

2017

SUPPORTING STATEMENT**Annual Survey of Farmer Cooperatives
OMB No. 0570-0007****Justification****1. Explain the circumstances that make the collection of information necessary.**

Rural Development's Rural Business-Cooperative Service (RBS) was mandated the responsibility to acquire and disseminate information pertaining to agricultural cooperatives under the Cooperative Marketing Act of 1926: 7 U.S.C. 453 (b) [EXHIBIT A attached] states that Cooperative Programs (CP) of RBS is authorized:

"To acquire, analyze, and disseminate economic, statistical, and historical information regarding the progress, organization, and business methods of cooperative associations in the United States and foreign countries."

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.

Maintenance of an up-to-date mailing list is required by CP to conduct the annual survey and to perform other RBS functions pertaining to information, research, and technical assistance. This list is used by all divisions within RBS including the Legislative and Public Affairs Staff (LPAS) in mailing informative letters and certain RBS publications to interested parties. It will be impossible to keep this list current and complete if information is not received from currently listed cooperatives on at least an annual basis. It is also necessary that prospective cooperative organizations be contacted to establish whether or not they are bona fide farmer cooperatives.

Farmer cooperatives are an important part of our agricultural economy and data from the annual survey are the only source of nationwide information regarding important current characteristics of farmer cooperatives in the United States, such as number of cooperatives in existence, membership size, business volume, financial characteristics, and products marketed and sold.

This collection of information serves the RBS mission [EXHIBIT B], program objectives and managers' needs in providing information on the progress and trends in farmer cooperatives' growth and development. Along with the other CP forms, email and phone calls are used to ascertain if cooperatives not responding to one of the standard questionnaire forms have ceased to operate due to merger, consolidation, acquisition, or dissolution.

All CP forms are used to gather statistics which cooperatives, educational institutions, investor owned firms, researchers, Government agencies, Congress, and other organizations use in working with or learning about farmer cooperatives. These various users utilize these statistics in different ways. For example, State cooperative organizations analyze the number of cooperatives and memberships to determine whether there have been major declines in their State. Dollar volume of sales by commodity for a given State indicates the viability and strength of cooperatives regarding particular commodities. A USDA service report, Agricultural Cooperative Statistics, is published annually. It provides data on number of cooperatives by type, memberships, gross and net business volume, assets, liabilities, net worth, net income, full and part-time employees, past 10-year trends, common size income statements and balance sheets, ratio analysis and other related information.

Cooperatives use the benchmarks provided in the report to see how their individual cooperative compares to other cooperatives of similar type and size. Common-size financial data is provided for 36 different types and various business volume sizes within those types. This is highly useful data for cooperatives.

Off of the annual statistical report, several summary articles are published in Rural Cooperatives magazine which reaches a wide audience of those interested in cooperatives.

The data is used to respond to special aggregate data requests (a type of technical assistance) from cooperatives, university extension, researchers, and other customers of USDA.

A web-based directory of all cooperatives that provided information is also maintained and updated monthly from the survey and additionally through emails and phone calls from cooperatives. This is the only national listing of farmer cooperatives, contacts, phone numbers, email addresses, web pages, and the products sold or marketed by cooperatives. Cooperatives volunteer for enlistment in this directory and it currently includes about 73 percent of the population of farmer cooperatives.

The RBS web page also maintains an extensive data directory of aggregate cooperative information. Data from our annual reports as well as charts and other information is available on our web page for use by cooperatives, researchers, students, and other interested parties.

Cooperative programs annually provides summary aggregate cooperative statistics to USDA's National Agricultural Statistics Service (NASS) for publication in their annual Agricultural Statistics publication. Data on cooperatives also are provided to the Department of Commerce, Bureau of Economic Analysis, and to USDA's Economic Research Service (ERS). ERS uses cooperatives' balance sheet data in their balance sheet of the farming sector. RBS uses the information collected and summarized for program planning, evaluation service work and cooperative education.

Specifically, the burden associated with the annual survey of farmer cooperatives to be cleared with this docket is as follows:

FORM	TITLE and <u>(DESCRIPTION)</u>
CP-20**A	Farmer Cooperative Statistics, 20**, (Cooperatives with multi-state operations and memberships)
CP-20**D	Farmer Cooperative Statistics, 20**, (Cooperatives with intra- state sales)
CP-20**F	Farmer Cooperative Statistics, 20**, (Fishery cooperatives)
CP-20**G	Farmer Cooperative Statistics, 20* *, (Cotton ginning cooperatives)
CP-20**H	Farmer Cooperative Statistics, 20**, (An abbreviated form requesting only basic data for those cooperatives that have, historically, not been good respondents)
CP-20**W	Farmer Cooperative Statistics, 20**, (Wool and mohair marketing cooperatives)
	Farmer Cooperative Statistics, Electronic Version

** Denotes lasts two digits of survey year, i.e. 17 for data collected in 2017 and 18 for data collected in 2018

such as CP-2018A, CP-2018D, etc.

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.

An e-mail address is included on the questionnaires to allow respondents to submit questions or provide information in that manner if so desired. Every year, more and more cooperatives (estimated at 10 percent for 2016) use email to respond to the survey with a .pdf of the survey form and electronic versions of their financial reports. About half of the respondents send in their annual reports for CP personnel to input the survey data into the database.

Due to technical advancements, RBS now has the ability to begin phasing out the current collection of paper based surveys used to produce this report. RBS has produced an alternative survey instrument using the Survey Monkey platform that incorporates the same questions as the current paper collection but offers respondents a more convenient medium for survey submission an overall reduction in question volume through electronic logic that eliminates irrelevant material. The intent is to begin the process of acclimating respondents to this new tool as a replacement to the paper survey and ultimately phase out the rest of this collection.

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.

There is no known duplication with any other surveys of farmer cooperative organizations in RBS or any other agency of the Federal Government. In order to prevent duplication, questions from other CP researchers are sometimes incorporated into the annual survey forms to collect selected data for special studies.

5. If the collection of information impacts small businesses or other small entities (item 5 of OMB Form 83-1), describe any methods used to minimize burden.

The information requested is readily available from business and membership records of the cooperative organizations contacted. The cooperative fills out the easy-to-follow form only once. The burden on small businesses is reduced by the use of the appropriate survey form. These forms are tailored to the operations and record keeping of a large number of small, single commodity cooperatives.

The surveyed cooperatives are also encouraged to send in their annual reports and thus only complete the small amount of survey items that are not contained in their annual reports. The time required of small businesses is minimal (about 30 minutes) for completing the data request effort.

6. Describe the consequences to Federal program or policy activities if the collection is not conducted or conducted less frequently, as well as any technical or legal obstacles to reducing burden.

Not collecting this information would create extreme difficulties for the U.S. Department of Agriculture in carrying out its authoritative responsibilities for working with farmer cooperatives. This policy (as stated in the Cooperative Marketing Act of 1926 and in the Secretary's Memorandum Number 1020-1 dated August 1981) directed that research and technical assistance be conducted that best serves cooperatives and the public interest. It is difficult to see how cooperatives and the public interest could best be served if a current and accurate listing of farmer cooperatives or timely business volume figures and other information were not available. Current membership statistics, balance sheet items, and net income data are also needed for providing benchmarks for

all types of cooperatives, as well as to strengthen ongoing research on farmer cooperatives.

The data published in the annual report (compiled from data collected on the series of CP forms) may be used, in part, to determine the need for and feasibility of creating new cooperatives to take advantage of developing markets or other economic opportunities. Survey data also provide information to strengthen existing cooperatives by means of merger, consolidation, or elimination of duplicate services. If the only nationwide information on farmer cooperatives were 2 or 3 years old (or older) its value would be severely diminished. Cooperatives, policy-makers, researchers, and planners at all levels need timely and accurate statistics to perform analyses of cooperative trends and changes.

The survey is the only source of comparative cooperative data. The magazine articles and annual report published from the data allow cooperatives to see how their operations compare with similar size and type cooperatives. Without the survey, cooperatives would only be able to try and better last year's financial results and have no idea how their operations were performing in relation to similar cooperatives.

The information collected and published in the annual report on farmer cooperatives furthermore supports and enhances most of the major functions of RBS. The broad mission of RBS is to promote understanding and use of the cooperative form of business as a viable option for agricultural producers and other rural residents. The role of promoting the cooperative form of business has been publicly mandated to the Department of Agriculture and is implemented through RBS.

The master list of farmer cooperatives, updated by the annual CP survey, is used by the divisions within RBS, including LPAS in mailing informative letters and certain RBS publications to interested parties. It would be impossible to keep this list current if information were not received from cooperatives on at least an annual basis. A byproduct of the failure to request some information annually would be the loss of contact with many cooperative organizations. Without this contact, RBS would not be able to complete its mission or to furnish accurate farmer cooperative statistics.

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

a. Requiring respondents to report information more than quarterly.

There are no information collection requirements for respondents to report more than quarterly.

b. Requiring: written responses in less than 30 days.

There are no specific information collection requirements that require written responses in less than 30 days. However, the survey is conducted annually to measure current progress and trends so cooperatives are asked to respond in a timely manner so that the Agency can provide up to date information to these cooperatives, researchers, educators, and others.

c. Requiring: more than an original and two copies.

There are no specific information collection requirements that require more than an original and two copies.

d. Requiring respondents to retain records for more than 3 years.

There are no such requirements.

e. Not utilizing statistical sampling.

No statistical sampling is used because of the significant differences in types and sizes of farmer cooperatives. Statistical sampling was used in the 1980s and it was not successful.

f. Requiring use of statistical sampling which has not been reviewed and approved by OMB.

No such requirements exist.

g. Requiring a pledge of confidentiality.

There are no such requirements. However, the Agency pledges to the cooperatives that the information they provide will remain confidential to the extent provided by law under Title 7, U.S. Code, Section 2276.

h. Requiring submission of proprietary trade secrets.

No such requirements exist.

8. If applicable, identify the date and page number of publication in the Federal Register of the agency's notice soliciting comments on the information collection. Summarize public comments received and describe actions taken by the agency in response to these comments. 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, reporting format (if any) and on data elements to be recorded, disclosed, or reported.

A Federal Register notice was published on August 2, 2017; [Vol. 82 No. 147 Page Number 35929].

a. Over the years, cooperatives and cooperative researchers have been asked to assess our surveys and their suggestions have been incorporated. Beyond the elimination of several forms of the survey, there has not been a significant change in the survey instrument over the last decade.

b. RBS researchers also elicit comments on the availability of data and published results whenever they are in contact with cooperative leaders and management staffs of cooperatives.

c. Comments written by respondents on the questionnaires are reviewed for use in revising the questionnaires the following year.

d. A cover letter is always included with each survey questionnaire, which includes the name and telephone number of the survey coordinator in case any general or specific questions arise concerning the information requested.

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

No gifts are given or payments made to respondents.

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

Confidentiality provided to respondents: All questionnaires sent include a cover letter, which has the statement "All information provided will, of course, be kept confidential as provided for by law...." RBS strictly controls access to and use of any material collected during the course of the survey, strictly adhering to Title 7, U.S. Code, Section 2276 which prohibits disclosure of individual information. To this end, employees do not release or divulge any proprietary data or information on individual cooperatives.

11. Provide additional justification for any question of a sensitive nature, such as sexual behavior or attitudes, religious beliefs, and other matters that are commonly considered private.

There are no questions of a sensitive nature.

12. Provide estimates of the hour burden of the collection of information.

The estimated number of respondents to the survey of farmer cooperatives is 1,175. Each cooperative is requested to respond one time per year. The total annual hour burden is estimated to be 1,159.5 hours. Burden estimates: the time required to complete the questionnaire is based on estimates solicited from RBS personnel. Several employees have managed farmer cooperatives or have held such positions as assistant manager. The wage of \$43 was generated from the 2016 National Occupational Employment and Wage Estimates. These people were asked to fill out the questionnaire based on their experiences of office procedures and the availability of information needed to complete the form. The cover letter sent with each survey form also stresses that estimates for commodity sales, etc., can be used if office records are not readily available. Burden estimates are detailed in the attached burden grid. It presents the different forms used for each subgroup of the respondent population. The time estimates are shown for the different forms and differing amounts of time are required to fill out the various forms. This is due mostly to size (based on annual sales) differences of the respondent cooperatives. Increased size indicates a greater complexity of operations with more time required to fill out the appropriate form.

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.

The annual cost to the Federal government is estimated to be \$231,284. The major cost is for personnel. These personnel costs are for all phases of conducting a survey of cooperatives.

<u>Personnel</u>	<u>Labor Costs Related to Survey Instrument</u>
Consultant (Adino): data entry (80% time)	\$40,000
GS-6 Administrative Assistant (50% time)	\$26,290
GS-13 Statistician (50% time)	\$61,617
GS-14 Agricultural Economist (60% time)	\$87,377
Total Labor Cost	\$215,284
Computer, printing & mailing supplies	\$16,000

TOTAL

\$231,284

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

The decrease in burden is due to revised lower estimates in the number of respondents and the elimination of Form CP20**C. Every year several hundred cooperatives cease to exist due to mergers, consolidations, and going out of business. Thus, fewer survey forms are returned. Form C was eliminated to reduce burden of survey entry work and paperwork. The decrease in respondents and elimination of Form CP20**C results in an adjustment decrease of 209 responses and 207 hours.

16. For collection of information whose results will be published, outline plans for tabulation and publication.

Questionnaires are mailed to cooperatives after the completion of their fiscal (business) period to be covered by the report. Sufficient time is allowed for cooperatives to prepare their financial reports for their most recent business year. Surveys for the initial 2017 collection period are sent in September 2017. The end of data collection will occur during June 2018, with a news release in September 2018. The annual report, Cooperative Statistics, will be published and available in December 2018. We are also contemplating providing aggregate snapshot statistics reports during the collection period where we can group cooperatives based on fiscal-year end. The entire project timeframe is approximately 16 months (beginning of data collection through publication of the report and summary articles). A complete listing of key dates for the 2017 survey is shown in EXHIBIT D.

Data are presented on a national basis every year. The publication includes information on memberships, number of cooperatives, dollar sales volume, balance sheet items, net income, common size income statements and balance sheets, financial ratios, and full- and part-time employees. These data are presented by type of cooperative (marketing, supply, and related-service) and by commodity. Historical trends are highlighted in the report and comparisons are made with previous years. All current and historical information are available on our website as publications and excel data files (that include aggregate data tables and charts).

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.

It is not cost effective for the Agency to display the expiration date on the forms due to the large number of different forms mailed out at different times over the survey period.

18. Explain each exception to the certification statement identified in item 19 on OMB 83-I.

There are no exceptions to item 19 ("Certification for Paperwork Reduction Act Submissions") of OMB Form 83-I.

19. "Certification for Paperwork Reduction Act."

The agency is able to certify compliance with all provisions of Item 19 of OMB Form 83-I.

EXHIBIT A

7 USC 453: Authority and duties of division Text contains those laws in effect on March 1, 2017

From Title 7-AGRICULTURE CHAPTER 18-COOPERATIVE MARKETING

<http://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title7-section453&num=0&...>

§453. Authority and duties of division

(a) The division shall render service to associations of producers of agricultural products, and federations and subsidiaries thereof, engaged in the cooperative marketing of agricultural products, including processing, warehousing, manufacturing, storage, the cooperative purchasing of farm supplies, credit, financing, insurance, and other cooperative activities.

(b) The division is authorized-

(1) To acquire, analyze, and disseminate economic, statistical, and historical information regarding the progress, organization, and business methods of cooperative associations in the United States and foreign countries.

(2) To conduct studies of the economic, legal, financial, social, and other phases of cooperation, and publish the results thereof. Such studies shall include the analyses of the organization, operation, financial and merchandising problems of cooperative associations.

(3) To make surveys and analyses if deemed advisable of the accounts and business practices of representative cooperative associations upon their request; to report to the association so surveyed the results thereof; and with the consent of the association so surveyed to publish summaries of the results of such surveys, together with similar facts, for the guidance of cooperative associations and for the purpose of assisting cooperative associations in developing methods of business and market analysis.

(4) To confer and advise with committees or groups of producers, if deemed advisable, that may be desirous of forming a cooperative association and to make an economic survey and analysis of the facts surrounding the production and marketing of the agricultural product or products which the association, if formed, would handle or market.

(5) To acquire from all available sources information concerning crop prospects, supply, demand, current receipts, exports, imports, and prices of the agricultural products handled or marketed by cooperative associations, and to employ qualified commodity marketing specialists to summarize and analyze this information and disseminate the same among cooperative associations and others.

(6) To promote the knowledge of cooperative principles and practices and to cooperate, in promoting such knowledge, with educational and marketing agencies, cooperative associations, and others.

(7) To make such special studies, in the United States and foreign countries, and to acquire and disseminate such information and findings as may be useful in the development and practice of cooperation.

(July 2, 1926, ch. 725, §3, 44 Stat. 802.)

EXHIBIT B

Cooperative Programs Mission Statement

The mission of Cooperative Programs of the Rural Business-Cooperative Service is to promote understanding and use of the cooperative form of business as a viable option for agricultural producers and other rural residents.

We strive to help them effectively use cooperatives to improve their economic well-being and quality of life.

We serve cooperative members, directors, management, educational institutions, organizations and others with interests in the cooperative form of business.

Value Based Goals

We value:

- responding to needs of the cooperative community.
- advocating the cooperative form of business as an integral part of the U.S. free enterprise system.
- functioning as a part of the total food and fiber system.
- conducting and disseminating timely cooperative statistics and research.
- facilitating the development of new cooperatives.
- providing educational programs, statistics, materials and other information about the U.S. cooperative sector.
- utilizing proven educational processes, which include formal instruction, leadership and personal development.
- supporting the efforts of individuals and organizations in promoting agricultural cooperation.
- developing new approaches and ideas for using the cooperative form of business to solve the problems of American farmers and other rural residents.

EXHIBIT C

Burden Grid—Annual Survey of Farmer Cooperatives, March 2017									
Section of Regulation (a)	Title (b)	Form Number (if any) (c)	Estimated Number of Respondents (d)	Reports Filed Annually (e)	Total Annual Responses (d) x (e) (f)	Estimated Number of Man-hours per Response (g)	Estimated Total Man-hours (f) x (g) (h)	Wage Class (\$ per hour) (i)	Cost to the Public (h) x (i) (j)
N/A	Cooperative Statistics, 20**	CP-20**A	83	1	83	1	83	\$45	\$3,735.00
N/A	Cooperative Statistics, 20**	CP-20**D	1,000	1	1,000	1	1,000	\$25	\$25,000.00
N/A	Cooperative Statistics, 20**	CP-20**F	15	1	15	0.5	7.5	\$25	\$187.50
N/A	Cooperative Statistics, 20**	CP-20**G	61	1	61	1	61	\$25	\$1,525.00
N/A	Cooperative Statistics, 20**	CP-20**H	8	1	8	0.5	4	\$25	\$100.00
N/A	Cooperative Statistics, 20**	CP-20**W	8	1	8	0.5	4	\$25	\$100.00
TOTAL			1,175				1,159.5		\$30,647.50
** = year the survey is conducted, i.e., 17, 18 (for 2018), etc.									
Forms F, H, and W are brief, resulting in little time necessary to fill out.									
Numbers from last time (2013) were 1,384 respondents, 1,366.5 man-hours, \$35,498 cost to public.									

EXHIBIT D

Listing of Key Dates for the 2017 Survey of Farmer Cooperatives

2017

- July/August Survey forms for 2017 survey developed and printed.
- September Prepare USDA cooperative statistics news release. Prepare spreadsheets for data entry for 2017 survey. Write articles summarizing the 2016 annual report and Top 100 cooperatives and submit for publication in *Rural Cooperatives* magazine.
- October Begin data collection (1st period of 2017 survey – for cooperatives with fiscal years ending January-June 2017.)
- Write third summary article for publication in *Rural Cooperatives* magazine on state cooperative volume of commodities and supplies.
- November Continue data collection (2nd mailing – 1st period). Data entry and error checking begins.
- December Continue data collection (3rd mailing – 1st period).
- December Publish annual report Cooperative Statistics, 2016. Prepare dataset and charts on 2016 for RBS web page.
Complete third summary article for *Rural Cooperatives* magazine.

2018

- January Begin data collection (2nd period of 2017 survey – for cooperatives with fiscal years ending July-September 2017).
- February Continue data collection (2nd mailing – 2nd period).
- March Continue data collection (3rd mailing – 2nd period).
- April Begin data collection (3rd period of 2017 survey – for cooperatives with fiscal years ending October-December 2017).
- May Continue data collection (2nd mailing – 3rd period). Survey forms for 2018 survey developed.
- June Continue data collection (3rd mailing – 3rd period). Computer processing (data summarization begins).
- September Prepare USDA cooperative statistics news release. Prepare spreadsheets for data entry for 2018 survey. Analyze data and write articles summarizing the 2017 annual report and Top 100 cooperatives for publication in *Rural Cooperatives* magazine.
- October Write third summary article for publication in *Rural Cooperatives* magazine on state cooperative volume of commodities and supplies.