

MILK AND MILK PRODUCTS

OMB No. 0535-0020

TERMS OF CLEARANCE: The agency agrees to prepare a nonresponse bias analysis and to include it in their next clearance request under this docket. The observed response rates as reported in the current supporting statements show response rates and coverage rates under 80% for quarterly milk production.

RESPONSE: The bias study is attached to this renewal submission.

A. JUSTIFICATION

This is a request for continuing approval of the National Agricultural Statistics Service (NASS) milk and milk products information collection for another 3 years. The data collection procedures, definitions of the target populations, sample designs, and survey methodologies are essentially unchanged from the currently approved docket with the exception of one program change. The only program change involves the collection of additional alfalfa hay price data in response to the “AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS BILL, 2018”. Additional information on the appropriations bill is in item 15 below. Changes were made to the quarterly Milk Production Reports; the changes involve additional hay questions being added to the quarterly surveys along with an increase in the sample size. The intent of the increase in sample size is to increase the number of positive reports from dairy farmers who purchase alfalfa hay. The other changes to sample sizes and burden hours is in response to changes in the population sizes since the previous approval.

The Dairy Products Report is the only report of its kind that collects data on the utilization of milk. The report collects data on the types of products that milk is processed into (cheese, butter, ice cream, dry products, etc.) this information is used by numerous government agencies, manufacturers, cold storage facilities, importers, and exporters. The information is also used by NASS for our end of the year utilization reports.

The Milk Production Report collects data directly from farmers, most of which are covered by Federal Milk Orders that are administered by AMS. The NASS reports come out monthly and report the number of milk cows, average milk

produced per cow and total milk production. This information is vital to predicting future milk production which helps in the stabilization of milk and dairy product prices. These data are also used in setting county estimates at the end of the year. This information is important in determining the total value of production by dairy farmers. This information can be used by RMA in determining insurance coverage for dairy farmers on a local basis.

- 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 and manufactured dairy products 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.

In April 2012 the authority for collecting Dairy Product Prices was moved from NASS to the Agricultural Marketing Service (AMS). NASS will continue to collect milk production and manufactured dairy product data under this OMB approval. The collection of fluid milk prices by NASS from milk receiving plants is collected under OMB number 0535-0003.

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 (ERS) to update the Cost of Production estimates. Plant receipts of milk by State of origin and milk tests are also used as benchmarks for cash income from dairy farming. In 2016 US dairy farmers produced 212 billion pounds of milk, worth \$34.5 billion. 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. Under Public Law 106-532, facilities storing human grade nonfat dry milk or dry whey are required to complete this report monthly. Response to this survey by all other manufacturing dairy plants is voluntary. These data are used by the 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 include a web-based data collection mode, which NASS calls "electronic data reporting" or EDR. The remaining surveys that do not make use of EDR are too infrequent or impractical to use that mode of data collection.

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 Regional Field Offices. After the first week of data collection, if the respondent does not reply, NASS will attempt to collect the data by either a Computer Assisted Telephone Interview (CATI) or a Computer Assisted Personal Interview (CAPI).

Respondents to the monthly Manufactured Dairy Products survey now have the option of completing the survey either by internet, a computer assisted telephone interview or by paper; whichever method they choose. The annual Manufactured Dairy Products survey is not available on the internet.

The main portal for our on-line surveys is <http://www.agcounts.usda.gov>. Respondents are mailed an instruction sheet on how 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 that was mailed to them.

Approximately 2% of the dairy farmers responded by internet to the monthly Milk Production survey. Approximately 50% of the dairy plants who are required to report monthly to the Manufactured Dairy survey do it by internet. Approximately 6% of the voluntary respondents to the Manufactured Dairy survey responded by internet. Overall there was a 2.5% response rate by internet.

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.

NASS cooperates with State Departments of Agriculture and land grant universities to conduct agricultural surveys. Published data reports for milk receipts and manufactured dairy products 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.

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.

Information requested on the quarterly milk production inquiries can be provided with a minimum amount of difficulty by the respondent and generally without having to consult their record books. 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 while still allowing for statistically sound estimates representing the US farm population.

Respondents can complete the manufactured dairy products questionnaires from their normal day-to-day operating records. Operations that produce small quantities or produce only on a seasonal basis may request the annual survey that they can complete at the end of the year rather than having to reply monthly.

Out of the estimated sample size of 14,350, approximately 79% or 11,350 are estimated to be classified as small operations.

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 and other data users 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 December 18, 2017 on pages 60000 - 60001. One public comment was received. 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 (DHIA) 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.

The following CIPSEA Pledge statement will appear on all future NASS questionnaires.

The information you provide will be used for statistical purposes only. Your responses will be kept confidential and any person who willfully discloses ANY identifiable information about you or your operation is subject to a jail term, a fine, or both. This survey is conducted in accordance with the Confidential Information Protection provisions of Title V, Subtitle A, Public Law 107-347 and other applicable Federal laws. For more information on how we protect your information please visit: <https://www.nass.usda.gov/confidentiality>. Response is [voluntary/mandatory].

Minor changes were made to the wording of the pledge so that it would be consistent with NASS procedures.

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.

Burden hours based on the average completion time per questionnaire are summarized below.

Cost to the public for completing the questionnaire is assumed to be comparable to the hourly rate of those requesting the data. Average annual reporting time of 13,081 hours, are multiplied by \$27.50 per hour for a total annual cost to the public of \$359,727.50

NASS uses the Bureau of Labor Statistics' [Occupational Employment Statistics](#) (most recently published on March 30, 2018 for the previous May) to estimate an hourly wage for the burden cost. The May 2017 mean wage for bookkeepers was \$19.76. The mean wage for farm managers was \$38.62. The mean wage for farm supervisors was \$24.11. The mean wage of the three is \$27.50.

Projected Milk and Milk Products Response Burden for 2018 - 2020											
Survey	Sample Size	Waves of Data Collection	Responses				Non-response				
			Count	Waves x Count	Min./ Resp.	Burden Hours	Count	Waves x Count	Min./ Nonr.	Burden Hours	
Voluntary Surveys											
Milk Production (Quarterly) ^{1/}											
January	17,500	1	12,250	12,250	6	1,225	5,250	5,250	2	175	
April	17,000	1	11,900	11,900	6	1,190	5,100	5,100	2	170	
July	16,000	1	11,200	11,200	6	1,120	4,800	4,800	2	160	
October	16,000	1	11,200	11,200	6	1,120	4,800	4,800	2	160	
Manufactured Dairy Products ^{2/}											
Monthly	900	12	630	7,560	15	1,890	270	3,240	2	108	
Annual	300	1	210	210	60	210	90	90	2	3	
Voluntary Subtotal (data collection)	18,700		13,090	54,320		6,755	5,610	23,280		776	
Frequency				4,150				4,150			
Publicity Materials for Voluntary Surveys											
Cover Letter and EDR Instructions - Milk Production	17,500	4	12,250	49,000	5	4,083	5,250	21,000	2	700	
Cover Letter and EDR Instructions - Manuf. Dairy - Monthly ^{4/}	900	4	630	2,520	5	210	270	1,080	2	36	
Cover Letter and EDR Instructions - Manuf. Dairy - Annual	300	1	210	210	5	18	90	90	2	3	
Publicity Materials - Voluntary Subtotal	18,700		13,090	51,730		4,311	5,610	22,170		739	
Mandatory Surveys											
Manufactured Dairy Products ^{3/}											
Monthly	150	12	150	1,800	15	450	0	0	0	0	
Mandatory Subtotal (data collection)	150		150	1,800		450	0	0		0	
Frequency				12				0			
Publicity Materials for Mandatory Surveys											
Cover Letter and EDR Instructions - Manuf. Dairy - Monthly ^{4/}	150	4	150	600	5	50	0	0	2	0	
Publicity Materials Mandatory Subtotal	150		150	600		50	0	0		0	
Voluntary Subtotal	18,700		13,090	54,320		11,066	5,610	23,280		1,515	
Mandatory Subtotal	150		150	1,800		500	0	0		0	
Total	18,850		13,240	56,120		11,566	5,610	23,280		1,515	

^{1/} The Burden minutes for the Milk Production questionnaire are divided between two dockets. The burden on the questionnaire is for 15 minutes; 6 minutes is allocated for dairy data and is allocated for hay prices (OMB# 0535-0003).

^{2/} All products except dry whey and non-fat dry milk.

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 estimated at \$2.1 million annually. The majority of this is for staff costs.

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

The increase in number of responses and respondent burden is due primarily to a program change. The “AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS BILL, 2018”, states, - “Alfalfa Prices.—The Committee is concerned that the National Agricultural Statistics Service monthly Agricultural Prices Report only lists the average price received by agricultural producers for alfalfa sold, with no further breakdown of alfalfa hay that meets the higher quality standards required for dairy feed (graded as premium or better, or the equivalent). The Committee directs the National Agricultural Statistics Service to calculate and report in the monthly Agricultural Prices Report on the average price of premium or better alfalfa sold in the United States can be attributed to the adjustment to sample sizes to reflect changes in the target population.” (Published July 20, 2017).

NASS will be adding approximately 4,500 additional records to the quarterly Milk Production samples to accommodate this program change. In addition NASS will be making modest adjustments to the burden table to accommodate changes in the target population.

Summary of Changes to Burden and Responses		
	Total Number of Responses	Annual Burden Hours
Overall Beginning Balances	60,100	10,03
Adjustments to Milk and Milk Product Surveys		
Changes to ICR 1 (Mandatory Surveys)		
Changes to Sample	600	16
Changes to ICR 2 (Voluntary Surveys)		
Changes to Sample	1,190	26
Changes to ICR 3 (Non-Responses)		
Changes to Sample	510	2
Program Changes to Milk and Milk Product Surveys		
Changes to ICR 1 (Mandatory Surveys)		
Changes to Sample	-	-
Changes to ICR 2 (Voluntary Surveys)		
Changes to Sample	11,900	2,24
Changes to ICR 3 (Non-Responses)		
Changes to Sample	5,100	35
Total Changes	19,300	3,04

- 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://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1103>

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. For non-respondents 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.

Annual Summary

<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1054>

Monthly Publication

<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1052>

Milk production and disposition reports are published annually.

<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1105>

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.

April 2018