

SUPPORTING STATEMENT – Part A

COTTON GINNINGS

OMB No. 0535-0220

A. JUSTIFICATION

- 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 National Agricultural Statistics Service's (NASS) primary function is to prepare and issue State and national estimates of crop and livestock production, disposition, and prices, as well as specialty agricultural and environmental statistics. Crop and livestock statistics help maintain a stable economic atmosphere and reduce risk for production, marketing, and distribution operations. Modern agriculture increasingly calls upon NASS to supply reliable, timely, and detailed information in its commodity estimation program.

NASS's Cotton Ginnings reports provide cotton ginnings statistics from August through February by State and aid in forecasting cotton production. Data collected consists of bales of cotton ginned to date, cotton to be ginned, lint cotton produced, cottonseed produced, cottonseed sold to oil mills, cottonseed used for other uses, number of gins by type, bales produced by county of origin, and cottonseed prices received by producers. The price information for the cotton lint is collected under the Prices Received Survey (0535-0003).

The "ginned to date" and "to be ginned" data are essential components of the production forecasts after harvest begins. The forecasting procedure involves calculating a weighted percent ginned to date as well as an allowance for cross-State movement and bale weight adjustments. Production by State allows adjustments for year-end State and county estimates. Total pounds of lint cotton produced is used to derive an actual bale weight which increases the precision of production estimates. These are vital NASS data requirements.

Cottonseed prices received are issued by NASS August through February, and are a component in the prices received by farmers index. Collecting price data from cotton gins provides a consistent data source. Cotton gins are usually the "first point of sale" of cottonseed, the general criterion NASS applies when collecting prices received data. Accurate prices for this raw product are best

obtained from ginneries because it is sold from the gins without being processed at an oilseed crushing plant, as was the former method.

General authority for these data collection activities is granted under U.S. Code Title 7, Section 2204. This statute 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."

Cotton ginnings data collection for specific dates and geographic locations is mandated by U.S. Code Title 13, Section 42.

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.

Summary data from operation report forms provide U.S. and international cotton and cottonseed industries with the only data available for U.S. cotton ginnings at the State and county level. NASS considers the October through January ginnings data vital to forecast production. These data provide precise statistics, especially when at least 50 percent of the forecasted cotton production has been ginned in a State. These data provide all segments of the cotton industry--buyers, brokers, crushers, shippers, textile firms, and researchers--with exact quantities of cotton available at specific geographic locations within the U.S. on a regular basis. Should disaster occur in a specific cotton producing area, policy makers will have data available for that area to assist with disaster program implementation. Cotton markets operate on a stable basis because supply uncertainty is minimized. Final season ginnings data are also used to establish final production.

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.

The first-of-month and mid-month Cotton Ginnings Reports have been made available for electronic data reporting (EDR) via the Internet. Each respondent is provided a user name and password to secure the data; instructions are included in a pre-survey letter. The minutes to complete the Web surveys are estimated to be the same as the paper-based questionnaires. Approximately 85% of the ginning reports are completed using the internet application.

- 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.**

The USDA's Agricultural Marketing Service (AMS) maintains a list (names and addresses) of gins that is annually matched and reconciled with the existing NASS list. NASS State Field Offices perform additional list maintenance as data become available during the surveys and from knowledge of occurrences within the industry. There are no similar cotton ginnings data available on a current basis.

NASS has investigated the use of AMS classing data to determine how these data correspond with ginning data. Unfortunately, the correlation was not high enough to justify eliminating the mid-month surveys. The lag time from when cotton was ginned and when the cotton was classed was too variable to use classing data to estimate ginnings by date.

- 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.**

Although all cotton gins will be contacted, those indicating they are idle for the year are contacted only at the beginning of the season to verify their inactivity. Active gins are contacted only for the time periods they are operating. The length of the period in which questionnaires are mailed varies by State, type of cotton gin, and progress of ginnings during the season. These procedures reduce burden on all gin operators.

Cotton ginning operations usually calculate a daily total of bales ginned to date; thus, response time to answer this questionnaire item is minimal. Therefore, during the mid-month survey when the only data collected concerns "bales ginned prior to (date)," it is not necessary to have the operator or manager of the gin respond; in this situation, a response by any employee is acceptable.

- 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.**

If information collection were less frequent the cotton industry would be without county-level quantities ginned which could seriously affect transportation costs and marketing strategies. The entire industry currently functions in a stable market because the uncertainty of quantities by location is minimized. The Agricultural Marketing Service (AMS) classification offices would have difficulty

determining the quantities arriving at their offices for grading during certain time periods and office staffing would not be at the most efficient levels.

- 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 Federal Register Notice soliciting comments was published on June 22, 2010, on pages 35437-35438; one public comment was received and is included in supplementary documents.

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 consults with respondents, the Agricultural Marketing Service, the National Cottonseed Products Association, and the National Cotton Council to stay abreast of activities in the cotton industry.

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

There are no payments or gifts to 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.

Additionally, NASS and NASS contractors comply with OMB Implementation Guidance, "Implementation Guidance for Title V of the E-Government Act,

Confidential Information Protection and Statistical Efficiency Act of 2002 (CIPSEA), (Public Law 107-347). CIPSEA supports NASS' pledge of confidentiality to all respondents and facilitates the agency's efforts to reduce burden by supporting statistical activities of collaborative agencies through designation of NASS agents; subject to the limitations and penalties described in CIPSEA.

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.

Total burden hours based on the average completion time per questionnaire are summarized below. The combined reporting for all surveys of 819 hours is multiplied by \$24 per hour, for a total cost to the public of \$19,656.

Estimated Annual Burden for Cotton Ginning Surveys - 2011 - 2013

| 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 | |
| Advance letter, record book, and Web Instructions | | 826 | 1 | 743 | 743 | 5 | 62 | 83 | 83 | 2 | 3 | 65 |
| August | 1st | 36 | 1 | 32 | 32 | 5 | 3 | 4 | 4 | 2 | 0 | 3 |
| September | 1st | 100 | 1 | 90 | 90 | 5 | 8 | 10 | 10 | 2 | 0 | 8 |
| | 15th | 800 | 1 | 720 | 720 | 5 | 60 | 80 | 80 | 2 | 3 | 63 |
| October | 1st | 826 | 1 | 743 | 743 | 5 | 62 | 83 | 83 | 2 | 3 | 65 |
| | 15th | 826 | 1 | 743 | 743 | 5 | 62 | 83 | 83 | 2 | 3 | 65 |
| November | 1st | 800 | 1 | 720 | 720 | 5 | 60 | 80 | 80 | 2 | 3 | 63 |
| | 15th | 780 | 1 | 702 | 702 | 5 | 59 | 78 | 78 | 2 | 3 | 62 |
| December | 1st | 750 | 1 | 675 | 675 | 5 | 56 | 75 | 75 | 2 | 3 | 59 |
| | 15th | 700 | 1 | 630 | 630 | 5 | 53 | 70 | 70 | 2 | 2 | 55 |
| January | 1st | 650 | 1 | 585 | 585 | 5 | 49 | 65 | 65 | 2 | 2 | 51 |
| | 15th | 500 | 1 | 450 | 450 | 5 | 38 | 50 | 50 | 2 | 2 | 40 |
| February | 1st | 400 | 1 | 360 | 360 | 5 | 30 | 40 | 40 | 2 | 1 | 31 |
| March Final | | 826 | 1 | 743 | 743 | 15 | 186 | 83 | 83 | 2 | 3 | 189 |
| Total 1/ | | 826 | | 7,938 | 7,938 | | 788 | 882 | 882 | | 31 | 819 |

1/ Totals may not add due to rounding.

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

There are no capital/start-up or ongoing operation/maintenance costs associated with 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 total annual cost to the Federal government for the data collection and summarization associated with Cotton Ginnings is \$650,000.

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 annual burden for Cotton Ginnings is estimated to be 819 hours is down 6 hours from the current inventory of 825. This slight change is due to an adjustment in the estimate for the annual average hours for the next three years.

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 respondent universe for the cotton ginnings program consists of all cotton gins in the United States which are operating during the current crop year. It covers 17 southern States from August through March. No sampling is used. All operating gins are mailed a letter and optional record book at the beginning of the season. During the crop year (see Survey Date column in the table in Item 12) they receive a questionnaire on which to enter summary data from the record book or from their own computer files. The duration of the questionnaire contacts varies by State, type of cotton gin (saw gin or roller gin), and progress of ginnings. All operations receive a final questionnaire by March.

There are two versions of the biweekly questionnaire. The first-of-the month version asks ginnings to date (as of the 1st of the month) and an estimate of bales to be ginned for both upland and American-Pima cotton. The mid-month version asks ginnings to date (the 15th) for upland and American-Pima plus the average price paid for cottonseed during the first 2 weeks of the month. The final questionnaire also has two versions: seed and non-seed. About half of the operations are randomly selected to receive the non-seed version which asks ginnings, lint cotton, and number of plants by type (saw and roller gins). The other half receives the seed version which asks these same items plus several further questions on cottonseed.

Data Collection and Publication Schedule for the 2010-2011 Crop

| Month | First of Month Questionnaire | | | Mid-month Questionnaire* | | | Prices | |
|-----------|--------------------------------------|-----------|------------------------|--------------------------|-----------|------------------------|-----------|----------------------------|
| | Data Collection | Pub. Date | Publication | Data Collection | Pub. Date | Publication | Pub. Date | Publication |
| August | 1-6* | 10 | <i>Cotton Ginnings</i> | | | | 31 | <i>Agricultural Prices</i> |
| September | 1-5 | 12 | | 15-20 | 25 | <i>Cotton Ginnings</i> | 27 | |
| October | 1-5 | 12 | | 15-18 | 25 | | 31 | |
| November | 1-5 | 9 | | 15-20 | 24 | | 30 | |
| December | 1-6 | 11 | | 15-18 | 21 | | 28 | |
| January | 2-6 | 11 | | 15-20 | 25 | | 31 | |
| February | 1-5* | 11 | | | | | | |
| March | 1-14 | 21 | | | | | | |
| May | <i>Cotton Ginnings, 2010 Summary</i> | | | | | | | |

* Includes price data.

Cotton ginnings data are collected for the first of the month only in August, February, and March and for first of the month and mid-month September through January. August through February, U.S. and State ginnings data as of the first of the month are published in the one-page *Cotton Ginnings* release

(<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1041>)

at the same time as the monthly *Crop Production* report, around the 10th of the month. The larger, mid-month *Cotton Ginnings* report

(<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1041>) is

released about the 25th of the month. It contains U.S. and State ginnings data through the 15th of the month plus county-level data as of the first of the month. Because of the small number of American-Pima (roller) gins, the county-level data published mid-month are for "all cotton" to avoid derivation of American-Pima ginning operations.

Since there is no mandatory reporting requirement, imputation may be necessary for the "ginnings to date" asked on the first-of-the-month questionnaire because totals are published. Incomplete reporting creates the possibility that, during the following survey period, gins may report fewer bales ginned to date than the level previously imputed. The result is that the following ginnings report would show fewer bales ginned than the previous report. Imputation procedures and other statistical procedures were reviewed by the Statistical Methods Branch, Statistics Division.

The final ginnings survey is conducted in all 17 States in March and preliminary totals are released in *Cotton Ginnings* about the 25th of March

(<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1041>).

This release contains the U.S. and State running bales for upland and American-Pima ginned to date, equivalent 480-pound bales ginned, average bale weight, number of active gins, and ginner's estimates of quantity to be ginned, if any. The county-level data is for running bales ginned plus ginner's estimates of bales to be ginned. In this final survey, cross-State movement data (the quantity of cotton produced in one State but ginned in another State) is collected.

Detailed ginnings data are published in the *Cotton Ginnings, Annual Summary* in May

(<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1042>).

This publication contains, for each reporting period, the U.S. and State running bales ginned and county data for running bales ginned, equivalent 480-pound bales ginned, number of active gins, running bales produced, average bale weight, and rank by running bales produced. Information for American-Pima cotton gins is limited to U.S. and State data and includes ginnings by reporting period, a season total, bales produced in a State, and 480-pound bales ginned. This format prevents disclosure of individual operations because of the low number of American-Pima gins.

Cottonseed price data are collected on the first-of-the-month cotton ginnings questionnaire in August from Texas gins (the only State with sales then) and in February (from all 17 States) and on the mid-month questionnaire September through January (in all 17 States). Prices are published monthly, August through February, for the ten largest cotton States and the U.S. in the *Agricultural Prices* release

(<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1002>).

A preliminary marketing year average price is published in February's *Crop Values*

(<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1050>)

for all 17 States and the U.S. The season's final monthly prices for the 10 largest States and the U.S. and the marketing year average price for all 17 survey States are published in the following October *Agricultural Prices* release

(<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1002>).

The 10 monthly estimating States weight each gin's reported price by its number of bales ginned during the first 14 days of the month. Each month and also for the February preliminary monthly revisions and preliminary marketing year average, the U.S. price is weighted by multiplying each monthly estimating State's ginnings for the first 14 days of the month by its respective 3-year average cross-State factor. Adjusting by the cross-State factor eliminates the effects of cotton that is produced in one State but ginned in another State. The bales ginned portion of this weight is the same number of bales used in developing each State's weighted price--not the total bales ginned for the State. The previous season's final cross-State factor is used for the October U.S. final monthly and marketing year average revisions. The U.S. marketing year average price is weighted using the sum of these monthly weights, applied to each month's U.S. price.

The seven smaller cotton States, called the non-monthly estimating States, also collect monthly price data although estimates are not published. Monthly data provide the most reliable marketing year average price and are more accurate than asking for a season's average price at the end of the season. Marketing year average price for non-monthly States is weighted using weighting procedures similar to those used for monthly States.

- 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.**

No approval is requested for 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.