

2012 Supporting Statement – Part B

(Final Rule)

Dairy Products Mandatory Sales Reporting

OMB No. 0581-NEW (0274)

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

- 1. Describe (including a numerical estimate) the potential respondent universe and any sampling or other respondent selection method to be used. Data on the number of entities (e.g., establishments, State and local government units, households, or persons) in the universe covered by the collection and in the corresponding sample are to be provided in tabular form for the universe as a whole and for each of the strata in the proposed sample. Indicate expected response rates for the collection as a whole. If the collection has been conducted previously, include the actual response rate achieved during the last collection.**

The Dairy Products Mandatory Sales Surveys are currently administered by the National Agricultural Statistics Service (NASS) as part of the information collection package, OMB 0535-0020. Survey response has been mandatory since August 2007 (Agricultural Marketing Act of 1946, as amended, 7 CFR 1170). This information collection package would transfer the data collection responsibilities to the Agricultural Marketing Service (AMS). The respondent universe will remain the same.

The information collection universe consists of plants that produce cheddar cheese, butter, dry whey, or nonfat dry milk meeting the precise specifications included in the mandatory reporting requirements. Plants that produce less than 1 million pounds of a specific product are exempt from reporting sales information for that product. In 2011, there were 94 dairy product plants that were subject to mandatory reporting of sales data for one or more products. There were 51 reporting entities that reported data for one or more plants. The weekly surveys are mandatory. In 2011, the response rate was 100 percent. The following table provides an estimate of responses using 2011 information.

Dairy Products Mandatory Sales Reporting, Responses for 2011				
Survey	Survey Size	Annual Frequency	Total Responses per Year	Response Rate
Cheddar Cheese - 40 lb. block	18	52	936	100%
Cheddar Cheese - 500 lb. barrel	14	52	728	100%
Butter	19	52	988	100%
Dry Whey	20	52	1,040	100%
Nonfat Dry Milk	28	52	1,456	100%
Annual Validation	181	1	181	100%
Total	280	261	5,329	100%
Survey Follow-Up Verification	7	52	364	100%

2. **Describe the procedures for the collection of information including:**
- **statistical methodology for stratification and sample selection,**
 - **estimation procedure,**
 - **degree of accuracy needed for the purpose described in the justification,**
 - **unusual problems requiring specialized sampling procedures.**

The Mandatory Price Reporting Act of 2010 amended section 273(d) of the Agricultural Marketing Act of 1946 (the Act), requiring the Secretary of Agriculture (Secretary) to establish an electronic reporting system for certain manufacturers of dairy products to report sales information for a mandatory dairy product reporting program. The amendment further stated that the Secretary shall publish the information obtained for the preceding week not later than 3:00 p.m. Eastern Time on Wednesday of each week.

Manufactured dairy product sales data will be collected weekly via an electronic survey; follow-up telephone interviews will be conducted for non-respondents and for data clarification when needed. Data collection for cheddar cheese, butter, dry whey, or nonfat dry milk sales is limited to plants producing annually 1 million pounds or more of one of the surveyed commodities that meet the precise specifications included in the mandatory reporting requirements (7 CFR, § 1170.7 through § 1170.9).

The frequency of data collection will not change with the transfer of data collection responsibilities from NASS to AMS. Manufacturers are currently required to submit information to NASS by 12:00 noon on Wednesday on all applicable products during the 7 days ending 12:00 midnight of the previous Saturday, local time of the plant or storage facility where the sales are made. When administrative responsibilities are transferred to AMS, reporting entities will be required to report the same information to AMS by 12:00 noon, local time of the reporting entities, on Tuesday. This change is necessary to allow AMS personnel time to review and compile data and to publish the information by 3:00 p.m. Eastern Time on Wednesday as required by the Act. If a Federal holiday falls on Monday through Wednesday of a particular week, the due date for report submission may be adjusted. Prior to the beginning of each calendar year, AMS will inform reporting entities of the times and dates that reports are due.

Data included in the Dairy Products Mandatory Sales reports are collected through a census of all qualifying manufacturers of the following products:

- 1) **Cheddar cheese in 40 pound blocks**, colored between 6 and 8 on the National Cheese Institute color chart, meeting Wisconsin State Brand, USDA Grade A, or better standards.
- 2) **Cheddar cheese in 500 pound barrels**, white, meeting Wisconsin State Brand, USDA Extra Grade, or better standards.

- 3) **Salted butter (80% butterfat)**, fresh or storage, in 25 kilogram and 68 pound boxes meeting USDA Grade AA standards.
- 4) **Non-fortified, nonfat dry milk** in 25 kilogram bags, 50 pound bags, totes, and tankers meeting USDA Extra Grade or USPH¹ Grade A standards.
- 5) **Edible non-hygroscopic dry whey** in 25 kilogram bags, 50 pound bags, totes, and tankers meeting USDA Extra Grade standards.

Copies of screenshots of the electronic forms are being submitted to OMB for approval.

Data reported by manufacturers are reviewed for reasonableness and consistency by comparing with data reported in prior weeks and by data reported by other firms in one of three regions and national trends. The three regions to be used for analysis purposes are aggregated as displayed in the table on the following page.

Although data are analyzed internally by region, only summary data aggregated on a national basis will be published. No estimated data are included in publications. In the event that a response is not received or received too late to include in a weekly publication, no adjustments will be made that week to account for the missing response. Non-compliance with the mandatory reporting requirements could result in enforcement actions by AMS.

During weekly review before publication, AMS will contact manufacturers to verify any unusual data relationships. If a correction needs to be made, the reporting entity is required to submit a corrected report.

Each weekly publication includes data for the week ending 12:00 midnight of the previous Saturday and for four weeks prior to that. Data is subject to revisions for the previous four weeks. If a reporting entity discovers an error that occurred within the previous four weeks, the reporting entity is required to submit a revised report for the week that the error occurred.

Since August 2007, when survey response became mandatory, AMS has had verification responsibilities for the program. AMS verifies the sales information of reporting entities by visiting the reporting entities and examining their records. AMS currently visits larger entities that account for 80 percent of the yearly reported product volume of each specified dairy product at least once annually. AMS visits one-half of

¹ USPH refers to the US Department of Health and Human Services-Public Health Service/Food and Drug Administration.

Three Regions Used for Data Analysis Purposes

East		Central		West	
FIPS Code	State or District	FIPS Code	State or District	FIPS Code	State or District
1	Alabama	5	Arkansas	2	Alaska
9	Connecticut	17	Illinois	4	Arizona
10	Delaware	19	Iowa	6	California
11	District of Columbia	20	Kansas	8	Colorado
12	Florida	27	Minnesota	15	Hawaii
13	Georgia	29	Missouri	16	Idaho
18	Indiana	31	Nebraska	30	Montana
21	Kentucky	38	North Dakota	32	Nevada
22	Louisiana	40	Oklahoma	35	New Mexico
23	Maine	46	South Dakota	36	New York
24	Maryland	48	Texas	37	North Carolina
25	Massachusetts	55	Wisconsin	41	Oregon
26	Michigan			47	Tennessee
28	Mississippi			49	Utah
33	New Hampshire			53	Washington
34	New Jersey			56	Wyoming
39	Ohio				
42	Pennsylvania				
44	Rhode Island				
45	South Carolina				
50	Vermont				
51	Virginia				
54	West Virginia				

entities that account for the remaining 20 percent each year, visiting each such entity at least once every other year. During each visit, AMS reviews applicable sales transactions records for at least the 4 most recent weeks. In some cases, AMS may review sales records for periods of up to 2 years. AMS may visit reporting entities more often if there is reason to believe that information may not have been reported correctly. AMS verifies that sales transactions match the information reported and that there are no applicable sales transactions not reported.

Noncompliance, appeals, and enforcement procedures are administered by AMS (7 CFR, § 1170.14 through § 1170.16). In the event of noncompliance, the Secretary may issue a cease and desist order. If a U.S. district court finds that the manufacturer or person violated the cease and desist order, the manufacturer or person shall be subject to a civil penalty of not more than \$10,000 for each offense.

A system employing Market Administrators and State regulatory agencies will be established to identify and verify which plants meet the criteria for reporting. All plants that AMS estimates are feasibly capable of producing more than 1 million pounds of the

products included in the Dairy Products Mandatory Sales surveys will be contacted once a year to complete an Annual Validation Survey. The validation survey serves three purposes: it is used as a tool to determine which operations will be required to complete the weekly surveys; it serves as a training tool (to help ensure that the respondent completes the weekly forms in a consistent and accurate manner); and it is used to document that the respondent understood the proper and accurate way to complete the weekly surveys. AMS will work closely with respondents to assure that they understand survey requirements and that they will complete each survey in a proper and accurate manner.

3. Describe methods to maximize response rates and to deal with issues of non-response. The accuracy and reliability of information collected must be shown to be adequate for intended uses. For collections based on sampling a special justification must be provided for any collection that will not yield "reliable" data that can be generalized to the universe studied.

Dairy Product Mandatory Sales surveys will be submitted electronically. Non-responders will receive a follow-up phone call. When necessary, AMS also will conduct follow-up phone calls to clarify data. AMS already provides, and will continue to provide, the verification and enforcement of the accuracy of the information collected. Since response is mandatory and enforced, the response rate is expected to be 100 percent of the universe, as it has been since response became mandatory in August 2007.

No estimated data are included in publications. In the event that a response is not received or received too late to include in a weekly publication, no adjustments will be made that week to account for the missing response. Non-compliance with the mandatory reporting requirements could result in enforcement actions by AMS.

4. Describe any tests of procedures or methods to be undertaken.

For about two months prior to full implementation of the electronic reporting platform, AMS plans to beta test the electronic-submission technology, and all reporting entities will be encouraged, but not required, to participate in the beta-testing program. AMS will compare results from the beta testing with information received by NASS to determine if there are any differences in the data that is reported. Any feedback received during this outreach and testing period will be used to correct technical problems.

AMS will create an Estimation Manual to aid AMS personnel in carrying out the AMS administered Dairy Products Mandatory Sales Program. This manual will give detailed instructions for all aspects of the statistics program including: plant qualification, survey processing procedures, instruction for data analysis, aggregation, publication, and list management procedures. AMS will continually monitor analysis procedures and edit

constraints to ensure data analyses are timely, accurate, and relevant to the current situation in the dairy industry. On an ongoing basis, AMS will apply three levels of analyses to insure the validity of the data that are reported.

The first level of analysis will consist of simple computer edit checks. These checks will look for missing data and inconsistencies of reported data items. If a problem is identified, personnel will check if the original submission loaded properly. If the data cannot be reconciled, personnel will place a call-back to the respondent to verify the correct information is used in the report.

The second level of analysis will contain more advanced computer edit checks using data relationships and percent changes from current and previous reports to identify possible data discrepancies. The advanced edits will be set to flag a greater range of potential inconsistencies for review and follow-up. Again, respondents will be contacted to resolve questionable data, and in some cases respondents may be visited by AMS audit staff to verify that information has been accurately reported.

The third level of analysis will entail analysis using graphic charts to review reported data along with weekly aggregated data, AMS administrative data, Dairy Market News information, and Chicago Mercantile Exchange (CME) spot price data. AMS personnel will review national data and corresponding relationships between the three geographic regions. Respondents will be contacted to resolve questionable data, and in some cases respondents may be visited by AMS audit staff to verify that information has been accurately reported.

5. Provide the name and telephone number of individuals consulted on statistical aspects of the design and the name of the agency unit, contractor(s), or other person(s) who will actually collect and/or analyze the information for the agency.

The Survey Administration Branch of NASS examined a draft of this Supporting Statement B and offered some suggestions (contact: David Hancock, 202-690-2388). NASS suggestions are included with this information collection package. Supporting Statement B has been revised in accordance with NASS recommendations.

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