

**UNITED STATES DEPARTMENT OF AGRICULTURE**  
**Federal Crop Insurance Corporation**  
**OMB Number: 0563-0085**

**TITLE: Subpart U—Ineligibility for Programs under the Federal Crop Insurance Act**

**PURPOSE:**

The purpose for this request to the Office of Management and Budget (OMB) is for renewal approval of Information Collection Burden package 0563-0085. This was previously approved for a three year period. A notice for the request for public comment on information collections related to renewal of information collection package number 0563-0085 was published in the Federal Register on September 20, 2016.

**Impact of Notice on Public Information Collection Burden**

Due to program changes and 2014 Farm Bill Implementation, the Federal Crop Insurance Corporation (FCIC) added new data elements from those producers who are determined ineligibility and who submit a request to the Administer of the Risk Management Agency (RMA), applicable to Subpart U – Ineligibility for Programs under the Federal Crop Insurance Act. (Subpart U). On Feb. 7, 2014, the President signed the Agricultural Act of 2014 (2014 Farm Bill) which continues programs with modifications and authorizes several new programs administered by the RMA.

The Farm Bill strengthens crop insurance by providing more risk management options for farmers and ranchers and by making crop insurance more affordable for beginning farmers. It continues the growth of the crop insurance program, and provides avenues to expand farm safety net options for organic producers and specialty crop producers. It provides for increased program integrity, guaranteeing that tax dollars are used effectively and efficiently as FCIC expands the farm safety net.

The information collection burden on the producer is not the same as the information collection burden on the insurance companies. Some of the data elements collected from the individual producer are the same data elements the insurance companies send to FCIC; however, not all data elements apply to each producer in any given year and some of the data elements that apply to the insurance companies do not apply to producers. Specific circumstances determine which data elements apply. The information collection burden for a producer depends whether the producer was determined to be ineligible to participate in the crop insurance program due to their inadvertent failure to pay their crop insurance debt timely to the applicable Approved Insurance Provider (AIP). The producer may have a larger information collection burden when they submit a request for reinstatement of their eligibility to the Administrator of the Risk Management Agency. Other than when reinstatement is requested, the insurance companies will generally always have an information collection burden consisting of all the data elements listed because the data elements will be accumulated from each producer who has an insurance policy with that insurance company. Insurance companies will report data elements to FCIC as specifically required by FCIC and as documented in the Appendix III/M-13 Handbook.

## 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 Federal Crop Insurance Corporation (FCIC) is a wholly-owned Government corporation created February 16, 1938 (7 U.S.C. 1501). The program was amended previously, but Public Law 96-365, dated September 26, 1980, provided for nationwide expansion of a comprehensive crop insurance program. The Federal Crop Insurance Act (Act), as amended in later years, further expanded the role of the crop insurance program to be the principal tool for risk management by producers of agricultural commodities. The Act further required that the crop insurance program operate on an actuarially sound basis.

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.
- Section 14211 of the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246)
- Section 506(o) of the Federal Crop Insurance Act (7 U.S.C. §1515) and Section 506(n) of the Federal Crop Insurance Act (7 U.S.C. §1515)
- 7 CFR 457.8 and 407.9
- Section 515(h) of the Federal Crop Insurance Act (7 U.S.C. §1515)

**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 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. Persons can become ineligible for benefits for three reasons; 1) Debt on Unpaid Premium or Overpaid Indemnity (information provided by AIP), 2) Debt on Unpaid CAT Fees (information provided by AIP); and 3) Debarment/Disqualification/Suspension, including but not limited to Judgments, Civil Fines, etc. (information provided by Appeals & Litigation Staff)

To meet these goals, existing crop programs must be improved and expanded, new crop products developed, and new insurance concepts studied for possible implementation. Meeting these goals requires the collection of a wide range of information (data elements). These data elements are used in part to determine insurance coverage, premiums, subsidies, payments, and indemnities. It creates an information database used to support continued development and improvements in crop insurance products available to producers and which meet the goal of a sound insurance program.

Listed below are the reasons, who provides the agency the information, and the type of information collected.

**Debt on Unpaid Premium or Overpaid Indemnity (provided by AIP)**

- Producer Name (last, first, middle, suffix, title or business name)
- Address/Phone Number
- Tax ID Type
- Tax ID Number
- Entity Type
- Substantial Beneficial Interest (SBI) Tax ID Type
- SBI Tax ID Number
- AIP Code
- Reinsurance Year (RY)
- Crop Year (CY)
- Ineligibility Transaction Code
- Debt Delinquency Date
- Payment Agreement Date (to regain eligibility)
- Debt Satisfied Date (to regain eligibility)
- Bankruptcy Date (to regain eligibility)
- Eligibility Reversal Date (to reestablish ineligibility (bankruptcy dismissal, payment agreement default))
- Special Purpose Code

**Debt on Unpaid CAT Fees (provided by AIP)**

- Producer Name (last, first, middle, suffix, title or business name)
- Address/Phone Number
- Tax ID Type
- Tax ID Number
- Entity Type
- SBI Tax ID Type
- SBI Tax ID Number
- AIP
- RY
- CY
- Ineligibility Transaction Code
- Debt Delinquency Date
- Policy Issuing Company
- Policy Number
- Uncollected Fee Amount
- Billing Date
- Pre-Term Letter Date
- Crop Code
- Crop Type
- Practice Code
- Location State
- Location County

**Debarment/Disqualification/Suspension including Judgments and Civil Fines (provided by Appeals & Litigation Staff)**

- Producer Name (last, first, middle, suffix, title or business name)

- Address
- Tax ID Type
- Tax ID Number
- Entity Type
- RY
- CY
- Ineligible Status (Debarment/Disqualification/Suspension)
- Ineligible Date
- CAT Eligibility Date
- Buy-Up Eligibility Date
- Controlled Substance Eligibility Year (if applicable)

The Federal Crop Insurance Corporation and AIPs 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.

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.

AIPs notify the Risk Management Agency of persons with a delinquent debt for a crop insurance policy. AIPs 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 USDA 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 AIPs 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 AIPs to ensure ineligible persons cannot circumvent the statutory/regulatory mandates identified in question 1 by switching from one AIP 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 adapting 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 AIPs 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 purposed 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 AIPs 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 AIPs through a single source.

- 5. If the collection of information impacts small business or other small entities (Item 5 of OMB 83-1), 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. 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;**

AIPs 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 AIP 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;**

FCIC does not require the 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;**

The respondents are not required to submit more than an original and two copies.

**Requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than 3 years;**

Insurance companies maintain records longer than 3 years as a normal business practice. Producers normally maintain records for an indeterminate amount of time because of income tax obligations.

**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;**

No statistical survey is conducted by these collections.

**Requiring the use of a statistical data classification that has not been reviewed and approved by OMB;**

No statistical data classification that has not been reviewed and approved by OMB is used.

**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**

A pledge of confidentiality is not required.

**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.**

No proprietary trade secrets or other confidential information are requested.

- 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.**

**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.**

**Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.**

A 60-day request for comments regarding information collection was published in the Federal Register on September 20, 2016, 81 FR 64429-64430. No comments were received regarding this notice.

Chris Lindsay, National Crop Insurance Services, 913-685-2767

Cameron Silveus, Silveus Insurance Group, 800.531.9909

Mindy Miller, Rural Community Insurance Services, 800.451.3836 ext. 2486

FCIC reviewed each line item and data element by consulting with RMA subject matter experts and producers to develop response times for new data elements.

- 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 AIPs 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.**

The information that is collected is handled according to established RMA procedures for implementing the Privacy and Freedom of Information Act. The information collections comply with the Privacy Act of 1974 and OMB Circular A-130, Responsibilities for the Maintenance of Records About Individuals by Federal Agencies. The System of Records – USDA/FCIC-8, List of Ineligible Producers was published in the *Federal Register* on January 5, 2007, Vol, 72, No. 523, page 70290-70293. USDA/FCIC-2, Compliance Review Cases; USDA/FCIC-9, Agent; USDA/FCIC-10, Policyholder; and USDA/FCIC-11, Loss Adjuster.

**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 questions of a sensitive nature are contained in these data elements.

**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.**

This renewal submission is for 18 respondents, 6,956 responses and 1,841 burden hours, an increase of 1,164 responses and 393 hours. See attached burden grid.

The estimated total annual cost burden for all AIPs resulting from the collection of information for ineligible persons and electronically notify the Risk Management Agency of such is \$30,505 ( $\$16.57 \times 1,841 \text{ hours} = \$30,505$ ).

The estimate is based on the 2015 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 \$69,020.

The estimate is based on:



- 5,984 letters prepared and mailed to persons determined ineligible for Federal crop insurance because of delinquent debt
- 22 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
- 147 cross service letters prepared and mailed to Department of Treasury to identify persons for offset of other government payments
- 502 copies of letters mailed to AIPs 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.
- 50 letters prepared and mailed to persons reinstated through Administrator Reinstatement for Late Payment of Debt

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 fiscal period 14 through 2016.

All letters, except for the 22 letters prepared and mailed to persons determined ineligible because of the statutory/regulatory mandates other than delinquent debt, and the 50 letters prepared and mailed to persons reinstated through Administrator Reinstatement for Late Payment of 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. An additional 30 minutes is added for preparation for the 50 letters prepared for the Administrator Reinstatements for Late Payment of Debt.

The estimated total cost was based on:

- a median average hourly wage of \$39.88
- a mailing cost of .53 cents per letter.

The median average hourly wage of \$38.74 is based on the U.S. Office of Personnel Management 2016 General Schedule Pay Table for a GS Grade 12 Step 6 employee in the Kansas City area.

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

FCIC reviewed each line item and data element by consulting with RMA subject matter experts and producers to develop response times for new data elements.

Due to program changes and 2014 Farm Bill Implementation for Late Payment of Debt, the additional data elements were added as a burden to AIPs in those limited cases when a producer

requests reinstatement. On Feb. 7, 2014, the President signed the Agricultural Act of 2014 (2014 Farm Bill) which continues existing programs with modifications, and authorizes several new programs administered by RMA.

With these changes this renewal submission reflects an increase in respondents from 16 to 18, responses from 5,792 to 6,956 and burden hours from 1,448 to 1,841.

**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 “Certification for Paperwork Reduction Act.”**

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

**B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS**

The information collections represented in this docket do not employ statistical methods.