

U.S. Department of Agriculture
Farm Service Agency
Dairy Disaster Assistance Payment Program (DDAP-III)
OMB no.:0560-0252

Purpose:

The purpose of this request for OMB review is to obtain approval on the revised information collection package (0560-0252) associated with the Dairy Disaster Assistance Payment (DDAP-III) Program at 7 CFR Part 786. It will expire on 8/31/2008. However, FSA is submitting this for approval to OMB to support the proposed rule for the DDAP-III that will be published in Federal Register. This was discussed during the review of proposed rulemaking between FSA and OMB previously that we proceed in submitting this request to OMB prior to the publication of proposed rule. Also, FSA will begin the sign-up to start collecting applications as soon as OMB approves this information collection in advance of the final rule but there will be no payments until the final rule becomes effective.

The revision is necessary to add information and continue to request information using the Dairy Disaster Assistance Payment Program (DDAP-III) Application collections on new form, FSA-747 that will be used to gather information from producers on their dairy production losses suffered as the result of disasters occurring in 2005, 2006, and January and February, 2007. The information will be used to establish eligibility and to determine payment amounts.

Background:

The Dairy Disaster Assistance Payment Program (DDAP-III) is authorized by the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act of 2007. The program is established to provide \$16 million in assistance for producers in counties declared a disaster or emergency by the President or Secretary between January 1, 2005 and February 28, 2007. Producers in counties contiguous to such declared counties are also eligible.

Since 2005 dairy production in many counties throughout the U.S., has been severely impacted by widespread and significant destruction caused by various natural disasters such as hurricane, wildfire, ice storms, heavy rainfalls, flooding, and severe blizzard conditions. As a result, many dairy producers may have incurred decreases in production due to cattle losses and milk that had to be dumped because of closed milk plants and damaged containment equipment caused by the widespread destruction of the natural disasters. Program benefits will be provided to eligible producers who suffered dairy production losses.

Changes since last submission:

1. Multiple Program Years- under the revised program, a producer may apply for up to three program years if applicable. A disaster must be declared for the county in which the producer operates in the year (s) for which the application is filed. This is a change from the previous program that required information for only a specific period during one calendar year. This program change requires the number of milk cows in the herd to be reported for the 12 months of the marketing year for which the dairy operation is requesting benefits, rather than only for four months under the previous program.
2. Base Production- Under the previous program, base production used to determine benefits was based on the dairy operators' historical milk marketings. Under the revised program, producers certify to lost production. Actual production for the requested year will be compared to State NASS data for the designated year. Producer benefits will be based on whichever is less.
3. Payment Determination-This program does not provide for a separate payment for dumped production, therefore the request for that information has been removed from the application form.
4. Eligible Counties- In the previous program a producer had to operate in a declared disaster county. Under the revised program, contiguous counties are eligible.
5. Funding-Under the prior program, \$10 million in benefits was available; this program is providing \$16 million in benefits.
6. Regulation – Regulations under the previous program were codified at 7 CFR Part 1430. Regulations under this program will be codified at 7 CFR Part 786.
7. Form – The form number previously used under the old program, CCC-742, has been revised under this program to be FSA-747.

Supporting Statement for Paperwork Reduction

Justification

1. Explain the circumstances that make the collection of information necessary.

The Dairy Disaster Assistance Payment (DDAP-III) Program is administered and implemented under the general direction and supervision of the Farm Service Agency through its State and County Committees in counties declared disaster by the President or Secretary of Agriculture, and also to those counties receiving a determination of a Farm Service Agency Administrators' Loss Notice. The DDAP-III is authorized by section 9007 of Title IX of the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act of 2007 (Pub. L. 110-28), which provide for the Secretary of Agriculture to make payments to dairy producers who suffered dairy production losses in counties declared a disaster. Since 2005 dairy production in many counties throughout the U.S., has been severely impacted by widespread and significant destruction caused by various natural disasters such as hurricane, wildfires, ice storms, heavy rainfalls, flooding, and severe blizzard conditions. The objective of the program is to make payments to dairy producers to help them recover from devastating

losses. The information collected will be used to establish eligibility and payment amounts.

Program Administration

The FSA will accept program applications, determine eligibility and disburse payment, based on the information collected on the FSA-747. The payments will be made after the announced signup period. FSA, in conjunction with the Department, will publicize the program details in an effort to reach all eligible dairy producers. The dairy producer may obtain the Form, FSA-747, from the local FSA office via the Internet on the USDA e-Forms website. The producer(s) will complete the form and return it to the local FSA office. The information will be entered into the new web-based application and payment processing system (eDDAP), where the payment will be calculated, and then the payment amounts disbursed through electronic funds transfers.

Eligibility Requirements

Producers in a dairy operation must certify and agree to:

- Be associated with a dairy operation that has suffered losses as a result of a natural disaster occurring in a disaster county covered by a natural disaster declaration, or contiguous county, between January 1, 2005, and February 28, 2007.
- Provide adequate production evidence to verify dairy production losses suffered by the dairy operation as a result of a natural disaster.

In addition to the requirements listed, to be eligible for payment, the dairy operation must submit the application for benefits during the announced signup period. The dairy operation is required to provide the number of dairy cows in the herd by month for the covered period that they are requesting. In addition the dairy operation must provide adequate proof of milk production commercially marketed during the applicable milk marketing year and certify to the amount of production lost due to the qualifying disaster.

The producer certifies that the information provided is true and correct and all persons in the operation have submitted adequate production evidence to verify production losses suffered by the dairy operation.

Payment Calculation

On the Form FSA-747, the producer provides dairy operation name, each related producer's name, ID number and shares. The authorized funds available for FSA to make these payments are \$16 million, however, are subject to the availability of funds.

The information obtained from the producer on the Form FSA-747 is needed to accept certification of production lost due to the qualifying disaster, verify production losses, and to determine the expected production in order to calculate payments. There are no gross revenue or per-person payment limitations to dairy producers that meet the criteria specified by FSA. Without obtaining the information from the producers, FSA would be unable to administer the program to provide direct payments to the producers in the dairy operations.

2. Indicate how, by whom and for what purpose the information is to be used.

The potential respondent universe is the total of the dairy operations located in counties declared disaster counties during the designated time period that meet the criteria specified by FSA. There are approximately 75,140 dairy farm operations in the covered portion of the United States according to estimates from previous FSA programs. It is estimated that 53% of these will be eligible. Information will be collected on FSA-747 for the dairy operation and we estimate there will be approximately 40,000 respondents.

Applications may be submitted to FSA in person at the County FSA Office, or by electronic or regular mail. As discussed above, the key program responsibility is to make direct payments available to eligible producers in dairy operations. In operating the DDAP-III program, FSA requires producers to meet certain eligibility requirements.

The County FSA Committees serve as the focal point for the administration of DDAP-III program. These committees are responsible for approving and disapproving DDAP-III program applications. The Committees use the information collected on the forms described in this package to determine eligibility of participants to receive DDAP-III program benefits. They also serve in a review capacity to determine cases of noncompliance with the regulations governing the DDAP-III program. Furnishing data is voluntary. However, without it, assistance under the DDAP-III program cannot be provided.

3. Use of information technology.

FSA has met E-Government Act requirement to promote the use of the Internet and other information technologies to provide increased opportunities for citizen access to Government information and services, and for other purposes. The DDAP-III program application Form FSA-747 will be available through the USDA E-Forms website. The regulations and fact sheets will be available through FSA's PSD Internet site for easy access to those producers with Internet capability. FSA's web based application will be used to collect data. The ease in which calculations can be made and information can be retrieved from the computer makes for a more efficient use of the time needed to process the information collected from the producer. Applications are also accepted by

regular or electronic mail in the county FSA office, which allows producers to make their request without coming to the county FSA office as often. There are no changes to the electronic forms from the hard copy version. Instructions for the electronic and hard copy version of this form are the same and are attached as part of this package. The information collection technique maintains the lowest necessary level of paperwork burden for a respondent.

4. Describe efforts to identify duplication.

The Dairy Disaster Assistance Payment (DDAP-III) Program information is not maintained by any other Agency. The information collected to receive a DDAP-III payment is not available from existing program records maintained by FSA since the request is specific to certain criteria specified by FSA, and therefore, must be obtained from the producer or through the producer. Therefore, the request for information under this regulation does not duplicate any other Departmental requirements.

5. Methods to minimize burden on small businesses or other small entities.

The reporting requirements in this clearance package could affect small businesses since the program is available to dairy operations that are partnerships, corporations, associations, and other legal entities meeting eligibility requirements. Applicants are requested to furnish this information only when they wish to obtain the direct payment. The same type of information is required by individual producers and small businesses. No special or additional requirements are imposed on small businesses. The minimal regulatory requirements impact large and small businesses equally, and the program's benefits should improve cash flow and liquidity for dairy farmers participating in the program.

6. Consequence if information collection were less frequent.

If the collection of data required for DDAP-III program were collected less frequently, the direct payments could not be disbursed in a timely manner, therefore causing more undue financial hardships on dairy operations. The information collected on this form is necessary to determine dairy operation losses for each producer in an eligible dairy operation. If this information were not collected, there would be no way to implement the program, account for funds issued, or ensure that program requirements are met.

7. Special Circumstances.

There are no special circumstances that require the information collection to be conducted in a manner inconsistent with general information collection guidelines in 5 CFR 1320.5.

8. Federal Register notice, summarization of comments and consultation with persons outside the agency.

A public notice with request for comments for this form was published in the Federal Register on August 23, 2007 (72 FR 48254), regarding this information collection and program guidelines. By the end of the comment period on October 22, 2007, no comments were received on this information collection. A proposed rule with request for comment will be published in the Federal Register soon. In addition, FSA contacted the State Program Specialists from across the country to provide their inputs on this program. The inputs were used when establishing program guidelines.

9. Explain any decision to provide any payment or gift to respondents.

The agency does not provide any payments or gifts to respondents for information collected for a DDAP-III program payment request.

10. Confidentiality provided to respondents.

FSA uses handbooks to advise State and county offices of their responsibility regarding the confidentiality of information provided by the applicants either in applying for or participating in programs in accordance with the requirements of the Privacy Act, FOIA of 1974 and OMB Circular A-130, Responsibilities for the Maintenance of Records about Individuals by Federal Agencies. Applicants are given copies of the document. The applicant's DDAP-III folder containing a copy of the DDAP-III application is retained for three years and then destroyed if there is no activity during that period of time.

11. Questions of a sensitive nature.

No data collected on the form consolidated in this package is considered sensitive or personal in nature.

12. Estimates of burden.

See the attached FSA-85-1 for a burden break down for the form and associated compliance information associated with this information collection submission.

The regulations require producers to submit information if they request a Dairy Disaster Assistance Payment. Response is one time only during the signup period announced by FSA. Response will be based on 1 application per dairy operation. There are approximately 75,140 dairy operations in the covered portions of the

United States. Public reporting burden for this collection is estimated to average 15 minutes per response. The estimated number of respondents for this program is 40,000.

Respondents: Dairy Producers
Estimated Number of Respondents: 40,000
Estimated Average Time to Respond: 15 minutes
Estimated Number of Reports Filed per Person: 1
Estimated Total Annual Responses: 40,000
Estimated Data Collection Burden: 10,000 hours

Respondents: Dairy Producers
Estimated Number of Respondents: 40,000
Estimated Average Time to Respond: 5 minutes
Estimated Number of Reports Filed per Person: 1
Estimated Total Annual Responses: 40,000
Estimated Data Collection Burden: 3,200 hours

Estimated Number of Respondents travel: 22,050
Estimated Travel Time for Respondents: 1 hour
Estimated Total Travel time: 22,050

Estimated Total Burden Hours: 35,250 hours

The data used for computing the burden is based on the anticipated number of DDAP-III program payment requests processed at the end of the application period. The total burden on the public, at the estimated level of program activity will be 35,250 hours. This was calculated based on 40,000 respondents completing 1 application form for this program during the application period. Also included in the burden is the travel time for fifty percent of the estimated respondents.

It is anticipated that providing the requisite farm management, sales and production documents will result in 5 minutes of additional burden per respondent, since dairy producers keep such records as a normal business practice. Accordingly, 3200 hours have been included in the burden for the required documentation for payment (40,000 respondents x 5 minutes).

FSA estimates at least 50% of respondents will submit applications electronically. Because this form can be e-file (e-mailed) directly to the county office, this will reduce the travel time to and from the county office. FSA estimates 22,050 respondents will make 1 visit to the local county FSA office. The estimated travel time is one hour round trip for producers applying for benefits.

Estimated annual cost to the public for the program is \$423,000, which is based on the annual burden of 35,250 hours times an average hourly wage of \$12.00 for producers in dairy operations.

13. Total annual cost burden to respondents or record keepers.

There are no capital/start up costs associated with this information collection.

14. Provide estimates of annualized cost to the Federal government.

The estimated annual cost to the Federal Government for the DDAP-III program is \$129,200 based on the following cost components:

- Cost for development, printing, distribution, and storage is estimated at \$2800. This figure is based on a cost of \$.07 per form.
- The cost of gathering, maintaining, retrieving and disseminating the data is \$126,400. This figure is based on requiring at least 15 minutes per response times the average wage of a County FSA Office employee (\$9.48/average wage), plus an additional 5 minutes of a County FSA Office employee's time to review the supporting documentation (\$9.48/average wage times 40,000 respondents).

15. Reasons for changes in burden.

The annual burden hour has been increased by 32,010 (35,250-3,240). The following reasons for changes in annual burden are in the following:

- a) Multiple Program Years- under the revised program, a producer may apply for up to three program years if applicable. A disaster must be declared for the county in which the producer operates in the year (s) for which the application is filed. This is a change from the previous program that required information for only a specific period during one calendar year. This program change requires the number of milk cows in the herd to be reported for the 12 months of the marketing year for which the dairy operation is requesting benefits, rather than only for four months under the previous program. This increases the number of respondents participating in the program.
- b) Eligible Counties- In the previous program a producer had to operate in a declared disaster county. Under the revised program, contiguous counties are eligible. This increases the number of respondents participating in the program.
- c) The travel time increases the total burdens due to increased respondents in the program.

16. Tabulation, analysis, and publication plans.

The information collected is not planned for publication. It is used solely to administer the program.

17. Reasons display of expiration date of OMB approval is inappropriate.

The agency plans to display the expiration date for OMB approval of the information collection.

18. Exceptions to 83-1 certification statement.

There are no exceptions to the 83-I certification statement.

19. How is this information collection related to the Customer Service Center? Will this information be part of their one stop shopping?

The DDAP-III program payments will be available to producers through USDA Service Centers. The DDAP-III program is a one time program, and producers may need to visit the Service Center to complete an application. FSA plans to make the application forms available through the USDA Service Center E-Forms Internet site.