Justification for Change
Dairy Products Mandatory Sales Reporting Extension

OMB No. 0581-0274

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This change of worksheet addresses the electronic dairy product sales survey forms: DY-201, DY-202, DY-203, DY-204, and DY-205 currently approved under OMB No. 0581-0274. This change justifies the removal of a specific button, "Calculate Dollars". This button is not necessary to verify data submitted to the Dairy Product Mandatory Reporting Program (DPMRP). This button creates confusion because it does not calculate the Price Per Pound correctly. The change being submitted has no effect on the burden hours or number of respondents currently approved by OMB. The revision is explained below:

Dairy Product Sales Survey Form No. DY-201, DY-202, DY-203, DY-204, DY-205

- DY-201 WEEKLY BUTTER REPORT https://mpr.ams.usda.gov/mpr/IndustryForm.do?formName=DY201#bottom
- DY-202 WEEKLY CHEDDAR CHEESE (40 LB BLOCKS) REPORT https://mpr.ams.usda.gov/mpr/IndustryForm.do?formName=DY202#bottom
- DY-203 WEEKLY CHEDDAR CHEESE (500 LB BARRELS) REPORT https://mpr.ams.usda.gov/mpr/IndustryForm.do?formName=DY203#bottom
- DY-204 WEEKLY DRY WHEY REPORT https://mpr.ams.usda.gov/mpr/IndustryForm.do?formName=DY204#bottom
- DY-205 WEEKLY NONFAT DRY MILK REPORT https://mpr.ams.usda.gov/mpr/IndustryForm.do?formName=DY205#bottom

The dairy product weekly report forms are completed weekly by handlers who are required to report data for the DPMRP. The completed forms are downloaded by the handler and submitted electronically to Dairy Program's Market Information Branch (MIB). An electronic submittal of data is required by the Mandatory Price Reporting Act of 2010.

The DPMRP ensures that all sales of qualifying products from any entity making and selling more than one million pounds or more annually of butter, cheddar cheese in 40-pound blocks, cheddar cheese in 500-pound barrels, dry whey, and nonfat dry milk are included in the National Dairy Product Sales Report (NDPSR). Handlers submit their data to MIB, the data is reviewed, aggregated, and used to calculate the commodity prices for the NDPSR. The NDPSR supplies the commodity prices used in the Federal milk marketing order program (FMMO) minimum classified price calculations that are then used to calculate minimum dairy farmer prices for milk participating in the FMMO program. MIB has a responsibility to ensure data accuracy because it directly impacts prices received by 27,000 dairy farmers who participate in the FMMO program.

On each form there is a "Calculate Dollars" button and a "Calculate Price" button. In theory, both buttons are used as check points to ensure the handler's data has been entered correctly before it is submitted. The Total Dollars and Total Pounds Sold figures are entered as whole numbers and the Price Per Pound figure is rounded to the fourth decimal place. The handler must enter a number

rounded to the fourth decimal place. If no number is entered in the Price Per Pound field, the system will generate a Price Per Pound that is rounded to the fourth decimal place.

The "Calculate Dollars" button generates the Total Dollars figure that should be submitted, only after the handler has entered the Total Pounds Sold and Price Per Pound values. The system is programmed to take the Total Pounds Sold multiplied by the Price Per Pound to generate the Total Dollars figure.

The "Calculate Price" button calculates the Price Per Pound figure based on the numbers entered for Total Pounds Sold and Total Dollars. The programming takes the Total Dollars divided by the Total Pounds Sold to generate the Price Per Pound rounded to the fourth decimal place. The rounding takes place as the last step in determining the Price Per Pound.

However, if a handler enters values for Total Pounds Sold and Price Per Pound and then uses the "Calculate Dollars" button, the button will generate an incorrect value for Total Dollars because the Price Per Pound has been rounded to the fourth decimal place before the calculation is done.

For example, a handler enters Totals Pounds (4,271,450), Total Dollars ($9,183,320) and Price per Pound ($2.1499) into the system. The "Calculate Price" button agrees with the Price Per Pound entered because Total Dollars ($9,183,320) divided by Totals Pounds (4,271,450) = Price Per Pound ($2.1499). However, the "Calculate Dollars" button will show that the Total Dollars should be $9,183,190 because Totals Pounds (4,271,450) x and Price per Pound ($2.1499) = Total Dollars ($9,183,190). This equation is shown in the table below.

	"Calculate Dollars" button	"Calculate Price" button
Total Pounds Sold	4,271,450 lbs.	4,271,450 lbs.
Total Dollars	$9,183,190	$9,183,320
Price Per Pound	2.1499	2.1499

This issue has resulted in at least two handlers submitting incorrect data because the "Calculate Dollars" system check point was generating an incorrect Total Dollars figure. As a result, the handlers changed their Total Dollars submissions to match what the system was generating. These errors were not identified until weeks later when an audit was conducted at the plant. Since prices are released weekly and then used immediately by industry as reference prices, if a handler submits incorrect data the impact to the market cannot be undone. Therefore, the handler reporting errors resulted in inaccurate data that was used to calculate commodity prices for the NDPSR. While the impact in these instances did not impact the average prices computed by all the data submitted to the DPMRP, it is vital that steps be taken to ensure all data are submitted accurately.

The "Calculate Price" button is a functioning check point to ensure the data has been entered correctly. MIB has conducted testing to verify this button functions as it should and will never generate an incorrect value for Price Per Pound. The "Calculate Dollars" button is an unnecessary feature that adds confusion to the handlers. Removing the "Calculate Dollars" would improve accuracy of data submitted and decrease confusion to handlers reporting data to the DPMRP.