

Supporting Statement – Part A

AGRICULTURAL RESOURCE MANAGEMENT, CHEMICAL USE, AND POST-HARVEST CHEMICAL USE SURVEYS

OMB No. 0535-0218

TERMS OF CLEARANCE

Date 09/28/2005

This collection is approved with the following terms: NASS will develop a written plan for evaluating non-response bias in the ARMS, provide a copy of the plan to OMB, and prepare a briefing on the plan to OMB by 9/30/2006.

Date 02/07/2008

Terms of the previous clearance remain in effect.

NASS has completed the second study of “Assessing the Effect of Calibration on Non-response Bias in the ARMS Phase III Sample Using Census 2002 Data”. The first year used the 2005 ARMS Phase III survey and the 2002 Census of Agriculture Data. The publication can be found at the following website.

http://www.nass.usda.gov/research/reports/Earp_Nonresponse%20Bias_2008-01.pdf

The second year used the 2006 ARMS Phase III survey and the 2002 Census of Agriculture Data. The publication can be found at the following website.

http://www.nass.usda.gov/research/reports/RDD-08-06_Earp_Calibration%20on%20Nonresponse%20Bias.pdf

Both of these publications are attached as supplemental documents.

NASS plans to do some additional research using the 2007 Census of Agriculture Data and future ARMS surveys.

Supporting Statement – Part A

AGRICULTURAL RESOURCE MANAGEMENT, CHEMICAL USE, AND POST-HARVEST CHEMICAL USE SURVEYS

OMB No. 0535-0218

A. JUSTIFICATION

This docket is being submitted to renew the authority to conduct three types of surveys: the Agricultural Resource Management Survey (ARMS) - including an organic component, the Fruit and Vegetable Chemical Use Surveys, and the Postharvest Chemical Use Survey.

Under normal conditions, NASS conducts the ARMS Phase II Chemical Use Survey every year; the Fruit Chemical Use Survey in odd numbered years; the Vegetable Chemical Use Survey in even numbered years and the Post Harvest Chemical Use survey in even numbered years. The ARMS Phase II survey consists of two components; Production Practices and Costs Report (PPCR), and the Production Practices Report (PPR). The PPR component is conducted with NASS-only funding to gather field crop chemical use data. The PPCR is co-funded by cooperative agreement with the USDA Economic Research Service (ERS). The PPCR component efficiently collects costs associated with the various production practices to complete the cost of production estimates for ARMS targeted crop commodities. The ARMS Phase II PPCR will resume in 2009. The following two scheduling changes will be requested.

Due to budget cuts, NASS is making the following changes to the chemical use programs. First, all NASS funded chemical use surveys will not be conducted in 2009, however we are requesting approval for data collection in the fall of 2010, which will include fruit, postharvest and the ARMS Phase II PPR component to cover targeted field crops. Under this new rotation, we are also requesting approval for the Vegetable Chemical Use survey that would rotate back in, in the Fall of 2011. The ARMS Phase II PPCR will resume in 2009.

Second, in lieu of the fall 2008 ARMS Phase II Survey, additional questions will be requested for the 2008 ARMS Phase III Cost and Returns Report. These questions will focus on a) bio-energy crop practices and production expenses, and b) *impact of the tobacco program changes on tobacco marketing*. Thus, in 2009, NASS will not publish the 2008 Field Crops Chemical Use report which would have resulted from a 2008 ARMS Phase II Survey.

The ARMS Phase II-PPCR efficiently collects detailed cropping practice and cost data by focusing on field-level and expanding to whole farm, thus greatly

reducing respondent burden while maintaining accuracy of reported data. NASS will continue to reuse these data enabling NASS to produce some chemical use estimates at appropriate geographic level(s) based on extent of coverage.

- 1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.**

The Agricultural Resource Management Survey (ARMS) is the primary source of information for the U.S. Department of Agriculture on a broad range of issues related to agricultural resource use, costs of production, and farm sector financial conditions. ARMS is the only annual source of whole farm information available for objective evaluation of many critical issues related to agriculture and the rural economy, such as: whole farm finance data, marketing information, input usage, production practices, and crop substitution possibilities. This detailed information can be used to set operation level estimates of: types of operations, loan commodities, operator's household income, credit/debt levels, and other economic farm/ranch data.

Without these data, decision makers cannot analyze and report on the financial status of farms, the economic circumstances of farm households, the credit position of farmers, the structure and organization of farms, or the input and production alternatives available to farmers when pesticide regulatory actions are being considered. Since producers typically face numerous daily decisions in their farm management practices, information from these surveys will be used to construct producer behavioral models that more realistically reflect the production choices facing producers.

Data from ARMS are used to produce estimates of net farm income by type of commercial producer as required in 7 U.S.C. 7998 and estimates of enterprise production costs as required in 7 U.S.C. 1441(a). Data from ARMS are also used as weights in the development of the Prices Paid Index, a component of the Parity Index referred to in the Agricultural Adjustment Act of 1938 and as amended by the Agricultural Acts of 1948, 1949, 1954, and 1956. These indexes are used to calculate the annual federal grazing fee rates as described in the Public Rangelands Improvement Act of 1978 and Executive Order 12,548 and as promulgated in regulations found at 36 CFR 222.51.

In 2003, funding was provided for the development of State-level income estimates for the 15 largest agricultural producing States.

In addition, ARMS is used to produce estimates of sector-wide production expenditures and other components of income that are used in constructing the estimates of income and value-added that is transmitted to the U.S.

Department of Commerce, Bureau of Economic Analysis, by the USDA Economic Research Service (ERS) for use in constructing economy-wide estimates of Gross Domestic Product. This transmittal of data, prepared using the ARMS, is undertaken to satisfy a 1956 agreement between the Office of Management and Budget and the Departments of Agriculture and Commerce that a single set of estimates be published on farm income.

Congress has mandated that NASS and ERS build nationally coordinated databases on agricultural chemical use and related farm practices; these databases are the primary vehicles used to produce specified environmental and economic estimates. Title 7 USC 136i-2 on collection of pesticide use information requires (a) ... "collect data of statewide or regional significance on the use of pesticides to control pests and diseases of major crops and crops of dietary significance, including fruits and vegetables." And, (b) "collection by surveys of farmers or other sources offering statistically reliable data." The surveys will help provide the knowledge and technical means for producers and researchers to address on-farm environmental concerns in a manner that maintains agricultural productivity.

Fruit/Nut and Vegetable Chemical Use Surveys are important because pesticides are the focus of Federal, State, and local legislation to reduce, ban, or otherwise control farm chemical use. A current accounting of farm chemical use including details on application methods is essential for evaluating the economic and environmental consequences of farm chemical regulations.

Post-harvest Chemical Use Surveys are designed to collect pesticide usage information applied to commodities after harvest (post-harvest). Beginning in FY 1997, NASS received funding for development of a chemical use estimating program for chemicals applied post-harvest. When the Food and Drug Administration (FDA) and Agricultural Marketing Service (AMS) conducted residue tests on food at wholesale points of purchase, many of the chemical residues detected resulted from products applied post-harvest. The Environment Protection Agency (EPA), Congress, USDA, and several producer associations remain interested in obtaining accurate post-harvest chemical use information for use with product registration issues, risk and benefit assessments, and in the marketing of certain commodities. Several government agencies including the EPA and FDA have asked NASS to collect this information.

General authority for these data collection activities is granted under U.S. Code Title 7, Section 2204 which specifies that "The Secretary of Agriculture shall procure and preserve all information concerning agriculture which he can obtain ... by the collection of statistics ... and shall distribute them among agriculturists."

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.

This docket consists of four major survey program areas: (1) Agricultural Resource Management Surveys (ARMS); (2) Fruit and Vegetable Chemical Use Surveys; (3) Post-harvest Chemical Use Surveys; and (4) Contractor Expense Surveys. Following are descriptions of the four types of survey programs.

(1) Agricultural Resource Management Surveys. Farm organizations, banks, commodity groups, agribusinesses, Congress, and the USDA use information from ARMS to evaluate the financial performance of farm and ranch businesses and households and to make policy decisions affecting agriculture. The ARMS provides a robust database of information to address varied needs of policy makers. The uses of the information collected from ARMS are many:

- Dramatic increases in crude oil prices will have a huge impact on farmers in the coming years. In addition to the high prices for diesel and gasoline, farmers will be faced to make tough decisions on which crops to produce based heavily on the availability and affordability of fertilizers and pesticides that are petroleum based. Farming practices will also be altered due to the high prices of fuels. Farmers may have to investigate practices such as no till or minimum till crops, crop rotations, selecting more disease and pest tolerant crops, etc. to help combat the rising costs of doing business. The ARMS surveys are crucial in measuring annual changes in doing business (financially, farming practices, and types of inputs used by farmers).
- The ARMS data are used to measure energy use in agriculture. Financial data (expenses for diesel, gas, propane, etc.) are converted to BTU's for analysis regarding agricultural energy use and greenhouse gas emissions. The Office of the Chief Economist compiles these data from the ARMS for Staff Analysis and Congressional Testimony.
- Severe weather conditions in any given year can cause measurable changes in both farm expenditures/receipts as well as numerous farming practices. For example: drought conditions felt in different regions of the US in 2007 had a huge impact on farmers and the way they conducted business. In some areas of the country there were restrictions placed on water used for irrigation and farmers had to investigate what kinds of conservation practices they could adopt. The ARMS surveys help to measure the impact and changes that occurred both financially and in farming practices.

- With the increase in bio-energy dependency, farmers are changing their farming practices to accommodate the increased demand for crops that can be converted into ethanol or bio-diesel. This is causing some farmers to change their crops from food and feed grains to crops that could produce a larger quantity of bio-fuels than traditional crops. The ARMS surveys are critical for measuring the annual changes to the American farmer.
- Data collected about agricultural fertilizer and pesticide use for major field crops and selected fruits have been used in building a database for the USDA Pesticide Data Program (PDP), used by USDA to evaluate the safety of the Nation's food supply.
- In 1996, the implementation of the Food Quality Protection Act (FQPA) increased the need for actual, reliable chemical use data. FQPA requires the Environmental Protection Agency to conduct an accelerated review of tolerance levels for re-registration of pesticide products. Part of the EPA review includes using actual chemical usage data that only the grower can provide. If these data are not available, EPA could assume maximum label rates are being applied on all crop acreage which would likely over count the true amount of pesticides being used to produce field crops. The result could be cancellation of the product registrations for chemicals on which farmers rely.

Other USDA agencies closely involved with NASS in the PDP, addressing the requirements of FQPA, are AMS, the Agricultural Research Service (ARS) and ERS. These agencies collect and analyze agricultural chemical use and residue data to estimate potential human exposure to pesticide residues in the U.S. food supply. The results of their analysis will be used to help make decisions concerning product registration issues, risk assessments, benefit assessments, and for commodities marketing at the State, national, and international level. Growers have a vested interest in the risk analysis because many pesticides they rely on are classified as Minor use. Growers often have no alternatives to these chemicals. If re-registration is not allowed on products used on specialty crops, such as mint and hops, there could be serious consequences for both farmers and consumers and the ability to produce and provide the commodity.

- To guide policy makers in the decision-making process, it is necessary to have reliable information about production practices used and the relationship of the practices to changes in water quality and changes in the rate of erosion. Decisions affecting agricultural policy and producers will be made with or without data;

it is much better to have factual information to guide the decision process. Farm production covers a major share of the natural resources of the country and, as policy about how to manage production is formed; a better understanding of the production process can prevent uninformed choices. The agricultural community is currently faced with many complex issues concerning the environment, such as the transport of nutrients and pesticides to ground or surface water sources, soil erosion, and the impact of environmental policies on agricultural production. ARMS data are useful in addressing these concerns; for example, fertilizer and pesticide data that are used to study water quality and production practices data such as machinery use and crop rotation to help identify tillage systems and crop residue levels affecting soil erosion.

- The ARMS gathers information about relationships among agricultural production, resources, and the environment. ARMS data provide the necessary background information to support evaluations of these relationships. The data are used to understand the relevant factors in producing high quality food and fiber products while maintaining the long term viability of the natural resource base.
- The ARMS determines what it costs to produce various crop and livestock commodities and the relative importance of various production expense items. ARMS Phase II Production Practices and Costs Report efficiently collects detailed cropping practice and cost data by focusing on field-level and expanding to whole farm, thus greatly reducing respondent burden while maintaining accuracy of reported data.
- The ARMS helps determine net farm income and provides data on the financial situation of farm and ranch businesses, including the amount of debt. ARMS data provide the only national perspective on the annual changes in the financial conditions of production agriculture. Net farm income information is now available for the 15 largest agricultural States.
- The ARMS provides the farm sector portion of the gross domestic product for the nation. If ARMS data were not available, the Bureau of Economic Analysis would have to conduct their own survey of farm operators to collect these data.
- The ARMS helps determine the characteristics and financial situation of agricultural producers and their households, including information on management strategies and off-farm income.

- Collecting farm/ranch production and expense data to develop an estimate of net farm income each year is necessary because both receipts and production expenses change as production and prices change and as farmers and ranchers use more or less of inputs such as fertilizers or other chemicals. Since farmers and ranchers buy most of their inputs, data must be collected every year to obtain accurate estimates of annual expenses.
- Numerous requests to ERS and NASS are made from Congress throughout the year to characterize the financial position of various groups of farmers. ARMS data are the only means of answering many of these questions.
- The USDA links receipts and expenses associated with the production and sale of agricultural commodities to measure profit or loss over a calendar year. Three measures of net farm income are developed. First, a net cash income measure shows the difference between the cash earnings and expenses of the operation. Second, the estimate of net cash income is adjusted to show how depreciation and changes in the operation's crop and livestock inventory affect earnings. Components of gross income, such as net rent received and custom or machine work also change annually as cash and share rents adjust in response to market conditions or government programs. Custom work and machine hire are directly affected by weather and other natural events which are unpredictable. These income items are measured through the ARMS. The third income measure is net value added which reflects production agriculture's addition to the national economic product and represents the sum of the economic returns to all the providers of factors of production: farm employees, lenders, landlords, and farm operators. ERS value-added estimates are used by the Bureau of Economic Analysis in the development of the National Income Accounts and for Gross Domestic Products and by the Organization for Economic Cooperation and Development in their international agricultural accounts.
- Congressional mandates exist for the development of annual estimates of the cost of producing wheat, feed grains, cotton, tobacco, and dairy commodities. To ensure accurate and reliable estimates, a comprehensive survey is needed to obtain data on production practices and the amounts of inputs used. Estimates of crop and livestock costs and returns provide a basis for understanding changes in the relative efficiency of crop and livestock production and the break-even prices needed to cover all costs. The ARMS provides the data needed to develop "enterprise" budgets showing costs and input use by size and type

of farm in different regions of the country. An "enterprise" is the portion of a operation's resources devoted to producing a specific commodity.

- Responses to ARMS questions about farm assets and debts are used to develop a balance sheet for the farm as well as to provide a variety of financial ratios for measuring financial performance. Changes in the level of income earned affect rates of return and net worth. Purchases and sales of assets such as buildings, machinery, and land; changes in their value; and any associated debt are very sensitive to changes in farm earnings and economic performance as well as to changes in the general economy. The balance sheet can change rapidly from one year to the next and can be adequately monitored only through data collected on an on-going basis. Balance sheet analysis helps identify areas of poor financial performance and pockets of potential financial stress. The ARMS provides the data necessary to develop annual estimates of the farm operation's assets, debts, equity, capital gains, capital flows, and the rates of return to agricultural resources and also identifies how these items (and farm household finances) change from one year to the next.
- Annual information from the ARMS on receipts, expenses, debts, and assets is needed to evaluate the financial condition of farm businesses. The Office of the Secretary of Agriculture, Congress, agricultural groups, and the public look to NASS and ERS for reliable, up-to-date information on the financial performance of farms and ranches by size, type and region. Financial condition analyses involve the ability of an operation to pay bills as they come due. The ability of a farm business to meet financial obligations depends on the amount of debt owed by the farm and the amount of cash receipts and other income available to meet mortgage, interest, and other obligations of the farm. The ability to pay operating costs and the interest and principal due on debts can change very rapidly because of drought, flood, or other circumstances. With ARMS data, the extent and seriousness of financial problems facing farmers are assessed, including the likely consequences of recurring financial stress.
- Farm operators and their households are of special interest for policy purposes because they incur nearly all of the risks of farming and are directly impacted by government agricultural policies. Most farms in the U.S. are organized along the traditional lines of one family, or one extended family, operating the farm. However, the largest producing farms are often operated by several partners or shareholders, each of whom receives a share of the profit (or loss) of the business. In addition, the majority of farms, are small

and, on average, lose money. Households operating small farms rely heavily on off-farm income. Thus, it is necessary to understand the complex relationships between the farm business and the farm household and between farm work and off-farm work to accurately describe U.S. agriculture today.

- ARMS information on farm expenses describes the relative importance of production inputs used by farmers. These data are used to update the prices paid index for commodities, services, interest, taxes, and wage rates, known as the parity index. This index helps determine the parity price for over 100 agricultural commodities. Parity prices have been a part of farm legislation since 1938, when the Agricultural Adjustment Act established that parity prices be computed for agricultural commodities.
- The 'parity index' as of any date, shall be the ratio of (i) the general level of prices of articles and services that farmers buy, wages paid hired farm labor, interest on farm indebtedness secured by farm real estate and taxes on farm real estate, for the calendar month ending last before such date to (ii) the general level of such prices, wages, rates, and taxes during the period January 1910 to December 1914, inclusive.

(2) Fruit/Nut and Vegetable Chemical Use Surveys. This information will be used by NASS, EPA, ERS, and other parties to assess the environmental and economic implications of various programs and policies and the impact on agricultural producers and consumers. The basic chemical use and farm practices information also will be used to produce a national chemical use database. This database is an integral source of data for the Water Quality Initiative, USDA's Pesticide Data Program, and the Food Quality Protection Act. These surveys of fruit and vegetable growers provide detailed, comprehensive information on actual chemical use rates, application practices, production practices, and integrated pest management (IPM) practices for a list of targeted fruit and vegetable crops.

Historically, the surveys alternate each year between fruits and vegetables; fruits were targeted in odd-numbered years and vegetables in even-numbered years. However, due to budget constraints, the Chemical Use Survey program will not be conducted until 2010, and only if additional funding becomes available, the program will resume with the Fruit Chemical Use Survey. The vegetable chemical use survey is preceded by a screening survey integrated with the ARMS Phase I and consists of screening the classified population for the commodities being targeted; only operations with the targeted vegetable commodity are eligible for sampling for the following phases. The screening is conducted from May to early July. The fruit chemical use survey does not require screening to identify operations with targeted commodities, thus there is only one data collection phase. The main data collection is in the fall and involves contacting the selected respondents and collecting information on chemical use for targeted commodities on the entire operation.

When funding is available to reinstate the Fruit and Vegetable Chemical Use Surveys, as with the ARMS statements above, NASS will be able to measure changes to rates and types of chemicals used. Changes will be due in part to the increased costs of crude oil, restrictions on water usage, and the availability of inputs.

If additional funding becomes available, the 12 States conducting the Fruit Chemical Use Survey will be: North Carolina, California, Oregon, Florida, Pennsylvania, Georgia, South Carolina, Texas, Michigan, Washington, New Jersey, and New York. Commodities of interest are: apples, apricots, avocados, blackberries, blueberries, cherries-sweet, cherries-tart, dates, figs, grapefruit, grapes-all, kiwi fruit, lemons, nectarines, olives, oranges-temples, peaches, pears, plums, prunes, raspberries, tangelos, and tangerines.

It is not anticipated that additional funding would become available by 2010 to resume the Vegetable Chemical Use survey, thus no request is being made to conduct the survey at this time. However, we continue to request approval of this survey if funding becomes available. Historically

the 18 States conducting the Vegetable Chemical Use Surveys were: Arizona, California, Florida, Georgia, Illinois, Michigan, Minnesota, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Washington, and Wisconsin. Commodities of interest are: asparagus, for fresh market and processing; snap beans, fresh; broccoli; cabbage, fresh; cantaloupe; carrots, fresh and processing; cauliflower; celery; sweet corn, fresh and processing; cucumbers, fresh and processing; garlic; honeydew; head and other lettuce; dry onions; green peas, processing; bell peppers; pumpkins; spinach, fresh; squash; tomatoes, fresh and processing; and watermelon. If production trends change, the mix of states and commodities included in the program may be refined.

These data are important because pesticides and fertilizers are the primary sources of ground and surface water contamination in agricultural areas. Farm chemicals are also the primary source of pesticide residues found on fresh fruit and vegetables. They are, therefore, primary targets of Federal, State or local legislation to reduce, ban, or otherwise control farm chemical use. Pesticide use, particularly on fruits and vegetables that are a large part of children's diets, is of particular interest to those charged with implementing Food Quality Protection Act. A current accounting of farm chemical use in States producing over 85 percent of the nation's fruit, nut, and vegetable production is essential for evaluating the economic, environmental, and public health consequences of farm chemical regulations. The Chemical Use Surveys include all fruits and vegetables with production estimates which are significant and critical to the nation's food supply.

- (3) Post-harvest Chemical Use Survey.** The post-harvest chemical use statistics are used by the EPA to develop Food Quality Protection Act risk assessments. AMS conducts pesticide residue testing for use in risk assessments done by EPA for chemical re-registrations. Some chemical residues that have been detected were applied post-harvest. To make sound regulatory decisions, good information concerning post-harvest chemical use is needed. Post-harvest chemical statistics were not available prior to 1997 but, since then, NASS has been working cooperatively with AMS to target commodities that are of interest to EPA to assess chemical use after harvest. To address FQPA requirements, the data collected in the Post-harvest Chemical Use Survey targets major commodities consumed in the U.S. Commodities surveyed to date are apples, corn, oats, potatoes, soybeans, wheat, peanuts, rice, and pears. Corn and soybean post-harvest work began in the summer of 2003. NASS is working closely with AMS and EPA to select commodities for study in future years.
- (4) Contractor Expense Surveys.** The Contractor Expense Surveys are supplemental surveys to the ARMS Phase III survey. The purpose is to obtain the contractor's portion of the operating expenses for the whole

farm. In previous surveys we have found that most contractees cannot report total expenses incurred by the contractor, since the contractor supplies many of the inputs to the farm operator.

- 3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.**

There is no technology currently available that can reduce or eliminate the need for the questions proposed to be asked of respondents and still meet the needs of NASS, ERS, and other parties to evaluate and analyze farm chemical use, production practices, cost of production information, and detailed cost and income statistics.

A Web-based instrument is available for ARMS Phase I screening. There are currently no plans to develop a Web-based instrument for ARMS Phase II or for the Fruit, Vegetable, and Post-harvest Chemical Use Surveys since much of the data collected requires the identification of a specific farm field that is planted to a specific commodity and this field identification cannot be made on the Web. Also, the detailed chemical application data is often copied from farm records by the enumerator during the interview. A Web-based instrument is available for the ARMS economic phase (Phase III) Core questionnaire which was first used to mail to respondents in 2004. At present the majority of the data are collected through face-to-face interviews.

- 4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.**

When available, NASS uses previously reported data to reduce reporting burden. For example in 2007, NASS eliminated the ARMS Phase I Screening Survey by using a combination of a) FSA data as of August 1, 2007 to indicate cotton planted during 2007 and b) the updated NASS list frame data which incorporated responses to the Agricultural Inquiry Survey (Census of Agriculture Screener-OMB No. 0535-0226).

NASS is very careful not to duplicate work planned by other Government agencies. NASS field offices are asked to document any State programs that overlap with the surveys contained in this docket. NASS is making every attempt to use existing data and only ask additional questions that are needed. For example, NASS uses administrative data from the California EPA Mandatory Pesticide Use Reporting System and a similar system in Arizona to utilize reports already available through mandatory pesticide reporting.

Also, internal committees within USDA that include NASS, ERS, AMS, ARS, Cooperative State Research Education and Extension Service, and Natural Resource and Conservation Service (NRCS) have been formed to help coordinate all the different aspects of these data collection efforts. The Integrated Pest Management questions have been aligned to meet all USDA agency needs. USDA's Office of Pesticide Management Policy provides coordination and oversight for the Department with EPA. Other government agencies such as the EPA, FDA, and U.S. Geological Survey are also consulted to avoid duplicating survey projects. The Advisory Committee on Agricultural Statistics, appointed by the Secretary of Agriculture, also provided advice on these program areas; this committee is composed of a diverse representation of agricultural sector expertise.

When State projects are identified, NASS makes every effort to incorporate the data needs from these projects with the NASS surveys. Currently, no such State projects are underway.

5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-I), describe any methods used to minimize burden.

NASS tries to identify only those data items absolutely necessary to answer the needs of data users. Information requested on these surveys may require respondents to refer to their record books for the answers. To minimize the interview time, branching is used throughout the questionnaires to skip those sections not applicable to particular respondents. Another approach to minimize burden has been the development of the ARMS core questionnaire that provides high level aggregates to estimate income and expenses; detailed data are eliminated from this version and will be asked only on a subset of the questionnaires. Enumerators also attend State training schools for instruction and practice on using the questionnaires. Data collection for these surveys is coordinated with other surveys to minimize contacts with respondents.

Sampling techniques are applied to minimize burden to individual operations which could potentially be selected in multiple surveys. One such process used in the ARMS sample selection is the Perry-Burt procedure, a statistically defensible method of reducing respondent burden. List frame units selected for other current year NASS probability surveys or the previous ARMS are replaced, where possible, by similar sample units whose respondent burden is less. This design reduces the number of consecutive ARMS contacts and multiple contacts for different surveys in the same year. The goal is to avoid selecting individual operations for two consecutive ARMS cycles.

NASS continues to conduct research on potentially new sampling and data modeling strategies to reduce data requirements and respondent burden. NASS

has also started looking at the feasibility of using previously reported survey data where appropriate to reduce burden.

6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

NASS and ERS are charged with the responsibility of providing the Secretary of Agriculture, the Congress, the Executive Branch, farm groups, financial institutions and the public with reliable, up-to-date information concerning the nation's farms and ranches. The ARMS is the only source of information capable of providing this type of vital information. Collecting economic data is critical to the mission of USDA, Congress, other governmental agencies, and the private sector. It needs to be collected annually so NASS can update the Parity Index for Prices Paid and Prices Received by Farmers so ERS can accurately estimate farm income each year.

Due to budget constraints, the Chemical Use program will not be conducted in 2009. However, a chemical use database is needed to answer fundamental questions about the safety of our nation's water and food supplies because sound policy decisions cannot be made without good data. Thus, NASS has requested authority to conduct chemical use surveys in 2010. This would enable NASS to quickly resume the Chemical Use Surveys should future funding become available via appropriation or reimbursable process. The chemical use surveys requested for fall of 2010 include: Fruit, Postharvest, and the ARMS Phase II Production Practices component to cover targeted field crops.

When funding is available to conduct the survey, commodities for the Post-harvest Chemical Use surveys are determined by working closely with AMS and identifying commodities that appear to have chemical residues. NASS is able to move quickly to develop these surveys. NASS meets regularly with Office of Pest Management Policy (OPMP) and EPA to evaluate annual data reporting requirements. This is important because EPA's models give more weight to current data.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner inconsistent with the general information guidelines in 5 CFR 1320.5.

There are no special circumstances associated with this information collection.

8. **Provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8 (d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments.**

The Notice soliciting comments on this information collection was published in the Federal Register on March 4, 2008 (Volume 73, Number 43), on pages 11613-11614. The Notice and two public comments are attached.

Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and record-keeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

NASS, ERS, other USDA agencies, other Federal departments, and State Departments of Agriculture are all contributing to the content of these projects and have been consulted. An Advisory Committee on Agricultural Statistics, appointed by the Secretary of Agriculture, reviews content, methodology, and program benefits for all major survey and estimation programs. EPA's Science Advisory Committee reviews data sources and methodologies used for environmental programs.

In November 2007, the National Academies of Sciences, Committee on National Statistics (NAS-CNSTAT) completed a comprehensive review of the ARMS. Copies of the report are available via the web at:
http://books.nap.edu/openbook.php?record_id=11990&page=R1.

A cross-agency NASS and ERS senior management team has prioritized the recommendations in the NAS-CNSTAT report and provided guidance on the high priority items. The NASS Research Division will be involved in several cross-agency teams to provide further insight and to recommend appropriate methodologies for moving forward on the identified as recommendations high priority. The high priority areas focus on: respondent burden reduction strategies, response rate improvement, and improvement of data quality. Recommended action items may impact other NASS surveys as well as the next Census of Agriculture.

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

OMB-approved incentives research was conducted in 2004 on the ARMS economic phase Core questionnaire that is mailed to respondents. The response rates for the 2004 economic phase were 67.7% nationally. The test was conducted using \$20 ATM debit cards as the incentive. Both pre- and post-incentives were tested. The result was a 6%-7% increase in response rates for the mail returns. In 2005, NASS completed analysis to determine how to best apply respondent incentives for the mailed core ARMS economic phase version (ARMS Phase III Core). In 2006, NASS conducted research on the longer version (ARMS Phase III Cost and Returns) which is currently enumerated using face-to-face interviews. Incentives did not significantly increase response rate for face to face interviews, therefore NASS does not plan to use them for this subsample of respondents.

NASS plans to use *monetary incentives* and *non-monetary items* to raise response rates. NASS conducts the annual Agricultural Resource Management Phase III Survey which collects agricultural economic data from farm operators in the continental United States. This is a critical and far-reaching program which supplies information to many areas of government, industry, and research. The complex, lengthy survey has always presented response rate challenges. In an effort to increase response rates, two experiments (approved by OMB) were conducted using incentives. A summary of each of the results was provided to OMB.

The first incentive experiment, conducted during the 2004 survey year, focused on the part of this survey's sample that uses a simplified sixteen-page Acore@ questionnaire with mail-out/mail-back data collection and face-to-face non-response follow-up. Both prepaid and promised indirect monetary incentives (i.e., \$20 ATM cards) were used in order to increase response rates and to reduce costly face-to-face follow-up interviews. The results showed that both the prepaid and promised incentives significantly increased the mail and overall response rates, with the prepaid incentives performing somewhat better. The incentives also succeeded in reducing the overall data collection costs. Based on these results, prepaid monetary incentives were recommended for the mail-out/mail-back portion of the ARMS survey program sample.

The 2006 study focused on the 2005 ARMS Phase III Cost and Returns (CRR) long form. The study tested monetary and non-monetary mailed pre-incentives; and non-monetary promised post-incentives. The gain from use of the specific type and kind of incentives tested in the study was not sufficiently cost effective overall. However, the study did not test incentives delivered during the face-to-face interview visit.

Both monetary and non-monetary incentives were used in 2007 for the 2006 ARMS Phase III. In 2008, to encourage response by mail, monetary incentives were used for all the 2007 ARMS Phase III mailed Core version only. In face-to-face interviews for other versions, respondents were reminded that responding

to the 2007 ARMS Phase III fulfilled their obligation to respond to the Census of Agriculture.

Each year, NASS plans to provide *monetary incentives* for the ARMS Core (shorter) questionnaire mail-out/mail-back respondents. To measure the continued effectiveness of offering monetary incentives for the mailed version, however, in even numbered survey years, (e.g. for the 2008 and 2010 ARMS Phase III survey, between 1,500 to 3,000 of the 16,500 core questionnaire respondents will not receive monetary incentives.

In addition, NASS will provide *non-monetary incentives* for the ARMS Phase III enumerated versions (all versions except the core mail version). We feel the use of non-monetary incentives is advantageous from both a cost and operational perspective. Enumerators have repeated interaction with the respondents and many ARMS respondents may be contacted in other NASS surveys. Interviewers feel strongly that having something in hand helps establish and maintain favorable relationships. As a result of post-survey feedback about the use of non-monetary incentives from our National Association of State Departments of Agriculture (NASDA) enumerators, NASS's NASDA Supervisory Enumerator Advisory Council recommended that NASS (1) provide a small token for the enumerator to deliver at the interview and (2) keep the incentive item the same within a State since respondents know each other and do make comparisons.

The results of the post-survey feedback were consistent with research by E. Singer and others on interviewer expectation effects as documented in a paper on "*The Use of Incentives to Reduce Nonresponse in Household Surveys*" by Eleanor Singer, University of Michigan. For past ARMS Phase III, NASS has chosen cloth caps with our name, logo, and motto Agriculture Counts for enumerators to give to all non-core respondents. This or something similar in cost and utility to the farmer will be used in the future. While this is not expected to significantly increase response rates, it will be used as a token of appreciation and will contribute to positive long term relationships between NASS and these respondents.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

Questionnaires include a statement that individual reports are confidential. U.S. Code Title 18, Section 1905 and Title 7, Section 2276 provide for confidentiality of reported information. All employees of NASS and all enumerators hired and supervised under a cooperative agreement with the National Association of State Departments of Agriculture (NASDA) must read the regulations and sign a statement of compliance. All individuals who may access these confidential data for research are also covered under Titles 18 and 7 and must complete a Certification and Restrictions on Use of Unpublished Data (ADM-043) agreement.

11. Provide additional justification for any questions of a sensitive nature.

There are no questions of a sensitive nature.

12. Provide estimates of the hour burden of the collection of information. The statement should indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13 of OMB Form 83-I. Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories.

The following table contains the estimated burden hours for the surveys by year and the average annual burden. Totals may vary due to rounding. Allowance for burden associated with advance letters is included in response times. Average annual burden is estimated at 61,134 hours. All of these surveys are annual surveys, but some respondents will be contacted for more than one of the surveys. Phase I is the screening phase for both Phases II & III. Less than 10% of the Phase I sample will be selected for all three phases. Burden was calculated using interview length and response rates from previous ARMS and Chemical Use Survey efforts that are of similar scope and size. Sample sizes are based on estimates of future needs. Annual burden will fluctuate based on commodity mix. However, accumulated total burden is not expected to exceed the accumulated estimated annual average.

Survey Year	Survey	Sample Size	Freq	Responses				Non-response				Total Burden Hours
				Resp. Count	Freq x Count	Min/ Resp.	Burden Hours	Nonresp Count	Freq x Count	Min/ Nonr.	Burden Hours	
Agricultural Resource Management Surveys (ARMS) Phases I, II, & III												
2008	ARMS Screening Survey (Phase I)	60,000	1.00	46,200	46,200	15	11,550	13,800	13,800	1	230	11,780
	Production Practices (Phase II) ^{1/}	0	0.00	0	0	0	0	0	0	0	0	0
	Practices + Costs (Phase II) ^{2/}	0	0.00	0	0	0	0	0	0	0	0	0
	Costs + Returns (Phase III)	19,500	1.00	14,800	14,800	85	20,967	4,700	4,700	2	157	21,123
	Core Costs + Returns (Phase III)	16,500	1.00	11,600	11,600	57	11,020	4,900	4,900	2	163	11,183
	Commodity Cost of Prod. (Phase III)	4,450	1.00	3,470	3,470	105	6,073	980	980	2	33	6,105
	Contractor Expense Survey	1,000	1.00	800	800	45	600	200	200	2	7	607
	2008 Total		101,450		76,870			50,209				589
2009	ARMS Screening Survey (Phase I)	60,000	1.00	46,200	46,200	15	11,550	13,800	13,800	1	230	11,780
	Production Practices (Phase II) ^{1/}	0	0.00	0	0	0	0	0	0	0	0	0
	Practices + Costs (Phase II)	6,500	1.00	5,150	5,150	57	4,893	1,350	1,350	2	45	4,938
	Costs + Returns (Phase III)	13,500	1.00	10,000	10,000	85	14,167	3,500	3,500	2	117	14,283
	Core Costs + Returns (Phase III)	16,500	1.00	11,600	11,600	57	11,020	4,900	4,900	2	163	11,183
	Commodity Cost of Prod. (Phase III)	4,450	1.00	3,470	3,470	105	6,073	980	980	2	33	6,105
	Organic commodity Practices + Costs (Phase II)	1,000	1.00	800	800	57	760	200	200	2	7	767
	Organic commodity Costs + Returns (Phase III)	1,000	1.00	800	800	105	1,400	200	200	2	7	1,407
	Contractor Expense Survey	1,000	1.00	800	800	45	600	200	200	2	7	607
2009 Total		103,950		78,820			50,462				608	51,069
2010	ARMS Screening Survey (Phase I)	60,000	1.00	46,200	46,200	15	11,550	13,800	13,800	1	230	11,780
	Production Practices (Phase II)	5,500	1.00	4,450	4,450	43	3,189	1,050	1,050	2	35	3,224
	Practices + Costs (Phase II)	6,500	1.00	5,150	5,150	57	4,893	1,350	1,350	2	45	4,938
	Costs + Returns (Phase III)	13,500	1.00	10,000	10,000	85	14,167	3,500	3,500	2	117	14,283
	Core Costs + Returns (Phase III)	16,500	1.00	11,600	11,600	57	11,020	4,900	4,900	2	163	11,183
	Commodity Cost of Prod. (Phase III)	4,450	1.00	3,470	3,470	105	6,073	980	980	2	33	6,105
	Organic commodity Practices + Costs (Phase II)	1,000	1.00	800	800	57	760	200	200	2	7	767
	Organic commodity Costs + Returns (Phase III)	1,000	1.00	800	800	105	1,400	200	200	2	7	1,407
	Contractor Expense Survey	1,000	1.00	800	800	45	600	200	200	2	7	607
	2010 Total		109,450		83,270			53,651				643

1/ Production Practices (Phase II) will only be conducted one out of the three years listed.

2/ Practices and Costs (Phase II) will be conducted in 2009 and 2010.

Survey Year	Survey	Sample Size	Freq	Responses				Non-response				Total Burden Hours
				Resp. Count	Freq x Count	Min./ Resp.	Burden Hours	Nonresp Count	Freq. x Count	Min./ Nonr.	Burden Hours	
Chemical Use Surveys - NASS Program Only												
2008	Fruit Chemical Use Survey ^{3/}	0	0.00	0	0	0	0	0	0	2	0	0
2009	Vegetable Chemical Use Survey ^{3/}	0	0.00	0	0	0	0	0	0	2	0	0
2010	Fruit Chemical Use Survey	6,800	1.00	5,400	5,400	43	3,870	1,400	1,400	2	47	3,917
	Total	6,800		5,400			3,870				47	3,917
Post Harvest Chemical Use Surveys-Nass Program Only												
2008	none ^{3/}	0	0.00	0	0	0	0	0	0	2	0	0
2009	none ^{3/}	0	0.00	0	0	0	0	0	0	2	0	0
2010	Wheat	3,500	1.00	3,000	3,000	14	700	500	500	2	17	717
	Total	3,500		3,000			700				17	717
Publicity Materials for ALL surveys^{4/}												
2008	All materials for all versions	100,450	1.00	76,070	76,070	5	6,339	24,380	24,380	2	813	7,152
2009	All materials for all versions	102,950	1.00	78,020	78,020	5	6,502	24,930	24,930	2	831	7,333
2010	All materials for all versions	108,450	1.00	82,470	82,470	5	6,873	25,980	25,980	2	866	7,739
	Total	311,850		236,560			19,713				2,510	22,223

3/ Due to budget cuts the Fruit and Vegetable Chem Use Surveys, and the Post Harvest Chem Use will be postponed until 2010.

4/ Additional publicity materials were not sent out to sampled operations that were contacted for a quality control survey.

Quality Control Survey (Telephone Only) - Recontact operators to verify quality of NASDA enumerators.												
2008	Quality Control Worksheet (phone only)	1,400	1.00	1,400	1,400	5	117	0	0		0	117
2009	Quality Control Worksheet (phone only)	1,500	1.00	1,500	1,500	5	125	0	0		0	125
2010	Quality Control Worksheet (phone only)	1,700	1.00	1,700	1,700	5	142	0	0		0	142
	Total	4,600		4,600			383				0	384

Annual Totals^{5/}												
2008	Annual Totals	102,850		78,270			56,665	24,380			1,402	58,067
2009	Annual Totals	105,450		80,320			57,088	24,930			1,439	58,527
2010	Annual Totals	121,450		93,370			65,235	27,880			1,572	66,807
	Annual Averages	109,917		83,987			59,663	25,730			1,471	61,134
	Average Burden per Respondent per Year	0.55618196										

5/ For annual totals the sample size and response count do not include the counts from the publicity materials, since it is the same operators. However, the burden counts do include the burden associated with the publicity materials.

All survey years correspond to calendar years, except for ARMS Phase III. ARMS Phase III is conducted in Jan-Apr of year following the survey year. E.g.: 2010 ARMS Phase III is conducted in Jan-Apr 2011.

Reporting time of 61,134 hours is multiplied by \$24 per hour, for a total cost to the public of \$1,467,216.

13. Provide an estimate of the total annual cost burden to respondents or record-keepers resulting from the collection of information.

There is no annual cost burden to respondents for this information collection.

14. Provide estimates of annualized cost to the Federal government; provide a description of the method used to estimate cost which should include quantification of hours, operational expenses, and any other expense that would not have been incurred without this collection of information.

The average yearly cost to the Federal Government is approximately \$17.81 million.

Category	ARMS (I, II, & III)	Chemical Use		
		Fruit ^{1/}	Vegetable ^{2/}	Post-harvest ^{1/}
NASDA Data Collection	\$ 7,600,000	\$ 660,000	\$ 550,000	\$ 150,000
NASS Staff	8,200,000	650,000	780,000	230,000
Direct costs	750,000	260,000	260,000	130,000
Indirect Costs	500,000	150,000	160,000	50,000
Total	17,050,000	1,820,000	1,750,000	460,000

1/ Only requested for 2010.

2/ Not requested in this docket due to budget constraints.

Projected Annual Total Costs

Year	Total Costs
2008	\$17,050,000
2009	\$17,050,000
2010	\$19,330,000
Average	\$17,810,000

In FY2004 to FY2006 and again in FY 2008, funding was added to ARMS for organic commodities. Sample lists for organic commodities are generally screened during ARMS phase I. This is not base funding, but similar funding for organic commodities is anticipated to continue in future years.

Organic Component Funding for ARMS Phase II

Fiscal Year	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Cost	\$ 200,000	\$250,000	\$ 400,000	\$0	\$250,000
Commodity	Dairy	Soybeans	Apples		Wheat ^{1/}

1/ Currently planned commodity.

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I (reasons for changes in burden).

The average annual burden is expected to be 61,134 hours. The increase from 58,345 current inventory hours is due in part to the expansion of the publicity materials focused on increasing response rates. In addition we have added a Contractor Expense Survey to each year to coincide with the ARMS III survey. Respondents who raise livestock under contract, but cannot provide the amount of input the contractor paid, we will contact local contractors to collect the average costs of items provided. Also, organic estimates will be for selected commodities as stipulated in the USDA-ERS budget for future fiscal years. Based on the prior history, additional funding is anticipated to continue.

16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

The table below is a summary of data collection, analysis, and publication dates.

Survey Schedules					
Survey Year ^{1/}	Survey	Phase	Begin Data Collection	Conduct Analysis	Publish
2008	ARMS Screening Survey	I	Oct 2008	Nov - Dec 2008	
	Agriculture Resource Management Survey	II			
		III	Jan 2009	Apr - Jun 2009	Jul 2009
	Fruit Chemical Use Survey ^{2/}				
	Post-harvest Chemical Use Survey ^{2/}				
2009	Integrated Screening Survey	I	May 2009	Jun - Aug 2009	
	Agriculture Resource Management Survey	II	Sep 2009	Jan - Mar 2010	May 2010
		III	Jan 2010	Apr - May 2010	Jul 2010
	Vegetable Chemical Use Survey ^{2/}				
	Post-harvest Chemical Use Survey ^{2/}				
2010	ARMS Screening Survey	I	May 2010	Jun - Aug 2010	
	Agriculture Resource Management Survey	II	Sep 2010	Jan - Mar 2011	May 2011
		III	Jan 2011	Apr - May 2011	Jul 2011
	Fruit Chemical Use Survey ^{2/}		Sep 2010	Jan - May 2011	Jul 2011
	Post-harvest Chemical Use Survey ^{2/}		Jul 2010	Oct 10 - Jan 11	Mar 2011

1/ All survey years correspond to calendar years, except for ARMS Phase III. ARMS Phase III is conducted in Jan-Apr of year following the survey year. E.g.: 2010 ARMS Phase III is conducted in Jan-Apr 2011.

2/ The Chemical Use Surveys for Fruit, Vegetables, and Postharvest will no longer be conducted due to budget constraints. However, in case funding is received through appropriation or reimbursable process, NASS requests pre-authorization to conduct the Fruit and Postharvest Chemical Use surveys in 2010.

Examples of the questionnaires and other documents are attached to this submission in the ROCIS system.

Publications for each of the surveys above can be obtained from the following sources:

Printed copies are available from NASS Publications Office by telephone (customer service at 1-888-584-8332 or 703-605-6050, orders only at 1-800-999-6779 or 703-605-6000), by fax (1-703-605-6900), or by mail order (NASS, 5285 Port Royal Road, Springfield, VA 22161). Electronic access is available from the NASS Internet Web-site <http://www.usda.gov/nass/> or at specific sites listed.

Agricultural Resource Management Survey, Phase II
Agricultural Chemical Usage Field Crops Summary

<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1560>

Agricultural Resource Management Survey, Phase III
Farm Production Expenditures

<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1066>

Chemical Use Survey, Fruit

Agricultural Chemical Usage Fruit Summary

<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1567>

Chemical Use Survey, Vegetables

Agricultural Chemical Usage Vegetables Summary

<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1572>

Post-harvest Chemical Use Survey

Agricultural Chemical Usage Post-harvest Applications

<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1571>

- 17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.**

There is no request for approval of non-display of the expiration date.

- 18. Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions" of OMB Form 83-I.**

There are no exceptions to the certification statement.