

**MILK AND MILK PRODUCTS**

OMB No. 0535-0020

**A. JUSTIFICATION**

This is a request for continuing approval of the NASS milk and milk products information collection for another 3 years.

The majority of the data collection procedures, target population, sampling, and survey methodology are relatively the same as in the current approval docket. There are two significant changes to this approval request. The first change involves the frequency of the Milk Production survey. In the previous approval, the milk producing States (FL, ID, IN, IA, MO, & PA) that did not have adequate Administrative Data, conducted their surveys on a monthly basis, with the remaining States (44 States) conducting their surveys quarterly. Under the current renewal package NASS will be collecting all milk production data on a quarterly basis all 50 States. In the non-survey months, NASS will continue to publish milk production data for the 23 largest milk producing States (AZ, CA, CO, FL, ID, IL, IN, IA, KS, MI, MN, MO, NM, NY, OH, OR, PA, TX, UT, VT, VA, WA, and WI) based on administrative data, historic trends, and current quarterly survey data.

The other significant change that is associated with this renewal docket involves the Dairy Product Prices surveys. The Dairy Product Prices surveys have historically been conducted by NASS as part of a cooperative agreement between NASS and the Agricultural Marketing Service (AMS). Legislation was passed and signed by the President to move data collection responsibility from NASS to AMS. AMS is in the rule making process with proposed data collection to begin April 2012. In the event that the rule is not approved in time or AMS systems development is not completed in time to meet this target date, NASS will continue to collect the data until a smooth transition can be made to AMS. This will prevent gaps in the data series that would hamper the establishment of AMS prices. The Annual Validation, Verification and Change Notification surveys have been discontinued in this renewal docket. These surveys were done as a part of the Dairy Product Prices program and were designed to help insure quality of accuracy of the data. With NASS discontinuing the Dairy Product Surveys these surveys are no longer needed.

**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 primary function is to prepare and issue official State and national estimates of crop and livestock production, disposition, and prices and to collect information on related environmental and economic factors. Estimates of milk production, manufactured dairy products, and manufactured dairy product prices are an integral part of this program. Milk and dairy statistics are used by the U. S. Department of Agriculture to help administer price support programs and by the dairy industry in planning, pricing, and projecting supplies of milk and milk products.

General authority for these data collection activities is granted under U.S. Code Title 7, Section 2204. The legislative actions which affect these surveys are from November 2000, when Congress enacted the "Dairy Market Enhancement Act of 2000," U.S. Code Title 7, Section 1621, and Public Law 106-532 which changed the program from voluntary to mandatory for reporting the moisture content of cheddar cheese plus the price and quantity of cheddar cheese, butter, non-fat dry milk, and dry whey.

Amendments have been published to the Agricultural Marketing Act of 1946 in conformance with legislated changes enacted by the Dairy Market Enhancement Act of 2000 and the Farm Security and Rural Development Act of 2002. The amendments established a program of mandatory dairy product information reporting. The program requires each manufacturer to report to the USDA information concerning the price, quantity, and moisture content of dairy products sold by the manufacturer. In addition, entities storing dairy products are to report information on the quantity of dairy products stored. Any manufacturer or other entity that processes, markets, or stores less than 1,000,000 pounds of dairy products per year are exempt. The program will provide timely, accurate, and reliable market information; facilitate more informed marketing decisions; and promote competition in the dairy product manufacturing industry.

Currently, a rule is being reviewed that will change which USDA agency will collect the dairy product price information and how the data is to be collected. NASS has been collecting the data for the Agricultural Marketing Service (AMS) under a cooperative agreement for several years. Since this particular survey is mandatory for the respondents to complete, once the rule has been approved the data collection will shift from NASS back to AMS. The tentative date for this change is scheduled for April 1, 2012.

**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.**

Statistics on milk production and manufactured dairy products are used by the U.S. Department of Agriculture to carry out the National Dairy Support Program. The Agriculture Act of 1949, as amended (7 U.S.C. 1446) states that "The price of milk shall be supported at such level ... as the Secretary determines necessary in order to assure an adequate supply of pure and wholesome milk to meet current needs,... such price support shall be provided through purchases of milk and the products of milk."

Estimates of total milk production, number of milk cows, and milk production per cow are used extensively by the dairy industry in planning, pricing, and projecting supplies of milk and milk products. The Agriculture and Consumer Protection Act of 1973 (PL 93-86) directed the Secretary of Agriculture to conduct cost of production studies for certain commodities including milk. These data are used by the USDA's Economic Research Service to update the Cost of Production estimates. Plant receipts of milk by State of origin and milk tests are also used as bench marks for cash income from dairying. According to the Economic Research Service (ERS) the dairy industry is the fourth largest farm sector with an estimated 39.4 billion dollars in dairy production in 2011. The USDA Foreign Agricultural Service uses NASS production data to develop export incentive programs

Under the current Farm Bill, the Secretary of Agriculture has the authority to change price support levels based on "trigger" purchases. NASS production data is used to identify trends and predict when the "trigger" purchase point will occur.

Manufactured dairy products statistics are collected monthly and used by USDA to establish monthly estimates of stocks, shipments, and prices received for such products as butter, cheese, dry whey, and nonfat dry milk. Manufactured dairy products surveys are now mandatory surveys collected monthly and used by USDA to assist in the determination of the fair market value of raw milk. Manufactured dairy products prices are mandatory surveys collected weekly and are also used by USDA to assist in the determination of the fair market value of raw milk. The Economic Research Service (ERS) puts together per capita consumption of all dairy products, including ice cream, using NASS data.

The price of milk is supported by the Agricultural Commodities Act which is administered by USDA's Agricultural Marketing Service (AMS). This price is supported through the purchase of manufactured dairy products. The principal products that are purchased at support levels are butter, nonfat dry milk, and

cheese. NASS publishes statistics on major manufactured dairy products to illustrate how milk produced in the United States is utilized.

- 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.**

Nearly all of NASS information collections have been converted to Web-based data collection, what NASS calls electronic data reporting or EDR. The remaining instruments that will not be converted are too infrequent or impractical to use that mode of data collection. NASS has developed a computer based software (Questionnaire Repository System (QRS)) to enable simultaneous creation of matching paper and Web survey instruments from the same parameters.

Data for the dairy product prices surveys are collected by mail, internet, and telephone interviews. Approximately 42% of these surveys are completed via the Internet.

The Quarterly Milk Production Survey is mailed out to the respondents; farmers can reply by either the internet or by mailing the paper questionnaire back to one of our Field Offices. After the first week of data collection, if the respondent does not reply, we will attempt to collect the data by either a Computer Assisted Telephone Interview (CATI) or a Computer Assisted Personal Interview (CAPI).

The monthly Manufactured Dairy Products survey is currently conducted by either mail or by telephone interview. NASS is working towards developing an internet version of the questionnaire along with a CATI and CAPI version.

The main portal for our on-line surveys is <http://www.agcounts.usda.gov>. Respondents are mailed an instruction sheet to reach this site along with the survey questionnaire. Once there, the respondents have to enter the valid survey code and their own personalized user ID, which is printed on the label of the questionnaire mailed to them. We do not want anyone other than a selected respondent to access the survey web pages.

- 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 National Agricultural Statistics Service cooperates with State Departments of Agriculture and land grant universities to conduct agricultural surveys. Reports for milk receipts, prices, and dairy products manufactured are required by State statutes in the following 19 states: California, Connecticut, Georgia, Idaho, Illinois, Iowa, Kansas, Kentucky, Michigan, Minnesota, Mississippi, Missouri, New York, North Carolina, North Dakota, Ohio, Tennessee, Virginia, and Wisconsin. Data used for the Federal program are collected and tabulated by NASS or the State and the results are shared. This eliminates duplication of data gathering by two agencies.

When AMS takes over the responsibility of collecting Dairy Product Prices, NASS will discontinue this survey. There may be a short period of duplication of these two agencies collecting data that will serve merely as a testing tool to insure the continuity of the data between the two agencies. This test period will be authorized by the Secretary of Agriculture.

**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.**

Using the Dairy Product Prices survey, the USDA is required by law to collect information from dairy manufacturers producing and selling more than one million pounds of dairy products (cheddar cheese, butter, nonfat dry milk and/or dry whey) per year. Public Law 106-532 specifically excluded small entities from participating in the Dairy Product Prices program. Efforts are underway to move the data collection for this group of surveys from NASS to the Agricultural Marketing Service (AMS). The target transition date is April 1, 2012. In the event that this transition of data collection is postponed, NASS is requesting to continue the data collection for a short period of time to insure the continuation of this data series.

Information requested on the quarterly milk production inquiries can be provided with a minimum of difficulty by the respondent and generally without having to consult their record books. Beginning in 2012 NASS changed all States that were collecting data on a monthly basis to quarterly basis. Further, during the spring classify period, NASS reviews the population, stratification and sampling for all surveys. During this process NASS reviews sample sizes to make sure that samples are kept at a minimum and still allow us to collect statistically sound data representing the US farm population.

Respondents can complete the manufactured dairy products questionnaires from their normal day-to-day operating records. Smaller operations that produce small quantities or who produce only on a seasonal basis, may request our annual

survey that they can complete at the end of the year rather than having to reply monthly.

- 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.**

Less frequent data collection would eliminate data needed to keep the Government and agricultural industry abreast of changes at the State and National levels. Timing and frequency of the various reports dependent on these surveys have evolved to meet the needs of government and the industry while minimizing the burden on the reporting public.

- 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 November 10, 2011 on pages 70108 - 10109. Only one public comment was received and it is attached to this renewal submission.

**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 other government agencies such as the Agricultural Marketing Service (AMS), Economic Research Service (ERS), and Animal and Plant Health Inspection Service (APHIS) on a regular basis. Other groups consulted are the Dairy Herd Improvement Association and Marketing Associations. There are extensive meetings with representatives from the dairy industry to accurately assess requirements. NASS invites comments from respondents on all data collection instruments.

**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.**

All questionnaires include a statement that individual reports are kept confidential. U.S. Code Title 18, Section 1905 and U.S. Code Title 7, Section 2276 provide for the 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. (Privacy Impact Statement is attached.)

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.

For those facilities which store human-grade nonfat dry milk or dry whey, response to the Monthly Dairy Products Report is **mandatory** and subject to verification by the Agricultural Marketing Service (AMS) under **Public Law No. 106-532**. This law specifically protects the confidentiality of the operator's data from public disclosure, except as directed by the US Secretary of Agriculture or the US Attorney General for enforcement purposes to ensure compliance with the Dairy Product Mandatory Reporting program. (Copy of the law is included as an attachment in the supporting documents)

The CIPSEA protection does not apply to mandatory data that is protected by Public Law No. 106-532.

**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.**



Cost to the public of completing the questionnaires is assumed to be comparable to the hourly rate of those requesting the data. Reporting time of 8,128 hours is multiplied by \$24 per hour (estimated rate for business supervisor) for a total cost to the public of \$195,072.

Projected Milk and Milk Products Response Burden for 2012 - 2014											
Survey	Sample Size	Freq	Responses				Non-response				Total Burden Hours
			Count	Freq x Count	Min./ Resp.	Burden Hours	Count	Freq. x Count	Min./ Nonr.	Burden Hours	
<b>Voluntary Surveys</b>											
<b>Milk Production (Quarterly) <sup>1/</sup></b>											
January	13,500	1	10,800	10,800	6	1,080	2,700	2,700	2	90	1,170
April	12,150	1	9,720	9,720	6	972	2,430	2,430	2	81	1,053
July	11,550	1	9,240	9,240	6	924	2,310	2,310	2	77	1,001
October	11,000	1	8,800	8,800	6	880	2,200	2,200	2	73	953
<b>Manufactured Dairy Products <sup>2/</sup></b>											
Monthly	700	12	560	6,720	15	1,680	140	1,680	2	56	1,736
Annual	375	1	300	300	60	300	75	75	2	3	303
<b>Voluntary Subtotal</b>	<b>14,575</b>		<b>11,660</b>	<b>45,580</b>		<b>5,836</b>	<b>2,915</b>	<b>11,395</b>		<b>380</b>	<b>6,216</b>
<b>Frequency</b>				3.909				3.909			
<b>Mandatory Surveys</b>											
<b>Manufactured Dairy Products <sup>3/</sup></b>											
Monthly	100	12	100	1,200	15	300	0	0	0	0	300
<b>Dairy Product Prices <sup>4/</sup></b>											
Cheddar Cheese	30	52	30	1,560	20	520	0	0	0	0	520
Butter	21	52	21	1,092	20	364	0	0	0	0	364
Dry Whey	22	52	22	1,144	20	381	0	0	0	0	381
Nonfat Dry Milk	20	52	20	1,040	20	347	0	0	0	0	347
<b>Mandatory Subtotal</b>	<b>193</b>		<b>193</b>	<b>6,036</b>		<b>1,912</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>1,912</b>
<b>Frequency</b>				31.2746114				0			
<b>Total</b>	<b>14,768</b>		<b>11,853</b>	<b>51,616</b>		<b>7,748</b>	<b>2,915</b>	<b>11,395</b>		<b>380</b>	<b>8,128</b>

<sup>1/</sup> Milk-related questions take 6 minutes; hay price questions (0535-0003) take 9 minutes for a total of 15 minutes as shown on the questionnaire.

<sup>2/</sup> All products except dry whey and NF dry milk.

<sup>3/</sup> Dry whey and NF dry milk only.

<sup>4/</sup> These surveys will be discontinued in 2012. AMS will be taking over the data collection for these surveys as soon as they are given the proper authority.

**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 cost to the federal government for the Milk and Milk Products Surveys is \$3.4 million.

**15. Explain the reasons for any program changes or adjustments (reasons for changes in burden).**

Two major program changes (replacing the monthly milk production survey with a quarterly milk production survey; and discontinuing the annual validation survey, the survey verification and the change of notification follow up survey, all conducted as a part of the Dairy Product Price survey) resulted in a decrease in respondent burden of 2,627 hours. Two minor adjustments to agency estimates (reducing minutes per questionnaire for the annual dairy products survey from 65 minutes to 60 minutes and the estimate of sample sizes anticipated for the next three year cycle) resulted in a increase in respondent burden of 7 hours. This resulted in an overall reduction in total respondent burden of 2,620 hours.

**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 quarterly milk production questionnaires are mailed to a sample of dairy producers about one week prior to the target dates (Jan. 1, Apr. 1, July 1, and Oct.1).

Questionnaires are edited and summarized in time for estimates to be received in Washington, D.C., NASS headquarters on the 12th or 13th of the next month. Milk production estimates are released from Washington, D.C. 4 to 5 days later. There is the regular monthly publication, *Milk Production*, a special January issue, and an annual summary. These publications and those mentioned below are available on-line immediately after release at [http://www.nass.usda.gov/Publications/Reports\\_by\\_Title/index.asp](http://www.nass.usda.gov/Publications/Reports_by_Title/index.asp). In the months that a survey is not conducted NASS will use historic data, combined

with administrative data, which will be scaled using seasonal trends to estimate milk production for the non-survey months.

The monthly manufactured dairy products questionnaires are mailed to dairy plants the last business day of the month. Respondents have approximately 14-21 days to return their report. The estimating procedure for the monthly manufactured dairy products involves matching survey reports with reports from the same respondent the previous month and previous year. After these identical reports are summarized, product by product, the percentage change is calculated. The indicated change in production, multiplied by the previous month's estimate, is the estimate for the current month. Field Offices prepare a listing of data by month for all plants in the universe.

Summarized State data are due in Washington, D.C. about the 24th of the month. This data is reviewed and published about the 5th of the following month. In addition to the monthly publication, *Dairy Products*, there is an annual survey questionnaire and annual summary publication.

Historically, the dairy products prices questionnaires were provided to the respondents for cheddar cheese, butter, dry whey and nonfat dry milk during the Annual Validation interview. For 2012, the Annual Validation survey will no longer be conducted by NASS due to the data collection process being turned over to AMS. The data are collected weekly, Monday through Wednesday, noon local time. The dairy product price indications are a weighted average price, based on total dollars and total volume (cheddar cheese, butter, nonfat dry milk and dry whey), along with the weighted average moisture content (cheddar cheese) of the previous week's qualifying sales. This data is reviewed and published on Friday at 8:30 a.m. Reporting prices for these commodities is mandatory. This weekly data collection is targeted to be transitioned over to AMS after April 1, 2012. After the transition is completed NASS will discontinue the data collection for dairy product prices.

- 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.

January, 2012  
Revised April, 2012