one to complete the food inventory checklist, one to take photographs, and one to draw the sketch. Some reviewers attempted—rather unsuccessfully per the Field Offices—to complete their visits in a single pass through the store (in one case completing the checklist from memory after the visit).

Most contractor personnel spent 15 to 25 minutes in the typical store, posing a relatively modest burden on the retailers. (This and other data on store visit times were estimated in interviews with reviewers and corroborated through observations of store visits by the evaluation team). The in-store time was only 20 percent of the average total time of 95 minutes per store, which also included preparation, travel, and reporting.

Contractor visits differed from FCS visits observed for the evaluation in three important respects. First, most FCS staff used regional or local inventory checklists, rather than the standard contractor checklist developed for the demonstration. Second, FCS personnel took photographs more selectively than contractor staff, focusing on deficiencies. Finally, FCS staff had more extensive interactions with store personnel, either to obtain or verify information or to answer questions about the FSP.

One problem that several contractors experienced was inaccurate or incomplete information on the location and hours of stores to be visited. Such problems caused contractors to spend extra time on the visits, make return trips to stores closed on the first attempt, or occasionally led them to conclude that the stores did not exist.³ Sources of errors in this information included use of mailing addresses from reauthorization lists (which are not designed to facilitate store visits), errors on retailer applications, store hours that deviated from those reported on the application, and transcription errors in the manual process of preparing call

² Taking exterior photographs before obtaining the retailer's consent was technically allowed under the SOW but not consistent with the intent of the procedure for obtaining consent.

³ Under the SOW, the contractor had to make two attempts to visit the store during stated business hours before FCS would pay for the visit.

orders. Contractors were instructed that their visits were to be unannounced. Some reviewers, however, would call to verify the address without identifying themselves.

Retailers rarely refused to allow contractors to conduct their visits, but a sizable minority of retailers did not cooperate solely on the basis of the letters of introduction provided by the Field Offices. Some store personnel required reviewers to produce their drivers licenses and even wrote down the reviewer's personal information. Getting consent for store visits on weekends tended to be more problematic, because owners were harder to reach and the Field Office staff were unavailable to respond to inquiries. A few retailers were denied or withdrawn for refusing to allow contractor visits; some of these cases were appealed and, at this writing, their final outcome is unknown.

2.5 EVALUATING CONTRACTOR PRODUCTS AND PERFORMANCE

In the demonstration, the Field Offices reviewed contractor deliverables in two different contexts: checking contractor reports for acceptability in meeting the scope of work, and using the reports to make eligibility determinations. The process of determining the acceptability of contractor reports and the attendant issues are discussed in this section; the following section addresses the eligibility determination process.

Among the Field Offices, there were three distinct approaches to the exercise of quality control regarding contractor reports. Seven Field Offices (44 percent) conducted a quick quality control check upon receipt of the deliverables to ensure that they met the scope of work. Another three Field Offices (19 percent) conducted a more thorough and detailed version of separate quality control. Finally, six Field Offices (38 percent) conducted the quality control step at the same time they were evaluating the stores for eligibility.

During the course of the demonstration, the perceived quality of the contractor reports and the timeliness of those reports varied a great deal, depending upon the contractor and the individual reviewer. By the second half of the demonstration, three-quarters of the Field Offices had moderate or higher levels of overall satisfaction with their contractors. These Field Offices had reached clear understandings with contractors regarding timeliness, completeness, and accuracy of reports. On the other hand, 38 percent of the Field Offices had to change contractors at least once. In the discussion that follows, all statistics refer to the final

contractors (i.e., those that were active at the end of the demonstration) unless otherwise indicated.

Quality

In terms of quality of the reports, most of the contractors took enough pictures and completed the checklists accurately enough to satisfy the Field Offices. As Exhibit 2-3 illustrates, 33 percent of the sites indicated that their contractors provided high quality products by the fourth month of the demonstration (the time of the final on-site interviews), and another 28 percent reported generally good products. Only two sites (11 percent) reported less than acceptable quality; these two sites were the only ones that reported conducting follow-up visits to stores because of inadequate contractor reports. (As discussed later, FCS staff rarely made follow-up visits for any reason.)

Exhibit 2 3



Inconsistencies between the inventory checklists and the photographs posed a second main report quality problem. Often this problem was resolved by relying on the photographs. A significant cause of Field Office concern over these inconsistencies was the prospect of a contractor's report being invalidated as the basis for action by an Administrative Review Officer if a denial or withdrawal were appealed.

A lesser concern was the quality of presentation in the reports. The highest-quality reports were typed, with photographs laid out on pages to produce a flat package; the worst reports had poor penmanship, inappropriate photographs, or a lack of organization.

Timeliness

Although most contractors delivered most of their products on time, timeliness was still an issue in quite a few Field Offices. In 39 percent of the sites, the contractors delivered reports "consistently" on time (see Exhibit 2-4), and another 22 percent were "generally" on time. The contractors' reports were "frequently" late in 22 percent of the sites, although several of these sites reported that contractor performance improved as the demonstration progressed. The reports were "consistently" late in 17 percent of the sites, even in several sites that had already replaced non-performing contractors.

Exhibit 2-4

SUMMARY OF FIELD OFFICE RATINGS OF CONTRACTOR TIMELINESS

Timeliness of Contractor Reports	Number of Sites	Percent of Sites
Consistently on time	7	39
Generally on time	4	22
Frequently late	4	22
Consistently late	3	17

NOTE: Number of sites sums to 18 because two Field Offices had two active contractors. Ratings based on final contractors.

Two main factors contributed to the missed deadlines: the tight timeframes for completion of new authorization visits (seven to ten days) and the travel time necessary to reach stores in the more rural areas, particularly in some of the territories covered by the Mountain

Plains and Western states. The rare contractors who delivered work on time in rural sites performed better in general but also had higher fees than those that did not.

It should be noted that when comparing the Field Offices with seven-day timeframes for new authorization deliverables and those with ten-day timeframes, there seems to be little difference in the Field Office assessments of timeliness. For example, seven of the ten sites (70 percent) with a seven-day timeframe assessed penalties for late deliverables, whereas four of seven (57 percent) of the offices with ten-day timeframes assessed a late penalty. It would appear that the difference between seven days and ten days is not great enough to see a significant difference, and factors such as distance and contractor performance seem to have a greater impact on timeliness ratings. (The patterns of timeliness are discussed further in Chapter Three.)

Some offices were faced with the situation in which contractors submitted reports too late to be of use in making authorization decisions, particularly in the case of new authorizations. This situation had not been anticipated in the SOW, and the Field Offices felt that there were insufficient penalties in place to deal with this circumstance. In some cases, the Field Offices initially refused to approve payment for new store visits if the report arrived after the 30-day approval period had expired, but the regional Contracting Officers determined that the SOW allowed only a 20 percent penalty for all late deliverables.

In addition to the timeliness of submission of the original contractor reports, there were also timeliness issues with the correction of problem reports. The SOWs did not provide clear guidelines on how long contractors had to correct deficiencies. The Regional and Field Offices had to work out their own policies regarding penalties on reports that required additional time for corrections.

A proposed regulation, currently going through clearance, would increase the time for processing new retailer applications to 90 days. Such a rule might help alleviate many of the timeliness issues that arose during the demonstration. With additional time to process applications, FCS could allow contractors additional time up front to complete the work. In discussing this development, however, Field Office staff noted that they expected a great deal of concern from the retailer community, and some Officers-In-Charge indicated that they did not intend to change their current commitments to processing new applications within 30 days. The

Field Offices recommended early notification of any such change to help them handle communication from anxious retailers in their communities.

Communication and Feedback

Most Field Offices provided prompt feedback to the contractors regarding deficiencies in the reports. A number of Field Offices had procedures in place to provide regular feedback in writing, by telephone, or both. These procedures ensured that Field Office staff provided feedback as quickly as possible so that problems did not persist. Field Offices that allowed reports to accumulate without review and then subsequently discovered deficiencies indicated that, in the future, they would be more prompt in their review.

Communications were clearer and more effective where both the contractors and the Field Offices designated representatives through which to channel all communication. On the contractor side, problems were most easily resolved when there was an accountable representative who understood the Field Office's needs and concerns. For some contractors, this representative was a local supervisor who often dealt face-to-face with the Field Office. One multi-site contractor was able to establish a very good rapport with Field Offices through regular telephone conversations, but the other contractors who did not have local supervisors generally had less productive and satisfactory relationships with the Field Offices. On the Field Office side, designating a local demonstration coordinator ensured that communications with the contractor were clear and consistent. Where this local coordinator role was reassigned from one staff member to another, the contractor did not always get a consistent message regarding the standards for acceptable reports.

Overall Satisfaction

All but three of the Field Offices experienced significant problems with contractor performance at some point in the demonstration, but most of the difficulties were in the early months. Nearly all of the early performance problems were resolved by the fourth (and last) month of the demonstration, either through improved effort by the original contractors or by replacing them with better-performing (albeit more expensive) contractors. As shown in Exhibit 2-5, 61 percent of the Field Offices rated their overall level of satisfaction with the contractor

Exhibit 2-5**SUMMARY OF FIELD OFFICE SATISFACTION WITH CONTRACTORS**

Overall Level of Satisfaction with Contractor Performance	Number of Sites	Percent of Sites
Moderately high to high	11	61
Moderate	3	17
Low to moderately low	4	22

NOTE: Number of sites sums to 18 because two Field Offices had two active contractors. Ratings based on final contractors.

as "moderately high to high." Seventeen percent rated their level of satisfaction as "moderate," and 22 percent said that their level of satisfaction was "low to moderately low."

Contractor Turnover

For each site, Exhibit 2-6 lists all of the contractors that received one or more call orders, together with their contracted per-visit cost, type, and final status. A total of nine firms are listed: six served two or more sites each, whereas three served only one site each. One firm (Contractor C) served 12 of the 16 Field Offices at one time or another; another firm (Contractor D) served six Field Offices at one time or another.

A substantial minority of the Field Offices (38 percent) had to change contractors at least once.⁴ In each of these cases, the Field Office was not satisfied with the performance of the contractor that was replaced; in every Field Office but one (S-5), the replacement contractor had a higher fee than its predecessor. Field Office dissatisfaction with the timeliness and quality of contractor reports were the most frequent reasons for replacing contractors but, in a few Field Offices, disputes with contractors over the size and location of call orders led to the contractors withdrawing or having their BPAs canceled. In two Field Offices (L-1 and S-5) the contractors were not among the original firms awarded BPAs at the outset of the demonstration, although both firms had submitted bids during the selection phase. The rest of the Field Offices were

⁴ This figure does not include Field Offices that only had firms withdraw when FCS stopped rotating work among contractors.

Exhibit 2-6
CONTRACTOR SUMMARY

Field Office	Contractor History ^a	Cost per Visit	Location of Headquarters	Status/Reason for Withdrawing or for Cancellation of Agreement
L-1	Contractor D Contractor E Contractor C Contractor G	33 41 69 98	Out-of-state Out-of-state Out-of-state In-state	Withdrew due to location Canceled for refusing work Canceled for refusing work Final contractor
L-2	Contractor C Contractor B	68 125	Out-of-state Out-of-state	Withdrew Active throughout demo
L-3	Contractor C Contractor H Contractor I	69 80 58	Out-of-state In-state In-state	Not low bidder Not low bidder Active throughout demo
M-1	Contractor D	29	In-state	Only contractor
M-2	Contractor C Contractor H	69 80	Out-of-state In-state	Mutual agreement; FCS not happy with work and contractor unhappy with requests Final contractor
M-3	Contractor D	33	Out-of-state	Only contractor
M-4	Contractor C Contractor A	69 110-120	Out-of-state Out-of-state	Active throughout demo Active throughout demo
M-5	Contractor E	55	Out-of-state	Only contractor
M-6	Contractor D Contractor C Contractor A	25 69 95	Out-of-state Out-of-state Out-of-state	Canceled for poor performance Canceled for refusing work Final contractor
M-7	Contractor C Contractor A	69 110-120	Out-of-state Out-of-state	Active throughout demo One call order completed
M-8	Contractor D Contractor F Contractor C Contractor A	34 67 69 95	Out-of-state Out-of-state Out-of-state Out-of-state	Active throughout demo Withdrew when work rotation ceased Withdrew, refused work Final contractor
S-1	Contractor C	69	Out-of-state	Only contractor
S-2	Contractor D	34	Out-of-state	Only contractor
S-3	Contractor C Contractor H	69 80	Out-of-state Out-of-state	Mutual agreement; FCS not happy with work and contractor unhappy with requests Final contractor
S-4	Contractor C	69	Out-of-state	Only contractor
S-5	Contractor C Contractor E	69 55	Out-of-state Out-of-state	Contractor withdrew Final contractor

^a Contractor history does not include firms that were never asked to conduct store visits.

able to use firms that already had BPAs when the Field Offices could no longer use their lowest-priced contractors.

Characteristics of High-Performing Contractors

In examining the contractors that were the most successful at providing high-quality products on a timely basis, certain characteristics stand out:

- All of the contractors with high-quality work that was delivered on time had direct corporate office involvement in quality control, either through on-site supervision of the field staff or through internal review of deliverables prior to submitting them to FCS.
- The contractors with good records on timeliness used local reviewers and allowed the Field Offices to send call orders directly to local supervisors or reviewers, avoiding the need to forward call orders from the corporate headquarters.
- Contractors that achieved high rates of Field Office satisfaction convinced the Field Offices that they were committed to meeting FCS needs, even at the risk of losing money.
- The price of a contractor's visits was not necessarily a good predictor of performance. Several Field Offices were quite satisfied with contractors that charged below-average prices, whereas a contractor with above-average fees delivered very unsatisfactory performance to two Field Offices.
- To some extent, differences in contractor performance related to real differences across sites in the per-visit costs faced by the contractors, such as labor costs and the cost of supplies and materials. Other local circumstances also played a role: for example, the higher-cost contractor with poor performance did not receive work for an extended period and therefore lost access to the local networks of reviewers that the firm had established at the start of the demonstration.

2.6 MAKING ELIGIBILITY DECISIONS

One of the key questions for the evaluation is how the contractor reports can help the Field Office staff in making eligibility decisions. The contractor reports provide additional information regarding store inventory that the Field Office would not have unless they were able to visit a store themselves. *In fact, in the vast majority of cases the Field Offices have been*

able to decide retailer eligibility using contractor reports, and FCS has made very few follow-up visits.

The basic components of the contractor report include the cover page, checklist, and photographs. Several regions required additional information: the WRO required a sketch of the store layout, and the MWRO required a supplemental form to gather more precise information on food group deficiencies.

In analyzing the components of the contractor report that are most useful to the Field Offices, 50 percent of the Field Offices said that the photographs and the checklist were equally important in making eligibility determinations. The other half rated the photographs as the most important element of the deliverable, with the checklist being second-most important but still necessary. Most Field Offices (88 percent) said that the cover sheet was rarely important in making eligibility decisions, though some of the information was useful in other ways. To approve a store under Criterion A (ample and continuous variety of staple foods), Field Office staff needed the photographs and checklist for all four staple food groups; denials or withdrawals, however, could be based on the documentation of one or more deficient food groups.

Many of the Field Offices stated that they needed more information on the accessory foods and non-food inventory to determine eligibility of specialty food stores or other stores that might qualify under Criterion B (over 50 percent of sales from staple foods). Before denying or withdrawing any store, Field Office staff generally assessed its potential for eligibility under Criteria A and B. The review under Criterion B is a situation where the sketch used in the Western Region was helpful, because the sketch indicated how much of the store was dedicated to staple foods, other eligible foods, and non-food items.

One of the clearest messages from the field is that in order for this process to work better, Field Offices want a clearer, more objective definition of what constitutes an "ample variety of staple foods on a continuous basis," as specified in the Food Stamp Act. Some offices expressed that making eligibility decisions with more information (especially pictures) was more difficult because of the vague eligibility requirements. A store that might have been approved with only the paperwork in hand requires closer scrutiny that may lead to denial when pictures

are involved. Because there are no standard criteria, each store must be reviewed on its own merits, a more time-consuming process.

The issue of vague regulations ties directly to Field Office concerns about the process of administrative review for denials of applications and withdrawals of already-authorized stores on the basis of contractor-provided information. Field Offices are concerned that decisions made to deny stores, particularly those that are on the margin of eligibility (such as some convenience stores), will be overturned in administrative review. More than 60 percent of the Field Offices expressed moderate concern about their decisions being overturned in administrative review; another quarter of the offices expressed a high level of concern over whether decisions would be upheld. Only two offices (13 percent) had a low level of concern. The result has been a greater degree of reservation about denying or withdrawing retailers from the Food Stamp Program, given the amount of work required by the Field Office and the success rate with administrative review.

Concerns about administrative review heightened concerns about the completeness and consistency of contractor reports in some sites; as a result, these sites often spent considerable time examining the reports in detail. In other sites, however, the cautious stance of the Field Office toward denials and withdrawals led staff to be relatively unconcerned about the completeness and consistency of contractor reports, because the Field Office did not expect to rely on the reports to support its actions.

2.7 FIELD OFFICE OPERATIONS AND ISSUES

Each Field Office had discretion in deciding how to staff the demonstration activities in a way that would best fit its needs. Nevertheless, clear patterns emerged among the demonstration sites. The person coordinating demonstration activities, including liaison with the contractors, was the Officer in Charge (OIC) in nearly 70 percent of the Field Offices. On the other hand, more than 60 percent of the Field Offices had multiple staff members involved in assigning stores to be visited by contractors and in using the contractor reports to make eligibility decisions. The issuing of call orders was typically handled by one person; nearly 70 percent of the Field Offices chose this approach.

The demonstration clearly had an impact on the Field Office staff workloads and time committed to retailer management. Most offices reported a net increase in the time spent on retailer management, a reduction in retailer monitoring activity, or both; these assessments were based on perceptions, not any work measurement systems, and should be viewed with caution. *According to the Field Offices, the demonstration reduced FCS time devoted to store visits, but increased the overall number of store visits conducted.*

Sites that experienced significant problems with contractor performance stressed the added workload associated with this situation. Where disputes over the size and distribution of call orders arose, the process of requesting visits took more time. Less reliable contractor reports required extra scrutiny and time devoted to feedback. Finally, the responsibility of the Field Office to approve invoices for payment embroiled some local staff in disputes over payment to contractors.

When asked to reflect upon the advantages of using contractors to conduct store visits, Field Office staff made two main points:

- Contractors represent an important additional resource. They are particularly valuable to Field Office staff that are responsible for sparse, far-flung retailer populations, because the contractors enable FCS to have a presence in the places that FCS staff are the least likely to visit.
- In some ways, however, contractor visits are less useful than FCS staff visits: FCS staff can answer retailer questions, spot signs of fraudulent behavior, verify ownership, and make preliminary authorization decisions at the time of the visit.

Field Office control over the orders for contractor visits greatly helped to facilitate the use of contractor-provided information and mitigated the potential for disruption to Field Office operations, but the consequence in most sites was that fewer visits were ordered than expected. As shown in Exhibit 2-7, nearly two-thirds of the Field Offices substantially underspent their allocations for the demonstration (i.e., ordered two-thirds or fewer of the initially-projected visits). This shortfall was partially offset by the four Field Offices that ordered more than the originally-projected number of visits.

The reasons for the shortfall included staff shortages due to leave, temporary assignments, and other personnel constraints; competing priorities, including a FCS sweep in one site; and lost time due to problems with contractor performance. In the two Southeast

Exhibit 2-7

ACTUAL CONTRACTOR VISITS ORDERED BY SITE

Field Office	Total Number of Retailers	Store Visits Ordered	Percent of Projected Visits Ordered ^a	Final Spending ^a	Final Cost per Visit ^b
L-1	6,442	383	63%	35,079	92
L-2	9,788	974	160%	115,406	118
L-3	8,497	1,111	182%	65,175	59
M-1	3,782	297	49%	8,901	30
M-2	3,418	291	55%	23,037	79
M-3	4,200	349	57%	11,639	33
M-4	3,138	243	46%	20,431	84
M-5	4,887	727	119%	39,985	55
M-6	3,618	407	67%	35,827	88
M-7	4,010	568	93%	\$40,179	\$71
M-8	3,361	525	97%	31,284	60
S-1	1,393	173	45%	11,929	69
S-2	1,748	236	62%	8,140	34
S-3	2,185	190	42%	13,343	70
S-4	1,788	236	67%	16,237	69
S-5	2,461	522	114%	29,993	57
TOTALS	64,716	7,232	85%	\$506,585	\$70

^a M-5 and S-5 were able to order more than the projected visits because of lower-than-projected contractor costs. M-7, L-2 and L-3 received additional funds. Final spending may be reduced once all contractor invoices have been processed and penalties for late deliverables have been assessed.

^b Represents the average of all visits ordered. Final cost per visit may be reduced once penalties for late deliverables have been assessed.

Regional Office sites, contractor reauthorization visits were limited to follow-up on questionable stores identified on the basis of store visits conducted by the states in preparation for their electronic benefit transfer (EBT) systems. Although many of the factors contributing to the shortfall of visits were beyond the control of the OICs, there was a certain amount of variability in the priority placed on fully using the available resources for contractor visits.

At the opposite end of the scale of Field Office use of the contractor visits, two Field Offices (M-5 and S-5) took advantage of lower-than-expected contractor costs to exceed the number of visits projected for their sites while remaining within their original allocations of funds. Two others (L-2 and L-3) ordered a total of 867 extra visits (12 percent of the final national total), mainly because the unspent funds from other Field Offices were reallocated to these sites. (L-3, too, was helped by contractor costs below the expected level.)

One important question about demonstration impacts on Field Office operations remains unresolved: the length of time required to complete action on contractor-visited stores. At the time of this writing, the final actions on a substantial proportion (30 percent) of the contractor visits have yet to be reported to the evaluators. Nearly all sites are expected to complete all actions (except for the administrative review process on appeals of denials and withdrawals) within two months of the placement of their last call orders. A few, however, faced lengthy processes to complete their outstanding actions, particularly on reauthorizations. Future analyses will address the span of time from call order to final action, and the implications of this measure for planning workloads.

2.8 REGIONAL OFFICE OPERATIONS

The role that the Regional Offices played in the demonstration has been fairly consistent across all seven regions. The primary role of the Region during the demonstration was that of contracting agent. Each Region identified a Contracting Officer, a Contracting Officer's Representative (COR), and a backup COR. The Regional Office staff received contractor proposals and made the contractor selections. They also had input into the scope of work and the opportunity to modify the scope of work for their Region. During the operational phase of the demonstration, the Regional staff were responsible for dispute resolution and for payment of the contractors. The Regional Contracting Officers had the ultimate authority to interpret and enforce the BPAs.

Each Regional Office selected the Field Offices in its territory that would participate in the demonstration. Most Regional Offices made this decision by considering the competing demands for Field Office staff time, the differences across offices in the potential benefit from the added resource, and finally which offices (if any) had volunteered for the demonstration.

The large offices such as I-2 and I-3 were automatically chosen by their Regional Offices due

CHAPTER THREE

ANALYSIS OF STORE VISIT TRACKING DATA

As part of the evaluation, Field Office staff completed Initial Tracking Sheets (ITS) for all new authorizations and reauthorizations processed during the demonstration, and Follow-Up Action Reports (FAR) on all contractor-visited stores. (The forms appear in Appendix C; they are explained below in Section 3.2.) In this chapter, we report on an analysis of the store visit tracking data contained in a sample of these forms completed during the demonstration period, June 1 through September 30, 1996. The sample is composed of 2,194 store visits, 1,934 of which were conducted by contractors, with the remaining 260 visits conducted by FCS. The sample includes observations in all 16 demonstration Field Offices and nine contractors, and represents the complete sample of store visits for all but three Field Offices. In L-1, M-2, and M-5, receipt of ITS and FAR data was delayed; therefore, the sample in these Field Offices covers the demonstration period through August 16, 1996, rather than through September 30 as in the other offices.

The chapter is divided into five sections. The first section summarizes the major findings of the chapter. Section 3.2 describes the sample of visits and the use of analytic weights. Section 3.3 reports the characteristics of store visits, both for contractor- and FCS-conducted visits as well as by field office and contractor. Section 3.4 discusses the outcomes associated with visits, and Section 3.5 concludes.

3.1 MAJOR FINDINGS

Overall, the preliminary data suggest that contractors successfully conducted retailer visits on behalf of FCS. Exhibit 3-1 summarizes the outcomes of the *contractor visits*, overall and by whether the visit was an initial authorization or reauthorization. Nearly all visits were completed, work was delivered to FCS on a timely basis in 90 percent of visits, and authorization decisions were made on the basis of contractor deliverables in 96 percent of cases.

There is considerable variability in outcomes, however, by type of visit. The third column of Exhibit 3-1 shows that contractor work was delivered on a timely basis more frequently for reauthorization visits than new authorization visits — 92 percent vs. 81 percent.

Exhibit 3-1

OUTCOMES OF CONTRACTOR STORE VISITS BY TYPE OF VISIT

Visit Type	Visit Completed	Work Delivered on Timely Basis	Requested More Information from Contractor	Authorization Decision Based on Visit	Store Approved or Reauthorized
All contractor visits	98.9%	89.9%	3.7%	95.7%	92.2%
New authorization	98.9	81.0 ^a	6.8 ^a	95.3	87.2 ^a
Reauthorization	98.8	92.3 ^a	2.8 ^a	95.8	93.7 ^a

SOURCE: Initial Tracking Sheets and Follow-up Action Reports for visits in the analysis sample.

^a Difference between new authorizations and reauthorizations significant at the 0.10 level.

This statistically significant difference¹ is not altogether surprising, because the time allotted by FCS for delivery of new authorization visit reports is almost always less than for reauthorizations, and new authorization visits tend to be more geographically dispersed than reauthorization visits because they cannot be grouped in batches to ease scheduling. Both characteristics make it more difficult for contractors to turn in new authorization deliverables quickly and efficiently.

The last column in Exhibit 3-1 indicates that store reauthorization rates were over six percentage points higher than approval rates for new stores, a statistically significant difference. Also, FCS was more than twice as likely to request that contractors provide additional information or repeat visits to stores following new authorization visits than following reauthorization visits (in 7 percent vs. 3 percent of cases, a statistically significant difference). FCS was no less likely, however, to be able to base the authorization decision on the contractor visit and deliverables in new authorization cases. These results support the view that Field Offices subject new authorizations to a higher level of scrutiny than reauthorizations, posing a greater need for complete and reliable data on the store in question. Stores that are applying for reauthorization have already passed through the authorization process at least once, and require less verification.

The outcomes of *FCS store visits* by type of visit are shown in Exhibit 3-2. It should be noted that the sample of FCS visits is much smaller than the sample of contractor visits (260

¹ Throughout this chapter, we say that a difference in means is "statistically significant" if there is a 10 percent or smaller chance that the true difference is actually zero.

unweighted FCS visits versus 1,934 contractor visits). With this in mind, the sample indicates that FCS had high rates of authorization decisions and approval/reauthorizations, both for new store applications and reauthorizations. Over 97 percent of visits provided sufficient basis for an authorization decision, and just over 95 percent of FCS visits resulted in approval or reauthorization. The rate of authorization decisions based on FCS visits was slightly higher among new authorizations than reauthorizations (98 vs. 97 percent), whereas the approval/reauthorization rate was higher among reauthorizations (96 vs. 95 percent). Neither difference, however, is statistically significant.

Exhibit 3-2

OUTCOMES OF FCS STORE VISITS BY TYPE OF VISIT

Visit Type	Authorization Decision Based on Visit	Store Approved or Reauthorized
All FCS visits	97.2%	95.2%
New authorization	97.5	94.8
Reauthorization	96.5	96.1

SOURCE: Initial Tracking Sheets for visits in the analysis sample.

Exhibit 3-3 allows direct comparison of the outcomes of visits conducted by contractors with those conducted by FCS. As shown in the last two columns of the exhibit, overall approval/reauthorization rates are slightly higher among FCS-visited stores (95 percent) than among contractor-visited stores (92 percent). In addition, FCS had a slightly higher proportion of its visits that directly resulted in authorization decisions (97 percent for FCS visits vs. 96 percent for contractor visits). The differences between contractor and FCS visits on these overall outcomes, however, are not statistically significant.

Among all new authorizations, approval rates were significantly higher among visits conducted by FCS compared with contractor visits — a more than 7 percentage point difference. Among all reauthorizations, there were no significant differences on approval rates or rates of authorization decisions between contractor and FCS visits. Thus, approval rates for new contractor-visited stores are significantly lower than for either new FCS-visited stores or

Exhibit 3-3

OUTCOMES OF CONTRACTOR AND FCS STORE VISITS BY TYPE OF VISIT

Visit Type	Percent of Total Visits		Authorization Decision Based on Visit		Store Approved or Reauthorized	
	Contractor	FCS	Contractor	FCS	Contractor	FCS
All	93.2%	6.8%	95.7%	97.2%	92.2%	95.2%
New authorization	84.0	16.0	95.3	97.5	87.2 ^a	94.8 ^a
Reauthorization	96.0	4.0	95.8	96.5	93.7	96.1

SOURCE: Initial Tracking Sheets and Follow-up Action Reports for visits in the analysis sample.

^a Difference between contractor and FCS visits significant at the 0.10 level.

contractor-visited stores applying for reauthorization; all other approval rates are not significantly different from each other.

Other findings from the analysis of store visit tracking data include:

- Field Offices differed greatly in the mix of type of visit (new vs. reauthorization);
- All Field Offices had the majority of visits conducted by contractors;
- Most FCS visits were conducted at stores applying for new authorization, although some variation is evident across Field Offices; and
- There is fairly low variability in approval/reauthorization rates across Field Offices and contractors.

In the remainder of the chapter, we investigate the outcomes and the characteristics of store visits in more detail.

3.2 SAMPLE AND WEIGHTING METHODOLOGY

During the four months of the demonstration, FCS Field Office staff completed up to two evaluation forms for each new applicant store and each store subject to reauthorization. The Initial Tracking Sheet (ITS) was completed for all stores, regardless of assignment status. For each store, the ITS records tracking information, assignment status (no visit, contractor visit, or FCS visit), and (for contractor-visit stores) contractor name and assignment date. For stores visited by FCS, it records whether additional information was requested from the retailer, the

final outcome (approval or denial/withdrawal), and the final action date. For no-visit stores, the final outcome is recorded, along with the date of the action.²

In addition to the ITS, a Follow-up Action Report (FAR) was completed following administrative action for all contractor-visited stores. The FAR records, from the viewpoint of FCS staff, the outcomes associated with contractor visits, including timeliness of contractor deliverables, completeness of contractor information and additional information requested, action taken on contractor reports, whether a follow-up FCS visit was conducted, the final administrative action taken (approval or denial/withdrawal), and the date of the action.

Analysis Sample and Weights

Because the sample generally represents the entire period of demonstration operation, there should be few inherent biases in the data other than inevitable sampling error stemming from the random process used to select store visits for analysis. We use weighted frequencies in our analysis to make the sample representative of the known universe of visits. Contractor visits are weighted so that the weighted sample represents the total contractor visits ordered by each Field Office over the period of the demonstration, except in L-1, M-2, and M-5, where the weighted sample reflects visits ordered through August 16. Individual weights for contractor visits were determined separately for new and reauthorization visits in each Field Office; the weights were computed as the total number of (new or reauthorization) visits ordered, divided by the number of visits in the sample.³ The weighted sample is then equal to the total number of new and reauthorization visits ordered. FCS visits are weighted to represent the total number of visits in each Field Office for which Abt Associates has received and batched ITS forms.⁴

The effect of these weights on relative sample sizes is shown in Exhibit C-3, where the weighted and unweighted samples are compared by Field Office. References to numbers of visits or percentages in the memorandum apply to the weighted sample, unless otherwise

² This analysis does not include data on no-visit stores.

³ The number of new and reauthorization visits ordered by a Field Office is shown in the semi-monthly Regional Tracking Reports produced by FCS.

⁴ The actual universe of FCS visits at any exact point during the demonstration is unknown.

indicated. In interpreting the results, readers are cautioned to note the size of the unweighted sample on which they are based, which appears in each exhibit.

The percentages shown in each cell of the exhibits reflect the share of weighted non-missing visits with the characteristics of the corresponding row that meet the criterion of the column. Note that dividing the weighted total of a criterion shown in the last row of the exhibits by the number of weighted total visits will not necessarily yield the overall percentage shown in the first row of most exhibits, because missing values were excluded from the base in calculating the percentages.

3.3 CHARACTERISTICS OF STORE VISITS

An important first step in the analysis of store visits is to form a general picture of how contractors were utilized by Field Offices in terms of the types of visits they were issued. Using the ITS information, store visits can be classified along two dimensions:⁵

- *Contractor visit vs. FCS visit; and*
- *New authorization visit vs. reauthorization visit.*

Exhibit 3-4 shows characteristics of all store visits by Field Office. From the fifth and sixth columns of the exhibit, it is evident that over half of the demonstration Field Offices delegated 95 percent or more of all visits to contractors. In five Field Offices, however, more than 10 percent of the visits were conducted by FCS.

About three quarters of all visits were to stores applying for reauthorization. The breakdown between new and reauthorization visits, however, is quite variable across Field Offices. Six offices (M-4, M-5, S-1, S-3, S-4, and S-5) have a strong predominance of reauthorizations (exceeding 85 percent), whereas four offices (L-1, M-1, M-3, and S-2) have more than 40 percent of their visits devoted to new authorizations. The mix of visits within Field Offices is a reflection both of the flow of stores needing authorization or reauthorization and of the use Field Offices made of particular contractors. In L-1 and M-3, the number of contractor

⁵ Additional characteristics of individual stores will be examined in future reports using the STARS data. Such characteristics include type of store, store chain or franchise status, and size of store measured by number of employees and number of cash registers.

Exhibit 3-4

CHARACTERISTICS OF STORE VISITS BY FIELD OFFICE

Field Office	Total Visits	Total Weighted Visits	Percent of All Visits	FCS Visits	Contractor Visits	New Authorizations	Reauthorizations
L-1	36	125	1.7%	11.2%	88.8%	68.8%	31.2%
L-2	303	1112	15.3	12.4	87.6	29.9	70.1
L-3	438	1120	15.4	0.8	99.2	29.0	71.0
M-1	133	358	4.9	17.0	83.0	42.2	57.8
M-2	57	245	3.4	5.3	94.7	16.7	83.3
M-3	105	349	4.8	0.0	100.0	43.3	56.7
M-4	79	282	3.9	13.8	86.2	9.2	90.8
M-5	114	619	8.5	3.2	96.8	12.0	88.0
M-6	112	422	5.8	3.6	96.4	28.0	72.0
M-7	287	568	7.8	0.0	100.0	16.0	84.0
M-8	129	571	7.9	8.1	91.9	18.7	81.3
S-1	62	179	2.5	3.3	96.7	11.7	88.3
S-2	60	246	3.4	4.1	95.9	40.2	59.8
S-3	33	190	2.6	0.0	100.0	8.4	91.6
S-4	119	236	3.2	0.0	100.0	14.0	86.0
S-5	127	646	8.9	19.2	80.8	10.1	89.9
Average, all sites	2194	NA	NA	6.8	93.2	23.9	76.1
Unweighted totals^a	2194	NA	2194	260	1934	784	1410
Weighted totals^a	NA	7268	7268	495	6773	1736	5532

SOURCE: Initial Tracking Sheets and Follow-up Action Reports for visits in the analysis sample.

NA = not applicable

^a Totals in all columns include all observations.

reauthorization visits was low because the contractor was only sent to these stores after inconclusive visits conducted by state or county officials.

Contractor Visit Characteristics

Characteristics of the contractor store visits are displayed by site in Exhibit 3-5. The relative division across sites and by authorization status is similar to that for contractor and FCS visits combined (as might be expected, given the overall predominance of contractor visits over FCS visits). The proportion of contractor visits that were for reauthorization (78 percent) is only slightly higher than the 76 percent share of all visits directed to reauthorization. In contrast, only 44 percent of FCS visits were for reauthorizations (evident from Exhibit 3-7). This finding makes sense to the extent that FCS chooses to visit the most difficult, non-routine cases, which tend to be stores that have not been previously authorized.

Exhibit 3-6 examines the variations in the characteristics of contractor store visits conducted, by firm. Among the contractors, Contractor C had by far the largest proportion of visits (24 percent), followed by Contractor D (20 percent), and Contractor E (17 percent). The firms with the largest proportion of visits were those that served multiple Field Offices. Within the analysis sample, Contractor C operated in 11 separate Field Offices, Contractor D operated in five offices, and Contractor E operated in three offices.⁶ Most contractors had their visit orders concentrated among reauthorizations. New authorizations constituted the majority of orders for only one contractor, Contractor G, but this is based on a sample of only 15 observations.

⁶ The random sampling process excluded some multi-site contractors' work in some sites.

Exhibit 3-5

CHARACTERISTICS OF CONTRACTOR STORE VISITS BY FIELD OFFICE

Field Office	Total Contractor Visits	Total Weighted Contractor Visits	Percent of All Contractor Visits	Contractor New Authorizations	Contractor Reauthorizations	Number of Contractors
L-1	25	111	1.6%	64.9%	35.1%	2
L-2	239	974	14.4	19.9	80.1	2
L-3	429	1111	16.4	28.4	71.6	3
M-1	94	297	4.4	45.5	54.5	1
M-2	44	232	3.4	12.1	87.9	2
M-3	105	349	5.1	43.3	56.7	1
M-4	66	243	3.6	2.1	97.9	2
M-5	94	599	8.8	11.2	88.8	1
M-6	107	407	6.0	25.3	74.7	4
M-7	287	568	8.4	16.0	84.0	1
M-8	100	525	7.7	17.0	83.0	3
S-1	56	173	2.5	9.3	90.7	1
S-2	50	236	3.5	37.7	62.3	1
S-3	33	190	2.8	8.4	91.6	1
S-4	119	236	3.5	14.0	86.0	1
S-5	86	522	7.7	10.3	89.7	2
Average, all sites	1934	NA	NA	21.5	78.5	NA
Unweighted totals ^a	1934	NA	1934	618	1316	NA
Weighted totals ^a	NA	6773	6773	1459	5314	NA

SOURCE: Initial Tracking Sheets and Follow-up Action Reports for visits in the analysis sample.

NA = not applicable

^a Totals in all columns include all observations.

Exhibit 3-6

CHARACTERISTICS OF STORE VISITS BY CONTRACTOR

Contractor	Total Visits	Total Weighted Visits	Percent of All Contractor Store Visits	New Authorizations	Reauthorizations	Number of Field Offices
Contractor A	108	433	6.4%	14.0%	86.0%	3
Contractor B	217	913	13.5	15.1	84.9	1
Contractor C	604	1618	23.9	15.8	84.2	11
Contractor D	346	1338	19.8	36.6	63.4	5
Contractor E	181	1122	16.6	12.3	87.7	3
Contractor F	19	88	1.3	11.0	89.0	1
Contractor G	15	64	0.9	69.6	30.4	1
Contractor H	29	123	1.8	10.8	89.2	2
Contractor I	409	1062	15.7	28.0	72.0	1
Average, all sites	1928	NA	NA	21.4	78.6	NA
Unweighted totals ^a	1928	NA	1928	612	1316	NA
Weighted totals ^a	NA	6761	6761	1447	5314	NA

SOURCE: Initial Tracking Sheets and Follow-up Action Reports for visits in the analysis sample.

NA = not applicable

^a Totals in all columns include all observations with contractor identified. Six contractor visits were missing the contractor identifier.

FCS Visit Characteristics

The FCS visits are less evenly distributed across Field Offices than are the contractor visits. Exhibit 3-7 indicates that more than half of all FCS visits in the weighted sample were conducted by the L-2 and S-5 Field Offices. Another 12 percent of the visits were performed by the M-1 Field Office.

Four Field Offices did not visit any stores during the time applicable to the sample. Six offices exclusively visited stores applying for new authorization, and M-4 and S-1 conducted over half of their visits with new authorizations. The overall preponderance of new authorization visits among the FCS visits probably reflects the time constraints on using

Exhibit 3-7

CHARACTERISTICS OF FCS STORE VISITS BY FIELD OFFICE

Field Office	Total FCS Visits	Total Weighted FCS Visits	Percent of All FCS Visits	FCS New Authorizations	FCS Reauthorizations
L-1	11	14	2.8%	100.0%	0.0%
L-2	64	138	27.9	100.0	0.0
L-3	9	9	1.8	100.0	0.0
M-1	39	61	12.3	26.2	73.8
M-2	13	13	2.6	100.0	0.0
M-3	0	0	NA	NA	NA
M-4	13	39	7.9	53.8	46.2
M-5	20	20	4.0	35.0	65.0
M-6	5	15	3.0	100.0	0.0
M-7	0	0	NA	NA	NA
M-8	29	46	9.3	39.1	60.9
S-1	6	6	1.2	83.3	16.7
S-2	10	10	2.0	100.0	0.0
S-3	0	0	NA	NA	NA
S-4	0	0	NA	NA	NA
S-5	41	124	25.0	8.9	91.1
Average, all sites	260	NA	NA	56.0	44.0
Unweighted totals^a	260	NA	260	166	94
Weighted totals^a	NA	495	495	277	218

SOURCE: Initial Tracking Sheets for visits in the analysis sample.

NA = not applicable

^a Totals in all columns include all observations.

contractors within the 30-day period for new authorizations, and the fact that many Field Offices were already in the practice of visiting high-risk new applicants prior to the demonstration.

3.4 OUTCOMES OF STORE VISITS

The accuracy and value of contractor visits can be assessed by focusing on the results of contractor visits viewed from the perspective of FCS. In short, how well did contractor visits meet FCS' needs? In this section, we examine five outcomes of store visits:

- ***Visit completed*** — Was the visit successfully completed, or was it terminated? (Visits were counted as terminated only if the contractor was unable to get the owner's permission for the visit.)
- ***Work delivered on a timely basis*** — Did the contractor deliver the required work on a timely basis, i.e., within the deadline mandated by the contract with FCS?
- ***Requested more information from contractor*** — Was the contractor asked to obtain missing information or redo any part of the deliverables?
- ***Authorization decision based on visit*** — Was the Field Office able to make an authorization decision based solely on the store's application and the information gathered from the visit (either a contractor or FCS visit)?
- ***Store approved or reauthorized*** — Was the store ultimately approved or reauthorized?

All of these questions were asked about each contractor visit, but only the last two were asked regarding FCS visits. In parallel to the store visit characteristics, the responses given by the Field Offices are examined separately for contractor and FCS visits.

Contractor Visit Outcomes

The outcomes of contractor visits by Field Office are shown in Exhibit 3-8. In most offices, contractors completed all visits. Notable exceptions occurred in the M-2, M-5, M-6, and M-8 Field Offices, but even these offices had completion rates of 92 percent or better.

There is much more variation on the timeliness of contractor services. In six Field Offices, contractors' reports were timely for more than 95 percent of visits. M-3 reported that all contractor work was delivered on a timely basis, and L-3, S-4, and S-5 reported timely

delivery in 99 percent of visits. Three offices, however, reported that fewer than 75 percent of visits resulted in timely delivery of contractor work; the M-2 Field Office experienced the poorest performance in this regard. (See Chapter Two for a discussion of the factors contributing to variability in contractor performance.)

The incidence of requests for additional information from contractors also varies by Field Office. The percentage of visits with additional requests ranges from 0 in S-3 and S-4, to 11 percent in M-2. Eight Field Offices requested additional information on 5 percent or more of the contractor visits.

Despite variation in the timeliness of deliverables and requests for additional information, the vast majority of authorization decisions were made based on contractor visits and deliverables, *without* the need for FCS follow-up. Decisions were made based on visits and deliverables in at least 90 percent of cases across all but two Field Offices, with five offices making all decisions on visits and deliverables. Thus, contractors were clearly able to produce deliverables that allowed authorization decisions to be made.

The final column in Exhibit 3-8 shows the percentage of stores that were ultimately authorized or reauthorized, by Field Office. Approval rates vary between 79 and 100 percent, with S-1 and S-4 approving or reauthorizing all contractor-visited stores in the sample. Only four Field Offices had rates below 90 percent. There is little apparent connection between timeliness and sufficiency of deliverables on the one hand, and final authorization rates on the other.

Exhibit 3-9 shows outcomes associated with contractor new authorization visits. Over 90 percent of these visits were completed in all Field Offices, with the exception of M-2, where only two-thirds of new authorization visits were successfully completed. (Note that M-2 has only three visits on which to base conclusions.) Overall, L-3, M-4, M-5, and S-2 had particularly low rates of store approval — below 75 percent.⁷ L-1, S-2, and S-5 have a noticeably high percentage of additional requests for more information from contractors.

Comparing the outcomes for reauthorization visits, as shown in Exhibit 3-10, with the results for new authorizations, the data support the conclusion that contractor performance on

Exhibit 3-8

OUTCOMES OF CONTRACTOR STORE VISITS BY FIELD OFFICE

Field Office	Total Visits	Visit Completed	Work Delivered on Timely Basis	Requested More Information from Contractor	Authorization Decision Based on Visit	Store Approved or Reauthorized
L-1	25	100.0%	66.5%	9.3%	96.9%	96.9%
L-2	239	99.2	91.2	1.3	91.7	98.4
L-3	429	100.0	99.4	0.8	99.6	79.6
M-1	94	100.0	96.0	6.1	98.1	92.3
M-2	44	91.7	48.5	11.1	100.0	78.9
M-3	105	100.0	100.0	0.7	100.0	98.0
M-4	66	100.0	97.4	9.2	99.0	99.0
M-5	94	96.4	84.8	1.5	82.0	81.0
M-6	103	98.6	85.0	7.1	100.0	97.6
M-7	287	100.0	87.8	5.0	97.2	99.7
M-8	100	95.6	73.8	7.5	93.6	98.5
S-1	56	100.0	79.0	2.3	100.0	100.0
S-2	50	100.0	93.5	9.1	98.7	85.7
S-3	33	100.0	93.9	0.0	84.7	93.3
S-4	118	100.0	99.1	0.0	100.0	100.0
S-5	86	100.0	99.0	3.7	97.6	95.9
Average, all sites	1934	98.9	89.9	3.7	95.7	92.2
Unweighted totals^a	1934	1915	1710	66	1843	1732
Weighted totals^a	6773	6686	6006	244	6354	6036

SOURCE: Initial Tracking Sheets and Follow-up Action Reports for visits in the analysis sample.

^a Totals in "Total Visits" column include all observations. In other columns, totals reflect the number of sample observations with non-missing outcomes.

Exhibit 3-9

**OUTCOMES OF CONTRACTOR NEW AUTHORIZATION STORE VISITS
BY FIELD OFFICE**

Field Office	Total Visits	Visits Completed	Work Delivered on Timely Basis	Requested More Information from Contractor	Authorization Decision Based on Visit	Store Approved
L-1	21	100.0%	61.9%	14.3%	95.2%	95.2%
L-2	72	98.6	62.3	4.2	87.3	97.2
L-3	167	100.0	100.0	1.8	99.4	72.5
M-1	49	100.0	93.9	8.2	95.8	93.7
M-2	3	66.7	100.0	100.0	100.0	100.0
M-3	66	100.0	100.0	1.5	100.0	95.4
M-4	2	100.0	50.0	0.0	50.0	50.0
M-5	34	94.1	3.1	0.0	81.2	68.7
M-6	49	100.0	79.6	0.0	100.0	90.4
M-7	42	100.0	90.5	7.5	97.6	100.0
M-8	25	100.0	44.0	8.7	92.0	92.0
S-1	16	100.0	93.7	0.0	100.0	100.0
S-2	29	100.0	82.8	24.1	96.5	62.1
S-3	3	100.0	100.0	0.0	100.0	100.0
S-4	15	100.0	93.3	0.0	100.0	100.0
S-5	21	100.0	90.5	9.5	90.5	100.0
Average, all sites	618	98.9	81.0	6.8	95.3	87.2
Unweighted totals^a	618	610	502	30	585	527
Weighted totals^a	1459	1435	1159	96	1369	1252

SOURCE: Initial Tracking Sheets and Follow-up Action Reports for visits in the analysis sample.

^a Totals in "Total Visits" column include all observations. In other columns, totals reflect the number of sample observations with non-missing outcomes.

Exhibit 3-10

**OUTCOMES OF CONTRACTOR REAUTHORIZATION STORE VISITS
BY FIELD OFFICE**

Field Office	Total Visits	Visits Completed	Work Delivered on Timely Basis	Requested More Information from Contractor	Authorization Decision Based on Visit	Store Approved
L-1	4	100.0%	75.0%	0.0%	100.0%	100.0%
L-2	167	99.4	98.2	0.6	92.8	98.7
L-3	262	100.0	99.2	0.4	99.6	82.4
M-1	45	100.0	97.8	4.4	100.0	91.1
M-2	41	95.1	43.6	2.6	100.0	76.9
M-3	39	100.0	100.0	0.0	100.0	100.0
M-4	64	100.0	98.4	9.4	100.0	100.0
M-5	60	96.7	94.8	1.7	82.1	82.7
M-6	54	98.1	86.8	9.4	100.0	100.0
M-7	245	100.0	87.3	4.6	97.1	99.6
M-8	75	94.6	80.3	7.2	94.0	100.0
S-1	40	100.0	77.5	2.5	100.0	100.0
S-2	21	100.0	100.0	0.0	100.0	100.0
S-3	30	100.0	93.3	0.0	83.3	92.6
S-4	103	100.0	100.0	0.0	100.0	100.0
S-5	65	100.0	100.0	3.1	98.5	95.4
Average, all sites	1316	98.8	92.3	2.8	95.8	93.7
Unweighted totals^a	1316	1305	1208	36	1258	1205
Weighted totals^a	5314	5251	4848	148	4985	4783

SOURCE: Initial Tracking Sheets and Follow-up Action Reports for visits in the analysis sample.

^a Totals in "Total Visits" column include all observations. In other columns, totals reflect the number of sample observations with non-missing outcomes.

reauthorization visits was better than on new authorization visits. Reauthorizations had equal or higher rates of timeliness in eleven Field Offices; requests for additional information were lower for reauthorizations than for new authorizations in ten Field Offices. Nine Field Offices rendered reauthorization decisions on the basis of contractor visits (without further follow-up) in all cases.

On the other hand, final approval rates for reauthorization cases were higher in nine Field Offices and equal to rates for new authorizations in two more offices. Eight Field Offices approved all stores visited for reauthorization, whereas only M-2 approved fewer than 80 percent of these stores. This pattern raises the question of whether the higher ratings of contractor performance on reauthorization visits may have been in part due to a lower level of scrutiny on these stores than on new authorizations, where Field Office staff were most scrupulous about their role as gatekeepers for the FSP.

Exhibit 3-11 represents the outcomes of all contractor store visits, as in Exhibit 3-8, but divides the data by contractor rather than Field Office. Thus, the exhibit shows the same overall patterns of timeliness and requests for additional information to those discussed earlier. There is little correlation at the level of individual visits between these two outcomes — only 20 percent of visits that did not result in timely delivery of work had additional information requests. It is interesting to note, however, that the contractors with the lowest rates of timeliness also had the highest rates of requests for additional information. Requests made for information ranged from 0 to 7 percent, and the proportion of authorization decisions based on contractor visits ranged from 90 to 100 percent.⁸ Store approval/reauthorization rates showed little variation; only Contractor I had visits that resulted in approval rates below 80 percent.

FCS Visit Outcomes

Nearly all offices were able to make authorization decisions based on 90 percent or more of the visits conducted by FCS. As shown in Exhibit 3-12, only in M-2 and M-5 were a significant fraction of authorizations not made based on the visit alone.

⁸ Although Contractor F completed 100 percent of the visits in the sample on time, all of these visits were in M-6, which was one of the two Field Offices served by Contractor F. The other Field Office, M-8, indicated that all of Contractor F's store visit reports there (making up one call order) were rejected and subsequently resubmitted after the due date.

Exhibit 3-11

OUTCOMES OF STORE VISITS BY CONTRACTOR

Contractor	Total Visits	Visits Completed	Work Delivered on Timely Basis	Requested More Information from Contractor	Authorization Decision Based on Visit	Store Approved
Contractor A	108	94.6%	100.0%	0.0%	97.2%	99.5%
Contractor B	217	99.5	95.2	0.8	92.9	98.6
Contractor C	604	98.6	86.6	7.2	95.3	95.0
Contractor D	346	99.6	87.3	6.3	98.3	94.2
Contractor E	181	98.1	88.6	3.0	89.7	89.1
Contractor F	19	100.0	93.6	0.0	100.0	97.8
Contractor G	15	100.0	100.0	0.0	100.0	94.6
Contractor H	29	100.0	10.8	3.1	98.5	95.4
Contractor I	409	100.0	99.4	0.2	99.7	79.9
Average, all sites^a	1934	98.8	88.7	3.6	93.8	89.1
Unweighted totals^b	1928	1912	1707	66	1837	1726
Weighted totals^b	6761	6679	6000	244	6342	6023

SOURCE: Initial Tracking Sheets and Follow-up Action Reports for visits in the analysis sample.

^a Total includes six visits for which contractor was unknown.

^b Totals in "Total Visits" column include all observations. In other columns, totals reflect the number of sample observations with non-missing outcomes.

A comparison of the outcomes of FCS and contractor visits across Field Offices is displayed in Exhibit 3-13, which combines information shown previously in Exhibits 3-8 and 3-12. Despite the overall conclusion that FCS visits had higher approval rates than contractor visits, the overall difference does not hold within the majority of Field Offices that conducted their own visits. In seven of the twelve Field Offices with FCS visits, the approval rates for contractor visits are no lower than for FCS visits (L-3, M-2, M-5, M-6, M-8, S-1, and S-2). These offices did not drive the overall average for average for FCS visits, however, because all but one had below-average percentages of visits conducted by FCS. The higher approval rate for FCS visits as a group results from the minority of Field Offices that both conducted a large

Exhibit 3-12

OUTCOMES OF FCS STORE VISITS BY FIELD OFFICE

Field Office	Total Visits	Authorization Decision Based on Visit	Store Approved or Reauthorized
L-1	11	100.0%	100.0%
L-2	64	98.4	100.0
L-3	9	100.0	75.0
M-1	39	100.0	97.4
M-2	13	84.6	66.7
M-3	0	NA	NA
M-4	13	100.0	100.0
M-5	20	70.0	68.7
M-6	5	100.0	66.7
M-7	0	NA	NA
M-8	29	96.3	95.6
S-1	6	100.0	100.0
S-2	10	100.0	77.8
S-3	0	NA	NA
S-4	0	NA	NA
S-5	41	100.0	100.0
Average, all sites	260	97.2	95.2
Unweighted totals^a	260	228	198
Weighted totals^a	495	406	362

SOURCE: Initial Tracking Sheets for visits in the analysis sample.

^a Totals in "Total Visits" column include all observations. In other columns, totals reflect the number of sample observations with non-missing outcomes.

Exhibit 3-13

OUTCOMES OF CONTRACTOR AND FCS STORE VISITS BY FIELD OFFICE

Field Office	Total Visits	Authorization Decision Based on Visit		Store Approved or Reauthorized	
		Contractor	FCS	Contractor	FCS
L-1	36	96.9%	100.0%	96.9%	100.0%
L-2	303	91.7	98.4	98.4	100.0
L-3	438	99.6	100.0	79.6	75.0
M-1	133	98.1	100.0	92.3	97.4
M-2	57	100.0	84.6	78.9	66.7
M-3	105	100.0	NA	98.0	NA
M-4	79	99.0	100.0	99.0	100.0
M-5	114	82.0	70.0	81.0	68.7
M-6	108	100.0	100.0	97.9	66.7
M-7	287	97.2	NA	99.7	NA
M-8	129	93.6	96.3	98.5	95.6
S-1	62	100.0	100.0	100.0	100.0
S-2	60	98.7	100.0	85.7	77.8
S-3	33	84.7	NA	93.3	NA
S-4	118	100.0	NA	100.0	NA
S-5	127	97.6	100.0	95.9	100.0
Average, all sites	2194	95.7	97.2	92.2	95.2
Unweighted totals^a	1934	1843	228	1732	198
Weighted totals^a	6773	6354	406	6036	362

SOURCE: Initial Tracking Sheets and Follow-up Action Reports for visits in the analysis sample.

^a Totals in "Total Visits" column include all observations. In other columns, totals reflect the number of sample observations with non-missing outcomes.

number of FCS visits and had high FCS approval rates (mainly L-2, M-1, and S-5). Caution must be used when making Field Office-level comparisons because of the small sample sizes.

3.5 CONCLUSIONS

From the data examined in this chapter, several conclusions can be drawn about the success of contractor store visits. First, contractors were able to successfully conduct store visits. The overwhelming majority of work produced by contractors was delivered to FCS on a timely basis, despite the sometimes narrow time frames required. Contractors demonstrated an ability to provide sufficient materials to allow FCS to make authorization decisions. Overall, 96 percent of contractor visits directly resulted in an authorization decision, quite comparable with the roughly 97 percent figure for FCS visits. Second, most Field Offices made extensive, if not exclusive, use of contractors to conduct store visits. Where contractor use was not exclusive, offices tended to favor giving contractors potentially less sensitive reauthorization visits over new authorizations. Third, the variability of outcomes across both Field Offices and contractors supports the conclusion from Chapter Two that several factors influenced the results of contractor visits, including time constraints imposed by FCS, Field Office standards, contractor performance, and the relative mix of types of visits assigned to contractors.

CHAPTER FOUR

LESSONS AND PROSPECTS FOR CONTRACTOR STORE VISITS

This chapter presents the lessons that emerge from the demonstration experience and the prospects for the next phase of contractor store visits. For nearly all of the Field Offices, the experience was ultimately one of success: by the latter part of the demonstration, contractors were delivering satisfactory reports that the Field Office staff could and did use in making authorization and reauthorization decisions.

4.1 LESSONS FROM THE DEMONSTRATION

Some of the lessons that follow come from sites where contractors performed particularly well; others are drawn from difficulties with contractor performance, including delayed and poor-quality deliverables, especially during the first two months of the demonstration. Still other lessons emerge from the challenges faced by the Field Offices as they sought to make the best use of the contractor visits while maintaining their other commitments.

Although the lessons are all grounded in the history and results of the demonstration, they are not all empirically based. Some are reflections or opinions commonly expressed by demonstration participants; others are the evaluators' observations, judgments, or expectations for the future. The order in which they are presented follows the steps in the demonstration process, from contractor selection through Field and Regional Office management.

Contractor Recruitment and Selection

Contractors need more information on volume, pace, and location of the visits to make realistic plans and budgets.

The SOWs provided very little information on how many visits the contractors might expect to conduct, when those visits would be ordered, and where the stores would be located. Contractors only knew the territory covered by their BPAs and the total number of potential visits projected by FCS (based on the Governmental Cost Estimate, which in a number of sites was substantially above the contractor's price). The work rotation process at the outset of the demonstration added more uncertainty. If the SOWs had included more information on the

distribution and timing of potential visits, more of the contractors might have made realistic bids, taking into account the variability in the workload over time and the sometimes great distances to be covered.

FCS needs more information on contractor qualifications, references, and available staff (or subcontractors) when making selection decisions.

More detailed information on contractor qualifications, including specific examples of relevant experience by the proposed staff or subcontractors and references to verify previous performance, might have better enabled FCS to screen out contractors that were unable to deliver timely, satisfactory reports. Perhaps just as important is the need for contractor proposals to specify clearly and commit the resources that the contractor views as necessary to deliver the required work. This need is evidenced by the number of contractors whose work was late or never completed because of a lack of available staff.

Selection criteria need to put more emphasis on work plans and demonstrated commitment to service.

The procurement rules for the demonstration forced FCS to use the lowest-cost bidder, with little opportunity to exclude firms that subsequently proved unable to meet FCS' needs. Demonstration participants felt that one way to address this problem would be to require specific work plans in the proposals. Such plans would have provided a clearer understanding of the contractor's approach and proof that the contractor understood and was ready to deliver the work.

An alternative procurement mechanism is necessary if multiple contractors are needed in a given area.

Work cannot be rotated among contractors within the terms of BPAs, but another procurement mechanism (such as indefinite delivery or indefinite quantity contracts) might be used to line up multiple contractors. In a work-rotation arrangement, some assurances of a minimum level of work would give FCS a much greater chance to attract and retain the services of qualified contractors at reasonable prices.

More Field Office involvement in review of the proposals is desirable to help anticipate and prevent problems.

Field Offices could "reality test" contractors' expectations against their own awareness of the challenges of serving their areas. Field Office involvement in the review process would also help local staff learn more about the contractors in preparation for working with them.

Provision for a probationary period would help overcome the difficulty in predicting contractor performance.

In procuring a novel service such as the demonstration store visits, past experience has only limited power to predict contractor performance. The work rotation that some Field Offices implemented at the start of the demonstration provided an opportunity to test out the different contractors; the contractors' performance on the initial visits in these sites varied considerably, despite similar qualifications on paper. A similar arrangement to avoid locking-in a single unproven contractor would be advantageous in the future, although the demonstration showed that relying on a back-up contractor being able to take over can be risky.

Contractor Training

Written instructions are insufficient: reviewers should be trained in person.

Reviewers who were trained face-to-face, either by FCS or by the contractor's in-house trainer, consistently performed better than those who were trained at a distance via written materials. Most of the reviewers who did not receive in-person training did not fully grasp the needs of FCS field staff. Procedures to ensure that reviewers are trained face-to-face will strengthen contractor training, which Field Office staff strongly identify as a key to the success of this initiative.

Mandatory Field Office training for all reviewers may be desirable.

Contractors would, of course, build the cost of this time into their bids, but there could be a substantial payoff to FCS in improved performance and reduced time devoted to problem resolution. If a firm strongly prefers to train its own staff, the firm's trainer could be required to undergo more intensive training by FCS, followed by feedback on reviewers' performance to ensure the trainer's accountability.

Field Offices and reviewers need samples of good store visit reports for training and to set the standard.

All parties agree that samples of high-quality store visit reports are beneficial for training and for setting a clear standard for acceptable reports. During the demonstration, Field Offices did not have such reports to use in training, though some offices did have examples of photos. The evaluation contractor is currently working with FCS on plans for a contractor handbook that would lay out required and recommended procedures; the handbook would include samples of high-quality reports for several key types of stores.

Assigning Stores to Visits and Placing Call Orders

Contractors can probably operate more efficiently and offer better prices if orders are concentrated in space and time.

Grouping store visits geographically did require extra Field Office effort, as well as a large enough pool of available stores, so it was not always feasible. Field Offices that did not group their call orders felt that they lacked either the time or the flexibility; they also tended to view the problem of geographically dispersed visits as part of the risk assumed by the contractors.

In the case of reauthorizations, the limit of 20 stores per call order reduced the efficiency of the process. Contractors view each call order as having certain fixed costs: receiving and acknowledging the order, scheduling the work, having the films developed, and delivering the reports. Hence, the larger the call order, the more visits can share these fixed costs. Moreover, the 20-store limit slowed down the pace of orders for visits, in some cases below the capacity of the contractors. Finally, the contractor has less flexibility in scheduling and routing visits for a 20-store order than for a 200-store order.

For these reasons, options for increasing the pace of requests for reauthorization visits might be considered. For example, one option is allowing reauthorization applications to build up prior to beginning the process of ordering contractor visits, so that the contractor's work can be more like a concentrated "sweep." Another option is to give the contractor a single list of authorized stores to be visited within a reasonable span of time (perhaps one to two months), giving the contractor the maximum flexibility for efficient scheduling. As the experience in the Southeast Region demonstrates, this approach poses challenges for the Field Office in

coordinating the reauthorization process with the visits, as well as spending resources on visits to stores that will not apply for reauthorization. (This latter problem can be minimized by a thorough review of non-redeemers and low redeemers prior to developing the list for the contractor visits.)

Expectations for the size and grouping for visits need to be realistic, taking into account the number and distribution of potential visits and the Field Office's capacity to process the reports.

For example, one Field Office reached an agreement with their contractor early in the process regarding the work flow that the contractor could successfully complete, as well as a flow that the Field Office staff could review in a reasonable timeframe. Several other offices experienced problems with the pace of work due to FCS sweeps and state visits; thus, store visits need to be coordinated with these activities.

A standard automated tool for placing and tracking orders is needed; it should have the capability to exchange data with STARS.

The Field Offices expressed a need for software for placing and tracking orders, in order to eliminate the time-consuming manual preparation of call orders and tracking logs. Such a system would be especially useful if it could download retailer data from STARS, select stores automatically by geographic area or store characteristics, and produce the call order forms. Such a system could also meet the widely-felt need for a way to track contractor activity and performance, expenditures, and the outcomes of store visits.

Conducting Store Visits

Good location information and good planning are the keys to minimizing travel time to and between stores.

Contractors need to acquire accurate, detailed maps and be aware of other resources for locating stores. Careful planning of the sequence of store visits, taking into account the stores' hours as well as the geography, can reduce travel time and minimize the incidence of return visits to sometimes hard-to-reach stores. FCS can help the contractors by making sure that orders for store visits contain accurate street addresses, store hours and, for new stores, expected opening dates.

Better credentials, such as photographic ID cards, and appropriate dress can prevent contractors from experiencing difficulties obtaining consent to conduct store visits.

Either FCS or the contractor should issue a photographic ID card to reviewers, so that they can establish their legitimacy without disclosing personal information. Letters of introduction in locally-prevalent languages are also helpful in this regard. Reviewers need to be aware that their dress and manner of presentation also influence retailers' willingness to cooperate with store visits.

A systematic approach to conducting the in-store activities helps to ensure that contractor personnel obtain complete and accurate data.

Training for contractor personnel should emphasize that two or even three trips through a store are advisable to ensure that all staple foods are observed and documented. Good reviewers ask appropriate questions of store personnel to double-check their observations, especially in less-common types of stores.

Evaluating Contractor Products and Performance

Clearer standards for acceptability would reduce the incidence of rejected reports and the quality control time spent by Field Offices; more consistency in quality across sites would be assured as well.

One area of improvement that would enable contractors to perform more successfully is providing clearer guidelines on the number and composition of photographs. With respect to the checklists, two areas need to be better defined: the extent to which contractors are expected to write in information on foods not already listed, and the expected level of consistency between the checklists and the photographs.

Clearer guidelines for handling contractor delays and imposing penalties would ensure more consistent treatment across sites.

The attempt to provide some flexibility for contractor report deadlines did have some benefit, but several Field Offices had numerous disputes with contractors over establishing and

Field Offices that applied penalties in all instances of late delivery to Field Offices that routinely allowed "grace days" before considering deliverables late.

Guidelines need to address what happens when reports are too late to be of use, and how much time contractors will be allowed to resolve deficiencies.

Neither of these issues was addressed in the SOW, and both became problematic. Field Offices generally recommended a sliding scale of penalties going well beyond the 20 percent limit in the demonstration statement of work. Field Offices need penalties to use as leverage to induce recalcitrant contractors to correct deficient reports; contractors need clear specification of any circumstance in which completed work will be considered too late to be accepted, and therefore ineligible for any payment.

Contractors should be required to have adequate internal quality control.

Field Office staff felt that they spent too much time with poor quality reports. To prevent this problem, contractors should be required to document and demonstrate appropriate quality control mechanisms, either through local supervision or through central review of deliverables prior to submission. FCS may wish to provide for the option of mandating corrective action (such as replacement or retraining of reviewers) when contractors are not effectively controlling the quality of their deliverables.

Dispute resolution procedures should reduce the burden of Field Offices to manage contractors.

FCS and contractors need clearer rules regarding which kinds of disputes the Field Offices should resolve and which should be referred to the COR or Contracting Officer. Field Offices can most effectively contribute to contractor management by establishing the facts of contractor performance (namely, the timeliness and quality of deliverables); disputes over payment are better handled by regional or Headquarters staff.

Making Eligibility Decisions

Field Offices need clearer, more objective definitions of ample variety requirements.

As discussed earlier, Field Offices would be able to make more prompt, consistent, and sustainable eligibility decisions if they had clearer guidance on the minimum inventory required for a store to qualify for the Food Stamp Program. Clearer standards could even allow the

decision rules to be built into the checklist or other components of the contractor reports. The drawback of clearer standards is that, by establishing the minimum requirements for eligibility, FCS might make it easier for marginal, fraud-prone stores to boost their stock just enough to qualify. It is hard to see, however, how clearer standards would make it significantly harder to keep out marginal stores than the currently broad and vague guidelines.

Additions to the SOW to provide better documentation of deficiencies in staple food inventories should be considered.

A significant issue in the demonstration was the fact that even good contractor reports did not always provide enough information to make a firm, sustainable decision on the store's eligibility. This problem often contributed to disputes between Field Offices and contractors over whether enough photographs had been provided. The MWRO addressed this problem by requiring the contractor to complete a "deficiency form" to gather additional, more precise information on potentially under-represented food groups. Although this form was not entirely consistent with the demonstration checklist, it is worthy of consideration as a way to save Field Office staff some time and help support their decisions. The checklist should be fine-tuned to resolve ambiguities and to list all significant foods. Some offices suggested that providing more information on the overall store composition, such as the layout sketches used in the Western Region, would also be helpful.

More information on accessory foods and non-food items is needed to determine eligibility of specialty stores.

FCS may wish to establish an alternate set of procedures and specifications for contractor reports on specialty stores and other stores most likely to qualify under Criterion B. These procedures would be geared to providing sufficient information on the store's overall stock volume, and on the role of staple foods in that volume. To employ these procedures, FCS would have to specify to the contractor which stores should be visited according to the demonstration's "Criterion A" method and which should be visited according to the "Criterion B" method. This approach would necessitate some additional training of reviewers.

Managing Field Office Operations

The Field Office effort required to order, review, and use contractor store visit reports needs to be considered in planning for FY 1997.

Both the self-reported estimates of the demonstration's burden and the empirical evidence regarding the volume of visits ordered by the sites make it clear that Field Office capacity will be a very important, perhaps limiting, factor in planning the FY 1997 contractor store visits. Although much can be done to address the factors that contributed to the demonstration's burden (by clarifying the rules and ensuring more timely, better-quality deliverables), using contractors to visit stores nevertheless entails spending more time on those stores' applications than would be the case if, as usual, they had not been visited. The Field Offices in the demonstration did not reduce the volume of documentation reviewed as part of the application process, so they had to process the usual volume of paper plus the contractor reports.

Like the Field Offices in the demonstration, Field Offices nationwide are likely to differ significantly in the volume of contractor visits they can reasonably be expected to process, even controlling for the number of staff. Important considerations include the timing and duration of the contractor visit process; the extent to which Field Offices will be allowed or encouraged to select or prioritize stores for visits; existing practices regarding FCS store visits; schedules for EBT implementation and other FSP initiatives; non-FSP responsibilities, such as Summer Feeding Program oversight; and personnel changes and issues (e.g., unfilled vacancies).

Plans for implementing store visits with new contractors should allow for a start-up period before the Field Offices and the contractors are expected to operate at full capacity.

The "break-in" period for new contractors need not be as long as two months, as was the case in a few sites, but some time on the order of one month should be allowed for contractor and Field Office staff to settle into a routine. This is a consideration both for planning the potential capacity of the Field Offices to order and use contractor visits and for the ongoing monitoring of Field Office performance relative to expectations.

Additional storage space requirements in the Field Offices need to be addressed.

One seemingly minor but important issue raised by a number of Field Offices was the additional storage space needed for contractor reports. Reports that contained stacks of individual photographs were particularly problematic; binders that did not fit in standard file folders also required some adaptation. Storage considerations should play a role in the specifications for contractor reports. In addition, as part of the planning process, Field Office storage needs and existing capacity should be assessed.

The Field Offices and Regional Offices participating in the demonstration have gained much practical experience and insight about using contractor store visits that could be beneficial to the planning, implementation, and operational phases of the FY 1997 initiative.

FCS has already planned to assemble Field and Regional Office representatives to discuss the SOW and other issues for the contracted store visits in FY 1997. At the national and regional levels, the participants have much to contribute: ideas about how to make the process better; experience that demonstrates that the process is viable; and a base of experience from which to address problems that arise in the future.

Regional Office Operations

The boundaries between Regional and Field Office responsibilities need to be better defined and structured so that each level plays the appropriate roles.

It is more efficient, and Field Offices prefer, for contractual issues to be handled at the Regional or Headquarters level. This approach, however, requires coordination and good lines of communication between Field Offices and Regional Offices to ensure that the process runs smoothly. Regional Office staff will have to assume more of the leadership role as the number of participating sites expands, to ensure consistency in contractor management and in the use of contractor-provided data. Even on a per-office basis, the Regional Office effort may have to be greater than it was during the demonstration, given the need to manage the process from policy, fiscal, and operational perspectives. More time to plan and complete the process will provide for some offsetting efficiencies, relative to the hectic process of starting up and winding down the demonstration.

Payment to the contractors is an area that requires clear, standardized forms and procedures, preferably with the assistance of an automated tracking system for store visits.

Contractor reimbursement can become problematic if good systems are not in place. The Field Offices will still need to provide some form of feedback on invoices prior to payment, although they could simply use the call orders and leave for someone else the responsibility to reconcile the call orders with the invoices. Also, contractors need a clear indication of which (if any) store visits are subject to penalties, and why.

Best Practices

To summarize the preceding discussion and earlier observations, Exhibit 4-1 presents a list of the best practices employed by contractors and Field Offices. These practices include approaches, techniques, and tools that contributed to smooth, efficient, and effective operations. They are worthy of consideration, but may require adaptation to other contractors' or Field Offices' circumstances.

4.2 PROSPECTS FOR FUTURE USE OF CONTRACTORS TO VISIT STORES

The demonstration has shown that using contractors to visit stores is viable and can work very well. This success is highlighted by the following key results:

- Field Offices found this resource useful enough to order 85 percent of the originally-projected number of visits.
- By the end of the demonstration, over three-quarters of the Field Offices were moderately to highly satisfied with contractor performance.
- Over 60 percent of the sites rated the quality of contractor deliverables as good or better; a similar percentage of sites rated contractors as generally or consistently on time.

Exhibit 4-1
BEST PRACTICES

Best Practices by Contractors

- Good working relationship with the Field Office
- Thorough training by contracting organization, which includes a field component
- Neat, professional, flat deliverables that are organized in a consistent fashion
- In-house quality control process that identifies problems prior to submission of reports to FCS
- Automated tracking system
- Mapping software that plots store locations and assists in planning travel routes
- Computer software that generates labels for photographs and mailings
- Photographs that are sufficient in number and content to permit an adequate assessment of the staple food stock, as well as overall sense of the store
- Methods to correctly match photos with stores, such as using a store identification placard in photos or one roll of film per store

Best Practices by Field Offices

- Communicating clearly the expectations for Field Office needs and contractor performance
- Identification of a store visit coordinator
- Adequate training and tools (such as checklist) for staff to ensure consistency in the approach to assessing the adequacy of deliverables and making eligibility decisions
- Automated process for issuing and tracking call orders
- Prompt review of contractor deliverables
- Ongoing feedback to contractors on the quality of deliverables and issues/problems as they arise
- Regular issuance of call orders; steady and adequate flow of work, negotiated by Field Office and contractor
- Geographic grouping of stores in call orders
- Detailed and thorough training of contractors by Field Offices

- In the tracking analysis sample, 90 percent of contractor deliverables were timely and 96 percent did not require correction by the contractor.¹
- Contractor visits provide sufficient information in the vast majority of cases: 96 percent of contractor visits enabled the Field Office to make an authorization or reauthorization decision without further information-gathering (other than routine documentation).
- Contractor visits can and do lead to the exclusion of ineligible stores from the FSP. The analysis yields an 8 percent rate of negative actions (denials and withdrawals) against contractor-visited stores. Projected over the entire set of contractor visits ordered, this rate would result in 737 ineligible stores denied authorization or withdrawn.

On several of these indicators, there was considerable variability across sites. Contractor performance ranged from firms that substantially exceeded contractual requirements to those that were unable to meet those requirements and had to be replaced. Largely because of variability in contractor performance, a minority of Field Offices exceeded their projected number of visits ordered, whereas the majority substantially underutilized this resource. Site-level data on approval rates are subject to some sampling error, but they also suggest substantial variation across Field Offices, resulting from a combination of the differences in contractor report quality and variations in approaches to authorization decisions.

One clear pattern is that, under the terms and conditions of the demonstration, the contractor visit process worked more smoothly and satisfactorily for reauthorizations than for new authorizations. Both the process interviews for the evaluation and the tracking data indicate that the contractors' reports on reauthorization visits were more consistently on time than their new authorization visit reports. Contractors almost always had more time to complete reauthorization visits, and orders for reauthorization visits were better grouped geographically. Field Offices, too, found it easier to order reauthorization visits because (with a few notable exceptions) they could draw on sizable queues of applications.

¹ The overall ratings of the contractors by the Field Offices and the results of the tracking data analysis may appear to be divergent (e.g., 61 percent of Field Offices rating contractors as generally on time or better, versus a timeliness rate of 90 percent in the tracking data). These two sets of data, however, are not comparable. The Field Office ratings pertain to contractors' performance relative to their more complex and subjective expectations, whereas the tracking data reflect performance relative to the few objective characteristics of contractor visits for which data were collected.

The fact that the contractor process worked more smoothly for reauthorizations than for new authorizations does not imply, however, that new authorization visits are not viable and valuable. Among contractor-visited stores, the approval rate for new authorizations was significantly lower — by over 6 percentage points — than for reauthorizations. This result suggests that contractor visits to new applicant stores may actually be more valuable than reauthorization visits, despite the lower level of contractor performance. Furthermore, the differences in contractor performance between new authorizations and reauthorizations are relatively small: the vast majority of new authorization visits were timely, met contractual requirements for completeness, and provided sufficient basis for FCS to make decisions. Finally, if both contractors and Field Offices had more time to process new authorizations, most of the performance differences would likely diminish.

The contractor visit process also tended to be smoother and more productive in the larger Field Offices. The two biggest Field Offices — L-2 and L-3 — were the most productive. Three of the four other sites that ordered a high proportion of their potential contractor visits were among the mid-sized group; only one was small. Large and mid-sized offices had the advantage of size and available funds, but the most productive offices also placed the highest priority on the demonstration. These offices were helped by good relationships with their contractors resulting from mutual commitment to the demonstration.

The smaller Field Offices tended to experience a combination of challenges because of their size, both in terms of staff and retailer population. On the contractor side, it was more difficult to achieve the steady flow of work needed to attract and retain good personnel and to attain a positive cash flow. For Field Offices with four or fewer staff, the process was vulnerable to bottlenecks, either because so much responsibility for the demonstration resided in a single person or because any interruption in the availability of even one staff member had major impacts on the flow of all Field Office work, including demonstration tasks.

The results also suggest that the use of contractor visits worked better in offices serving large urban areas. The more rural sites tended to have more problems with timeliness and with some orders for visits being rejected by the contractors. Although the rural sites tended to be smaller (in terms of retailer population), the geographic dimension of the retailers also seemed to be a factor, as evidenced by the disputes between FCS and contractors over having to visit

(and sometimes re-visit) stores in remote locations. Further study of the data on individual visits is planned to determine how much independent influence the degree of urbanization had on the success of the process in each Field Office.

The contractors in the demonstration did, for the most part, overcome the understandable skepticism of many Field Office staff about their ability to serve as FCS' "eyes and ears" and their credibility as representatives of the FSP. The Field Office staff who participated in the demonstration now recognize that contractors can be a valuable extension of FCS' reach, especially in more distant areas. Some Field Office staff remain skeptical about the effectiveness of store visits as a tool against fraud: a longer period of experience and evaluation is needed to address this concern.

Finally, the variations in contractor performance provide some cues regarding the characteristics to look for in future contractors. All but one of the contractors were small (under 100 employees) and privately-held. The most successful contractors were very small, with under ten employees; these firms coupled their entrepreneurial energy with a willingness to accommodate Field Office needs. Contractors with backgrounds in real estate inspections or business surveys for credit purposes tended to perform better than firms with more generic government contracting experience. Successful contractors either had their own staff on-site or operated through well-developed and reliable networks of local subcontractors and operatives.

Last but not least, the better-performing contractors tended to be more expensive than those with adequate-to-poor performance. Except for the L-3 contractor (which acknowledged having bid too low), all of the contractors that performed well in all sites charged \$98 or more per visit. The additional resources went into better pay for reviewers and more corporate attention to quality control and customer relations. On the other hand, the high performance delivered by low-cost contractors in a few sites (namely, L-3, M-3, and S-5) indicates that relatively inexpensive contractors can perform well when they can attract motivated and capable staff.

These considerations need to be taken into account in the planning for contracted store visits in FY 1997. Many of them are embedded in the lessons discussed previously in this chapter. FCS is already addressing many of the issues raised by the demonstration, including

the need for a more specific SOW, better training materials for contractors, and software to automate the ordering and tracking of contractor visits.

The evaluation will continue to examine and analyze these preliminary findings. Future analyses will address the relationship of store visit outcomes to store characteristics (as noted earlier), the outcomes of administrative reviews arising from demonstration actions, and the subsequent behavior of stores approved on the basis of contractor visits. These results will continue to provide feedback and insight as FCS plans and implements the next phase of this important initiative.

APPENDIX A
FIELD OFFICE CHARACTERISTICS

Exhibit A-1

FIELD OFFICE CHARACTERISTICS: STAFFING PATTERNS

Field Office	Number of Staff Positions Filled	Position of Demo Coordinator	Staff Assigning Contractor Visits	Staff Issuing Call Orders	Staff Reviewing Contractor Reports for Store Eligibility	Notable Staffing Issues
L-1	7	PS	All PS (5)	Demo coordinator	All PS	Program technician left 8/31; not replaced by 10/31
L-2	14	2 PS	All PS	2-PS	All PS	None
L-3	9	OIC	4 PS and 1 program tech	Program tech	All PS	None
M-1	4	Acting OIC	Acting OIC and 2 PS	Acting OIC	Acting OIC and 2 PS	OIC on leave during demo
M-2	7	OIC	4 PS	4 PS	All PS	Size of jurisdiction increased during demo; no additional staff
M-3	11 (includes all branches)	OIC, 1 PS	OIC, 1 PS	OIC, 1 PS	OIC, 1 PS	None
M-4	4	OIC	OIC	OIC	OIC	Program specialists not involved in demo
M-5	5	OIC	All PS (3)	OIC and all PS	All PS	None

PS = Program Specialist; OIC = Officer-in-Charge

Exhibit A-1 (continued)

FIELD OFFICE CHARACTERISTICS: STAFFING PATTERNS

Field Office	Number of Staff Positions Filled	Position of Demo Coordinator	Staff Assigning Contractor Visits	Staff Issuing Call Orders	Staff Reviewing Contractor Reports for Store Eligibility	Notable Staffing Issues
M-6	4	OIC	OIC	OIC	2 PS	1 PS assigned to summer feeding program; 1 PS with extended leave
M-7	6	PS	All PS (3)	Demo coordinator	All PS	None
M-8	4	OIC	OIC	OIC	2 PS	1 PS assigned to summer feeding program
S-1	4	PS	PS	PS	PS	One PS handles all demo functions
S-2	3	OIC	OIC and PS	OIC	OIC and PS	None
S-3	6	PS	1 PS	1 PS	Demo coordinator for reauths; 3 PS (incl demo coordinator) on new auths	None
S-4	2	OIC	OIC and 1 PS	OIC	OIC	PS managed all demo functions during first half
S-5	5	OIC	All PS (2)	All PS	All PS; OIC to a more limited extent	None

Exhibit A-2

FIELD OFFICE CHARACTERISTICS: CALL ORDER PROCESS

Field Office	Number of Call Orders Issued	Average Size of Call Orders	Mix of New Apps and Reauths Ordered	Call Orders Combine New Apps and Reauths	Special Focus/ Exclusions	Supplemental Information Requested	Reauth Visit Ordered Before Receipt of Application	Reauth Orders Grouped Geographically	Automated Placement/ Tracking System
L-1	37	10	37% New 63% Reauth	No	Reauths: follow-up to questionable state visits	No	Yes, in some cases	No	No
L-2	54	18	20% New 80% Reauth	No	In July, high redeemers became focus	POS equipment	No	Yes	Yes
L-3	66	17	28% New 72% Reauth	No	None	Sketch	No	Yes	Yes
M-1	22	14	45% New 55% Reauth	No	None	POS equipment	No	No	Yes
M-2	36	8	12% New 88% Reauth	No	None	Sketch	No	Yes	No
M-3	31	11	43% New 57% Reauth	No	Reauths: follow-up to questionable state visits	No	Yes, in some cases	Yes	No
M-4	20	12	2% New 98% Reauth	No	None	No	No	Yes	No
M-5	38	19	13% New 87% Reauth	Yes	None	No	Yes, in some cases	Yes	Yes

Exhibit A-2 (continued)

FIELD OFFICE CHARACTERISTICS: CALL ORDER PROCESS

Field Office	Number of Call Orders Issued	Average Size of Call Orders	Mix of New Apps and Reauths Ordered	Call Orders Combine New Apps and Reauths	Special Focus/ Exclusions	Supplemental Information Requested	Reauth Visit Ordered Before Receipt of Application	Reauth Orders Grouped Geographically	Automated Placement/ Tracking System
M-6	28	14	25% New 75% Reauth	Yes	None	Deficiency food checklist	No	No	Yes
M-7	32	18	16% New 84% Reauth	No	None	No	No	Yes	No
M-8	40	13	17% New 83% Reauth	No	EBT pilot county excluded because of prior sweep	Deficiency food checklist	Yes, in some cases	Yes	Yes

Exhibit A-3

FIELD OFFICE CHARACTERISTICS: ISSUES IN REVIEWING CALL ORDERS

Field Office	Relative Importance of Report Components			Level of Concern ^a Regarding Administrative Review	Number of Appeals of Denials or Withdrawals Based on Contractor Reports ^b
	Cover Sheet	Photos	Checklist		
L-1	Occasionally/rarely important	Most important, with checklist	Most important, with photos	Moderate	0
L-2	Occasionally/rarely important	Most important	Secondary importance	Moderate	0
L-3	Occasionally/rarely important	Most important, with checklist ^c	Most important, with photos ^b	Low	97
M-1	Occasionally/rarely important	Most important	Secondary importance	Moderate	1
M-2	Occasionally/rarely important	Most important, with checklist	Most important, with photos	Moderate	1
M-3	Occasionally/rarely important	Most important, with checklist	Most important, with photos	Moderate	4
M-4	Occasionally/rarely important	Most important, with checklist	Most important, with photos	Low	0
M-5	Secondary importance	Most important, with checklist	Most important, with photos	High	0
M-6	Occasionally/rarely important	Most important	Secondary importance	Moderate	0
M-7	Occasionally/rarely important	Most important	Secondary importance	High	1
M-8	Occasionally/rarely important	Most important	Secondary importance	Moderate	8

Exhibit A-3 (continued)

FIELD OFFICE CHARACTERISTICS: ISSUES IN REVIEWING CALL ORDERS

Field Office	Relative Importance of Report Components			Level of Concern ^a Regarding Administrative Review	Number of Appeals of Denials or Withdrawals Based on Contractor Reports ^b
	Cover Sheet	Photos	Checklist		
S-1	Occasionally/rarely important	Most important	Secondary importance	High	0
S-2	Occasionally/rarely important	Most important, with checklist	Most important, with photos	Moderate	0
S-3	Occasionally/rarely important	Most important	Secondary importance	Moderate	0
S-4	Occasionally/rarely important	Most important	Secondary importance	High	0
S-5	Secondary importance	Most important, with checklist	Most important, with photos	Moderate	0

^a Field office concern about the prospect of cases going to administrative review and being overturned.

^b Reflects experience at time of second site visit.

^c In addition, the sketch receives equal consideration.

Exhibit A-4

FIELD OFFICE CHARACTERISTICS: RELATIONS WITH FINAL CONTRACTORS

Field Office	Overall Level of Satisfaction with Final Contractor Performance	Assessment of Report Quality	Assessment of Timeliness	Penalties Have Been Assessed for Late Deliverables	FCS Follow-up Visits Conducted Due to Unacceptable Contractor Report
L-1	Contractor G: High	Consistently high	Consistently on time	No	No
L-2	Contractor B: Moderately high	Generally good, improvement possible	Generally on time, with a few exceptions	Yes	No
L-3	Contractor I: High	Consistently high	Consistently on time	No	No
M-1	Contractor D: Moderate	Acceptable; improvement possible	Generally on time, with a few exceptions	Yes	No
M-2	Contractor H: Low	Poor to acceptable	Consistently late	Yes	Yes
M-3	Contractor D: High	Generally good	Consistently on time	No	No
M-4	Contractor C: Low/Moderate	Unacceptable on several early orders. Later acceptable. Wide variation by reviewer	Many problems on early orders; timeliness has improved	Yes	No
	Contractor A: High	Consistently high	Consistently on time	No	No
M-5	Contractor E: Moderately high	Acceptable	Generally on time, with a few exceptions	Yes	No
M-6	Contractor A: Moderately high	Generally high	Consistently on time	No	No
M-7	Contractor C: Low/Moderate	Unacceptable on several early orders. Later acceptable	Many problems on early orders; timeliness has improved	Yes	No
M-8	Contractor A: Moderately high	Generally high	Consistently on time	No	No
	Contractor D: Moderate	Generally high	Consistently late	Yes	No

Exhibit A-4 (continued)

FIELD OFFICE CHARACTERISTICS: RELATIONS WITH FINAL CONTRACTORS

Field Office	Overall Level of Satisfaction with Final Contractor Performance	Assessment of Report Quality	Assessment of Timeliness	Penalties Have Been Assessed for Late Deliverables	FCS Follow-up Visits Conducted Due to Unacceptable Contractor Report
S-1	Contractor C: Moderately high	Generally good	Problematic throughout demo	Yes	No
S-2	Contractor D: Moderate	Acceptable; improvement possible	Generally on time, with a few exceptions	Yes	No
S-3	Contractor H: Low	Poor to acceptable	Consistently late	Yes	Yes
S-4	Contractor C: Moderately high	Generally good	Problematic throughout demo	Yes	No
S-5	Contractor E: High	Generally good; work has improved	Consistently on time	No	No

APPENDIX B
CONTRACTOR CHARACTERISTICS

Exhibit B-1

CONTRACTOR CHARACTERISTICS: STAFFING

Field Office	Contractor	Field Staffing Arrangements	Number of Reviewers Assigned to Field Office Territory	Experience of Reviewers^a	Local Supervision
L-1	Contractor G	Company principal; contracted reviewers	4	Variety of detail-oriented jobs (accountant, insurance claims investigator)	Company principal (proj. mgr.)
L-2	Contractor B	Contracted reviewers	4-5	Inspections for credit card companies, banks, and insurance companies	Company principals
L-3	Contractor I	PT company employees	3	College student	Company principals
M-1	Contractor D	Company principal	1	Site inspections; government contracting	N/A
M-2	Contractor H	Company principal	1	Store investigations, mystery shopper	N/A
M-3	Contractor D	Contracted reviewers	4	Computer sales and management, mystery shopper	Local site coordinator
M-4	Contractor A Contractor C	Subcontract with local company Contracted reviewers	2	Real estate, site inspections Retired Contractor C employee with site inspection and data collection experience	Office manager/reviewer
M-5	Contractor E	Contracted reviewers	2	Experience with government contracts	None
M-6	Contractor A	Contracted reviewers	3	Real estate appraisals, site inspections	None

Exhibit B-1 (continued)

CONTRACTOR CHARACTERISTICS: STAFFING

Field Office	Contractor	Field Staffing Arrangements	Number of Reviewers Assigned to Field Office Territory	Experience of Reviewers^a	Local Supervision
M-7	Contractor C	Contracted reviewers	5-10	Previous data collection, mystery shopper	None
M-8	Contractor A	Contracted reviewers	4	Real estate appraisals, site inspections	None
	Contractor D	FT salaried employee; 1 individual reviewer	2	Marketing reviewer	Primary reviewer
S-1	Contractor C	Contracted reviewers	4-5	Retail sales	None
S-2	Contractor D	Company principal	1	Site inspections; government contracting	N/A
S-3	Contractor H	Contracted reviewer	1	Store investigations, mystery shopper	None
S-4	Contractor C	Contracted reviewers	4-5	Telecom experience, student	None
S-5	Contractor E	Contracted reviewers	1	Experience with similar government contract	None

^a This information pertains to reviewers interviewed for the evaluation; other reviewers' experience is unknown.

Exhibit B-2

CONTRACTOR CHARACTERISTICS: MANAGEMENT OF PROCESS AND QUALITY CONTROL

Field Office	Contractor	Type of Tracking System	Quality Control Before Report Submitted	Training
L-1	Contractor G	Automated	Review by company principal	Local supervisor attended FO training; field training
L-2	Contractor B Payment	Manual	Review by company principals	Classroom and field training; written instructions
L-3	Contractor I	Manual	Company principal	Director of marketing attended FO training. Reviewers received in-house training consisting of intensive field component.
M-1	Contractor D	Manual	N/A	Principal attended FO training
M-2	Contractor H	Manual	Contract administrator	Company rep. attended training (not reviewer)
M-3	Contractor D	Manual	Review by local supervisor	Supervisor and 1 reviewer trained by FO
M-4	Contractor A	Automated at corporate level; manual at local level	Review by local supervisor; review at corporate office for 3 counties in W. Virginia	Written instructions; review of first deliverables
	Contractor C	Manual system maintained by headquarters staff	None	Contractor C training packet and phone instruction
M-5	Contractor E	Manual; notations on call orders	None	Primary reviewer attended FO training
M-6	Contractor A	Automated	Corporate office review	Reviewed other Contractor A reviewers' deliverables with corporate principal

Exhibit B-2 (continued)

CONTRACTOR CHARACTERISTICS: MANAGEMENT OF PROCESS AND QUALITY CONTROL

Field Office	Contractor	Type of Tracking System	Quality Control Before Report Submitted	Training
M-7	Contractor C	Manual system maintained by headquarters staff	None	Contractor C training packet and phone instruction
M-8	Contractor D	Automated (locally)	Primary reviewer	Primary reviewer attended FO training
	Contractor A	Automated	Corporate office review.	Reviewed other Contractor A reviewers' deliverables with corporate principal
S-1	Contractor C	Manual system maintained by headquarters staff	None	Contractor C training packet and phone instruction
S-2	Contractor D	Manual	N/A	Principal attended FO training
S-3	Contractor H	Manual	Contract administrator	Company principal attended FO training
S-4	Contractor C	Manual system maintained by headquarters staff	None	Contractor C training packet and phone instruction
S-5	Contractor E	Manual; notations on call orders	None	Reviewer attended FO training

Exhibit B-3

CONTRACTOR CHARACTERISTICS: CONDUCTING STORE VISITS

Field Office	Contractor	Average Prep Time per Store	Average Time in Store	Average Time Spent on Report Prep. Following Visit per Store	Range of Travel Time ^a	Average Total Time per Store
L-1	Contractor G	8 min	22 min	45 min	15-390 min	130 min
L-2	Contractor B	5 min	15 min	10 min	15-40 min	52 min
L-3	Contractor I	20 min	25 min	40 min	10-180 min	100 min
M-1	Contractor D	10 min	20 min	15 min	30-150 min	80 min
M-2	Contractor H	10 min	15 min	30 min	30-180 min	120 min
M-3	Contractor D	19 min	20 min	30 min	20-180 min	114 min
M-4	Contractor A Contractor C	15 min 12 min	20 min 25 min	25 min 12 min	45-90 min 15-60 min	125 min 80 min
M-5	Contractor E	10 min	15 min	10 min	45-85 min	86 min
M-6	Contractor A	30 min	23 min	45 min	5-75 min	120 min
M-7	Contractor C	12 min	18 min	15 min	10-60 min	60 min
M-8	Contractor D	30 min	19 min	30 min	5-50 min	106 min
S-1	Contractor C	15 min	20 min	30 min	15-180 min	125 min
S-2	Contractor D	10 min	20 min	15 min	30-150 min	80 min
S-3	Contractor H	10 min	15 min	30 min	30-180 min	120 min
S-4	Contractor C	35 min	15 min	40 min	15-120 min	135 min
S-5	Contractor E	4 min	15 min	5 min	45-105 min	87 min

SOURCE: Observations of store visits conducted by the final contractor in each site and interviews with contractor personnel. For M-4, two contractors were observed. In M-7 and M-8, one of the two final contractors could not be observed for logistical reasons.

^a Reflects combination of travel time between stores and to/from home base.

Exhibit B-4

CONTRACTOR CHARACTERISTICS: COSTS

Field Office	Contractor	Fee per Visit	How Are Reviewers Paid?	Who Bears Expenses?^a
L-1	Contractor G	98	Per day	Contractor
L-2	Contractor B	125	Principals salaried, other reviewers hourly	Contractor
L-3	Contractor I	58	Per visit	Contractor
M-1	Contractor D	29	Principal conducts visits	N/A
M-2	Contractor H	80	Salaried	Contractor
M-3	Contractor D	33	Per hour	Contractor
M-4	Contractor A	110	Salaried staff of subcontracting organization	Reviewer
	Contractor C	69	Per visit	Reviewer
M-5	Contractor E	55	Per visit	Reviewer
M-6	Contractor A	110-120	Per visit	Reviewer
M-7	Contractor C	\$69	Per visit	Reviewer
M-8	Contractor A	110-120	Per visit	Reviewer
	Contractor D	34	Primary reviewer is salaried; other reviewers paid per visit	Contractor
S-1	Contractor C	69	Per visit	Reviewer
S-2	Contractor D	34	Principal conducts visits	N/A
S-3	Contractor H	80	Salaried	Contractor
S-4	Contractor C	69	Per visit	Reviewer
S-5	Contractor E	55	Per visit	Reviewer

^a Expenses include mileage, postage, film and processing, duplicating, and telephone/communication.

Exhibit B-5

CONTRACTOR CHARACTERISTICS: FUTURE INVOLVEMENT WITH FCS STORE VISITS

Contractor	Interest in Bidding Next Year	Interest in Expanding Territory	Positive^a Cash Flow	Contractor Would Charge More, Less, or Same Amount Next Year
Contractor A	Yes	Yes	Yes	Undecided; may consider higher bid in rural areas and lower bid in urban areas
Contractor B	Yes	Yes	Yes	Same
Contractor C	Yes	Yes	No	More
Contractor D	Yes	Yes	No	More
Contractor E	Yes	Yes	Yes	Same
Contractor G	Yes	Yes	Yes	Less
Contractor H	Yes	Yes	Yes	Same
Contractor I	Yes	Yes	No	More

^a Positive cash flow indicates that project income exceeded expenses.

APPENDIX C

**SUPPLEMENTAL EXHIBITS FOR
TRACKING DATA ANALYSIS**

Exhibit C-1
INITIAL ASSIGNMENT TRACKING SHEET

ID# 1-7/
BATCH 8-10/

Store Name: _____ 11-40/

Store Address: _____

Tracking Number: _____ 41-52/

Field Office: _____

New Authorization Reauthorization 53/ FCS Authorization #: _____ 54-62/

1 No visit needed — approved 63/

- Reason:
- 1 Chain** 64/
 - 2 Personally known** 65/
 - 3 Recently visited by** _____ 66/
 - 4 Other (Describe:)** _____ 67/

Date approved: ____/____/19__ [STOP] 68-73/

2 No visit needed — denied/withdrawn

Date denied or withdrawn: ____/____/19__ 74-79/

[COMPLETE STORE INFORMATION FORM.]

3 Visit needed — assigned to FCS

Name of FCS staff visiting store _____ 80-108/

Outcome of FCS visit:

- 1 Sufficient for decision/approved** 109/
- 2 Sufficient for decision/denied or withdrawn** 110/
- 3 Additional documentation requested from applicant/
Describe:** _____ 111/

Final outcome:

- 1 Approved** 112/
- 2 Denied/Withdrawn [COMPLETE STORE INFORMATION FORM]**

Date of final action: ____/____/19__ 113-118/

4 Visit needed — assigned to contractor

Contractor name _____ 119/

Call/Order number: _____ 120-127/

Date assigned to contractor: ____/____/19__ 128-133/

Exhibit C-2
FOLLOW-UP ACTION REPORT CARD

ID# 1-7/

BATCH 8-10/

Store Name: _____

11-40/

Store Address: _____

Field Office: _____

Tracking Number: _____

41-52/

Contractor: _____

53/

1 Visit completed (CONTINUE) 2 Visit terminated (GO TO QUESTION #5)

54/

1. Did the contractor deliver the required work on a timely basis?

1 Yes 2 No

55/

2. Did you request additional information from the contractor or require any part of the deliverables to be redone?

1 Yes (DESCRIBE:) _____ 2 No (GO TO QUESTION #3)

56/

57-58/

IF YES: Did the contractor complete the required work?

1 Yes 2 No

59/

3. Were you able to make an authorization decision based on a review of the contractor's deliverables and the information on the store's application?

Yes

1 Store approved or re-authorized
2 Store denied or withdrawn (COMPLETE STORE INFORMATION FORM)
Date of Final Action: ____/____/19____ (STOP)

60/

61-66/

No (ANSWER BELOW AND CONTINUE WITH QUESTION #4)

3 Contractor deliverable incomplete
4 Contractor deliverable complete but insufficient
5 Other (DESCRIBE:) _____

67/

68-69/

4. What follow-up action was needed?

1 Requested additional documentation from applicant store (DESCRIBE:) _____

70/

71-72/

73-74/

75-76/

Outcome: 1 Approved 2 Denied/withdrawn (COMPLETE STORE INFORMATION FORM)

77/

Date of final action: ____/____/19____ (STOP)

78-83/

1 FCS follow-up visit conducted

84/

1 Store approved or re-authorized
2 Store denied or withdrawn (COMPLETE STORE INFORMATION FORM)
Date of final action: ____/____/19____ (STOP)

85/

86-91/

5. Reason for terminated visit?

1 Refusal to cooperate

92/

2 Other (DESCRIBE:) _____

93-94/

95-96/

Second visit planned

1 To be conducted by FCS

97/

2 To be conducted by same contractor Call/Order # _____

98-105/

3 To be conducted by different contractor Call/Order # _____

106-113/

Exhibit C-3

UNWEIGHTED AND WEIGHTED SAMPLES, BY FIELD OFFICE

Field Office	Total Visits	Percent of All Visits	Weighted Total Visits	Percent of Weighted Visits
L-1	36	1.6%	125	1.7%
L-2	303	13.8	1112	15.3
L-3	438	20.0	1120	15.4
M-1	133	6.1	358	4.9
M-2	57	2.6	245	3.4
M-3	105	4.8	349	4.8
M-4	79	3.6	282	3.9
M-5	114	5.2	619	8.5
M-6	112	5.1	422	5.8
M-7	287	13.1	568	7.8
M-8	129	5.9	571	7.9
S-1	62	2.8	179	2.5
S-2	60	2.7	246	3.4
S-3	33	1.5	190	2.6
S-4	119	5.4	236	3.2
S-5	127	5.8	646	8.9
Total	2194	100%	7268	100%