

UNITED STATES DEPARTMENT OF AGRICULTURE
Subpart U- Ineligibility for Programs under the Federal Crop Insurance Act
OMB NUMBER: 0563-NEW

Purpose:

The purpose of this request to the Office of Management and Budget (OMB) is for approval of a new package.

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 following statutory and regulatory mandates require the Federal Crop Insurance Corporation to identify persons who are ineligible to participate in Federal crop insurance programs administered under the Federal Crop Insurance Act.

Section 1764 of the Food Security Act of 1985 (Pub. L. 99-198) and 21 U.S.C., Chapter 13, require the denial of Federal benefits, including crop insurance, to persons convicted of controlled substance violations.

Section 14211 of the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246) provides for the debarment of an individual, organization, corporation, or other entity convicted of a felony for knowingly defrauding the United States in connection with any program administered by the Department of Agriculture from any subsequent participation in Department of Agriculture programs.

Executive Order 12549 and 7 CFR 3017 provide that debarment or suspension of a participant by one agency shall have government wide effect, including debarment for knowingly doing business with a debarred, suspended, ineligible or voluntarily excluded person in connection with a covered transaction.

Section 506(o) of the Federal Crop Insurance Act (7 U.S.C. §1515) authorizes the Federal Crop Insurance Corporation to issue such regulations as are necessary to carry out the Federal Crop Insurance Act. Section 506(n) of the Federal Crop Insurance Act (7 U.S.C. §1515) requires the Federal Crop Insurance Corporation to take such actions as necessary to improve the actuarial soundness of Federal crop insurance coverage. 7 CFR 457.8 and 407.9 each provide that persons with a delinquent debt for any crop insurance policy shall be ineligible to obtain crop insurance authorized under the Federal Crop Insurance Act for any subsequent crop year.

Section 515(h) of the Federal Crop Insurance Act (7 U.S.C. §1515) provides for the disqualification of a person that willfully and intentionally provides any false or inaccurate

information to the Federal Crop Insurance Corporation or to an Approved Insurance Provider with respect to a policy or plan of insurance.

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.**

The Federal Crop Insurance Corporation and Approved Insurance Providers use the information collected to determine whether persons seeking to obtain Federal crop insurance coverage are ineligible for such coverage according to the statutory/regulatory mandates identified in question 1. The purpose of collecting the information is to ensure persons that are ineligible for benefits under the Federal crop insurance program are accurately identified as such and do not obtain benefits to which they are not eligible.

The Federal Crop Insurance Corporation and the Risk Management Agency do not obtain information used to identify a person as ineligible for benefits under the Federal crop insurance program directly from the ineligible person.

Approved Insurance Providers notify the Risk Management Agency of persons with a delinquent debt for a crop insurance policy. Approved Insurance Providers provide such information electronically to the Risk Management Agency through a secure automated system. The Risk Management Agency (1) sends written notification to the person informing them they are ineligible for benefits under the Federal crop insurance program; and (2) places that person on the Risk Management Agency's Ineligible Tracking System until the person regains eligibility for such benefits. The information needed for a person to obtain a crop insurance policy is captured under Information Collection Burden Package 0563-0053. Accordingly, that information and associated burden hours are not included in this package.

The Risk Management Agency's Office of General Counsel notifies the Risk Management Agency in writing of persons convicted of controlled substance violations. The Risk Management Agency (1) sends written notification to the person informing them they are ineligible for benefits under the Federal crop insurance program; and (2) places that person on the Risk Management Agency's Ineligible Tracking System until the person regains eligibility for such benefits.

Persons debarred, suspended or disqualified by the Risk Management Agency are (1) notified, in writing, they are ineligible for benefits under the Federal crop insurance program; and (2) placed on the Risk Management Agency's Ineligible Tracking System until the person regains eligibility for such benefits.

Applicable information identifying persons who are ineligible for benefits under the Federal crop insurance program is made available to all Approved Insurance Providers through the Risk Management Agency's Ineligible Tracking System. The Ineligible Tracking System is an electronic system, maintained by the Risk Management Agency, which identifies persons who are ineligible to participate in the Federal crop insurance program. The information must be made available to all Approved Insurance Providers to ensure ineligible persons cannot circumvent the statutory/regulatory mandates identified in question 1 by switching from one

Approved Insurance Provider to another.

In addition, applicable information identifying persons who are debarred, suspended or disqualified by the Risk Management Agency is provided to the General Services Administration to be included in the Excluded Parties List System, an electronic system maintained by the General Services Administration that provides current information about persons who are excluded or disqualified from covered transactions.

- 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 collection of information from sources other than the Risk Management Agency itself is received electronically through an automated secure system. Once obtained, the applicable information is made available to Approved Insurance Providers through the Risk Management Agency's Ineligible Tracking System.

- 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 information regarding a person's ineligibility due to a delinquent debt is based on the person's specific crop insurance policy(ies) and is not available from any other agency or source. Any information that has already been collected that is needed in identifying the ineligible person is not duplicated, nor is the person asked to provide such information again.

The information regarding a person's ineligibility due to the other statutory/regulatory mandates identified in question 1 is available only from the sources identified in question 2 and are not duplicated by any other agency or source.

Once obtained, the applicable information is made available to Approved Insurance Providers through the Risk Management Agency's Ineligible Tracking System. The Ineligible Tracking System allows the information needed to comply with the statutory/regulatory mandates identified in question 1 to be available to all Approved Insurance Providers through a single source.

- 5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.**

The information requested is believed to be the minimum needed to comply with the statutory/regulatory mandates identified in question 1. The information collection burden would not be minimized for small businesses or entities because specific information is necessary to adequately identify persons determined ineligible for benefits under the Federal crop insurance program.

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.**

Without collection of the applicable information, the Federal Crop Insurance Corporation would not be able to comply with the statutory/regulatory mandates provided in question 1. In addition, failure to collect the applicable information could result in unearned Federal benefits being issued.

7. **Explain any special circumstances that would cause an information collection to be conducted in a manner:**

- **requiring respondents to report information to the agency more often than quarterly;**

Approved Insurance Providers notify the Risk Management Agency of persons with a delinquent debt for a crop insurance policy. Depending on the timing of the delinquent debt and the number of crop insurance policies for which the person is delinquent, an Approved Insurance Provider may need to report the applicable information for the same person more than quarterly.

- **requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**
- **requiring respondents to submit more than an original and two copies of any document;**
- **requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;**
- **in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;**
- **requiring the use of a statistical data classification that has not been reviewed and approved by OMB;**
- **that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or**
- **requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.**

There are no other special circumstances that would require this information to be collected in a manner inconsistent with OMB guidelines.

8. **If applicable, 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. Specifically address comments**

received on cost and hour burden.

A request for comments regarding this information collection was embedded within the proposed rule General Administrative Regulations; Mutual Consent Cancellation; Food Security Act of 1985, Implementation; Denial of Benefits; and Ineligibility for Programs under the Federal Crop Insurance Act.

The System of Records- USDA/FCIC-8, List of Ineligible Producers was published in the Federal Register on January 5, 2007, Volume 72 Number 523, page 70290-70293. USDA/FCIC-2, Compliance Review Cases; USDA/FCIC-9, Agent; USDA/FCIC-10, Policyholder; and USDA/FCIC-11, Loss Adjuster.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

The Federal Crop Insurance Corporation provides a subsidy to Approved Insurance Providers on behalf of the policyholder for the administrative and operating expenses for additional coverage level eligible crop insurance contracts in accordance with 7 U.S.C. § 1508(k)(4). No other payments or gifts are provided to respondents.

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

Information collected is handled according to established Risk Management Agency procedures implementing the Privacy Act, Freedom of Information Act, and OMB Circular A-130, "Responsibilities for Maintenance of Records About Individuals by Federal Agencies."

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior or attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

No data is collected that may be considered sensitive or personal in nature.

12. Provide estimates of the hour burden of the collection of information. Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated.

See attached burden grid. The estimated total annual cost burden for all Approved Insurance Providers resulting from the collection of information for ineligible persons and electronically notify the Risk Management Agency of such is \$18,201 (\$12.57 x 1,448 hours = \$18,201).

The estimate is based on the median average hourly wage for an office clerk, general,

provided by the U.S. Department of Labor, Department of Labor Statistics.

13. **Provide estimates of the total annual cost burden to respondents or record keepers resulting from the collection of information, (do not include the cost of any hour burden shown in items 12 and 14). The cost estimates should be split into two components: (a) a total capital and start-up cost component annualized over its expected useful life; and (b) a total operation and maintenance and purchase of services component.**

There are no total capital and start-up costs or total operation and maintenance and purchase 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 and any other expense that would not have been incurred without this collection of information.**

The Federal Crop Insurance Corporation estimates a total annualized cost to the Federal Government of \$59,527.

The estimate is based on:

- 5,793 letters prepared and mailed to persons determined ineligible for Federal crop insurance because of delinquent debt
- 20 letters prepared and mailed to persons determined ineligible for Federal crop insurance because of the statutory/regulatory mandates identified in question 1 other than delinquent debt
- 144 cross service letters prepared and mailed to Department of Treasury to identify persons for offset of other government payments
- 891 copies of letters mailed to Approved Insurance Providers as notification of persons with Catastrophic Risk Protection Endorsement coverage that was determined ineligible for Federal crop insurance for failure to pay the applicable fees.

The estimated number of letters is based on the average number of letters prepared and mailed for persons determined ineligible to participate in the Federal crop insurance program, according to the statutory/regulatory mandates identified in question 1, for the three year period 2008 through 2010.

All letters, except for the 20 letters prepared and mailed to persons determined ineligible because of the statutory/regulatory mandates other than delinquent debt, are generated by an automated system, which significantly reduces the associated burden hours. Accordingly, the Risk Management Agency estimates an average burden of 15 minutes per letter, including those that are not auto generated.

The estimated total cost was based on:

- a median average hourly wage of \$32.73
- a mailing cost of .51 cents per letter.

The median average hourly wage of \$32.73 is based on the U.S. Office of Personnel Management 2011 General Schedule Pay Table for a GS Grade 12 Step 5 employee in the Kansas City area.

15. **Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-1.**

This is a new information collection.

16. **For collections of information whose results are planned to be published, outline plans for tabulation and publication.**

There are no plans to publish any data in this information collection.

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.**

Neither the Federal Crop Insurance Corporation nor the Risk Management Agency produce or distribute forms. In addition, there are no forms completed by any respondent in this information collection. Accordingly, there is no request to not display an expiration date on forms.

18. **Explain each exception to the certification statement identified in Item 19 of the 83-I.**

This information collection meets the certification requirements of SF-83-I, Item 19.