

2021 SUPPORTING STATEMENT-A

Dairy Products Mandatory Sales Reporting Extension

OMB No. 0581-0274

A. JUSTIFICATION.

1. EXPLAIN THE CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY. IDENTIFY ANY LEGAL OR ADMINISTRATIVE REQUIREMENTS THAT NECESSITATE THE COLLECTION.

The Mandatory Price Reporting Act of 2010 amended section 273(d) of the Agricultural Marketing Act of 1946 (the Act), requiring the Secretary of Agriculture (Secretary) to establish an electronic reporting system for certain manufacturers of dairy products to report sales information under a mandatory dairy product reporting program.

Data collection for cheddar cheese, butter, dry whey, or nonfat dry milk sales is limited to manufacturing plants producing annually 1 million pounds or more of one of the surveyed commodities specified in the mandatory reporting requirements of the Dairy Products Reporting Programs (7 CFR sections 1170.7 through 1170.12).

AMS administers programs that facilitate the efficient, fair marketing of U.S. agricultural products, including food, fiber, and specialty crops. The data collected on these surveys enables AMS to report information in a timely manner and promote competition in the dairy industry. Additionally, the sales information reported is used by USDA to calculate minimum prices paid to dairy farmers or their cooperative associations for milk marketed through the Federal milk marketing order system. Finally, reports are used to verify compliance with marketing order regulations.

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.

Survey respondents are required to submit weekly sales information through a secure Internet connection using a username and password to report prices. After the respondent has logged onto the web-based software, he / she is directed to the appropriate electronic product forms to be completed. Annual reports are submitted on paper forms. Follow-ups, where necessary to obtain missing information, are conducted by phone.

The forms being submitted for approval list the questions that the respondents complete: total pounds sold, total dollars, price per pound, and moisture content (if applicable). Data received from these surveys are used by the USDA to calculate minimum prices for raw milk marketed through the Federal milk marketing order system. In addition, USDA publishes aggregate weekly market information based on survey results. This information is used by industry members to make informed decisions about the marketing of dairy products. During routine audits, USDA compares information reported on these forms with manufacturer records to verify compliance with marketing

order regulations.

The following is a listing of the forms that respondents complete, listing the form number, form name and a brief description. Respondents can access the electronic forms at: <https://mpr.ams.usda.gov/mpr/>. All forms are now estimated to take twenty minutes.

Electronic forms:

DY-201; Weekly Butter Report; Respondents report butter sales as total pounds sold, total dollars, and price per pound.

DY-202; Weekly Cheddar Cheese (40 lb. blocks) Report; Respondents report 40 lb. block cheddar cheese sales as total pounds sold, total dollars, and price per pound.

DY-203; Weekly Cheddar Cheese (500 lb. barrels) Report; Respondents report 500 lb. barrel cheddar cheese sales as total pounds sold, total dollars, price per pound, and weighted moisture content. _

DY-204; Weekly Dry Whey Report; Respondents report dry whey sales as total pounds sold, total dollars, and price per pound.

DY-205; Weekly Nonfat Dry Milk Report; Respondents report nonfat dry milk sales as total pounds sold, total dollars, and price per pound.

An immediate survey follow-up verification is done when a potential problem is identified with data that a respondent reported. If necessary, AMS personnel place a call to the respondent to verify information.

While the weekly submissions are made through electronic means, the annual validation survey is handled using paper forms.

Paper forms:

DA-230; Dairy Product Sales Survey Annual Validation Worksheet; Annual validation to determine if the plant is required to report, instruct respondents on the process of completing surveys and answer any questions respondents may have. This form is used by an AMS employee in conjunction with respondents and potential respondents as an interview survey. This form will not be completed electronically.

DA-230-S; Supplement-Multiple Plants Screening Table; List all plants affiliated that produce any dairy products. This supplement is only required if answering “YES” to question 1 in section 1 of DA-230. The burden is included as part of form DA-230.

Survey Follow-Up Verification: This is in the form of an email or telephone call. There is no standard format for this verification. This follow up could be in regards to:

- Verifying information
- Validating data changes
- Requesting missing data

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.

Weekly reports are filed electronically using secure Internet connections. This method is considered the most convenient for respondents, is most accurate, and provides timely access to crucial market information, which is compiled in aggregate form and published weekly by USDA. The decision to adopt electronic reporting was mandated by Congress to enable the Secretary to make aggregate market data available on a timely basis to support industry needs. Annual reports are still filed on paper as required. Verification follow-ups are conducted via telephone on an as-needed basis, which reduces the time needed to obtain accurate information and ensure that it can be included in weekly aggregate publications.

4. DESCRIBE EFFORTS TO IDENTIFY DUPLICATION. SHOW SPECIFICALLY WHY ANY SIMILAR INFORMATION ALREADY AVAILABLE CANNOT BE USED OR MODIFIED FOR USE FOR THE PURPOSE(S) DESCRIBED IN ITEM 2 ABOVE.

Information collection processes are periodically reviewed to avoid unnecessary duplication by industry and public sector agencies. At the present time, there is no duplication between Federal agencies.

5. IF THE COLLECTION OF INFORMATION IMPACTS SMALL BUSINESSES OR OTHER SMALL ENTITIES (ITEM 5 OF THE OMB FORM 83-I), DESCRIBE THE METHODS USED TO MINIMIZE BURDEN.

As required by law, AMS is required to collect price information from dairy manufacturers producing and selling one million pounds or more of specific dairy products (cheddar cheese, butter, nonfat dry milk and/or dry whey) per calendar year. The surveys specifically exclude entities with annual production of less than 1 million pounds of a specified product. This information collection request does not add any significant burden to small businesses.

Small businesses in dairy product manufacturing have been defined by the Small Business Administration (SBA) as those processors employing not more than 500 employees. For purposes of determining a processor's size, if the plant is part of a larger company operating multiple plants that collectively exceed the 500-employee limit, the plant will be considered a large business even if the local plant has fewer than 500 employees. Based upon company profile information available on the Internet, of the 198 respondents, AMS estimates that almost 50 percent of the reporting entities are considered small businesses under the criteria established by the SBA.

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.

The information is necessary to support the milk pricing systems specified under Federal milk marketing orders and to enforce compliance with marketing order regulations. If the information collection herein was not conducted, the Secretary could not carry out obligations required by the Agricultural Marketing Act of 1946. Collecting data less frequently would also frustrate the Secretary's ability to provide timely market information to the industry.

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;**

Dairy products sales data are collected weekly to meet the requirements of the Dairy Product Mandatory Price Reporting Program. The price data are used in the determination of monthly minimum raw milk prices under the Federal Milk Marketing Order Program.

- **REQUIRING 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;**
- **REQUIRING RESPONDENTS TO RETAIN RECORDS, OTHER THAN HEALTH, MEDICAL, GOVERNMENT CONTRACT, GRANT-IN-AID, OR TAX RECORDS FOR MORE THAN 3 YEARS;**
- **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;**
- **REQUIRING THE USE OF A STATISTICAL DATA CLASSIFICATION THAT HAS NOT BEEN REVIEWED AND APPROVED BY OMB;**
- **THAT INCLUDES A PLEDGE OF CONFIDENTIALITY THAT IS NOT SUPPORTED BY AUTHORITY ESTABLISHED IN STATUE 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 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.**

There are no other special circumstances. The collection of information is conducted in a manner consistent with the guidelines in 5 CFR 1320.6.

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.**

The 60-day notice for this information collection was published in the Federal Register on March 26, 2021 (AMS-DA-21-0024). The notice invited comments on AMS' request for an extension of the currently information collection package. No comments were received.

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 RECORDKEEPING, DISCLOSURE, OR REPORTING FORMAT (IF ANY), AND ON THE DATA ELEMENTS TO BE RECORDED, DISCLOSED, OR REPORTED.

The data for the information collection are not available elsewhere. Use of the forms is required by statutory law and by regulations governing marketing order administration. AMS consults with Milk Administrators who oversee the marketing order programs throughout the country and are in constant communication with the regulated entities. Dairy industry manufacturers and marketers depend upon the information provided through this information collection to make informed decisions about the marketing of their products.

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.

AMS conferred with the following industry members regarding the reporting burden associated with this information collection:

Mr. Elvin Hollon, Dairy Farmers of America, (816) 801-6422, ehollon@dfamilk.com;

Mr. Hoyt Huffman, Dairy America, (559) 251-0992, hoyt@dairyamerica.com.

Mr. Bill McCarthy, Michigan Milk Producers Association, (248) 474-6672, WMcCarthy@mimilk.com.

These are the larger firms used to represent many smaller businesses.

9. EXPLAIN ANY DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS, OTHER THAN REMUNERATION OF CONTRACTORS OR GRANTEES.

No 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.

All surveys 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 AMS must read the regulations and sign a statement of compliance.

Only aggregated data from dairy plants is released. Individual plant data is not released.

11. PROVIDE ADDITIONAL JUSTIFICATION FOR ANY QUESTIONS OF A SENSITIVE NATURE, SUCH AS SEXUAL BEHAVIOR AND 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 such a sensitive nature are included in this information collection.

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. UNLESS DIRECTED TO DO SO, AGENCIES SHOULD NOT CONDUCT SPECIAL SURVEYS TO OBTAIN INFORMATION ON WHICH TO BASE HOUR BURDEN ESTIMATES. CONSULTATION WITH A SAMPLE (FEWER THAN 10) OF POTENTIAL RESPONDENTS IS DESIRABLE. IF THE HOUR BURDEN ON RESPONDENTS IS EXPECTED TO VARY WIDELY BECAUSE OF DIFFERENCE IN ACTIVITY, SIZE, OR COMPLEXITY, SHOW THE RANGE OF ESTIMATED HOUR BURDEN, AND EXPLAIN THE REASONS FOR THE VARIANCE. GENERALLY, ESTIMATES SHOULD NOT INCLUDE BURDEN HOURS FOR CUSTOMARY AND USUAL BUSINESS PRACTICES.

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.

Respondents are required to file weekly reports for certain dairy products they manufacture (cheddar cheese, butter, nonfat dry milk, and dry whey) as well as annual reports to determine whether participation in mandatory reporting is appropriate. The average time required to complete each survey ranges from 20 to 40 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. AMS believes the records that would be required to be maintained are already being maintained for at least 2 years as part of the normal course of business.

Costs to respondents for completing the surveys are assumed to be comparable to the hourly rate of first-line supervisors/managers of office and administrative support workers. Reporting time of 1,556 hours is multiplied by \$28.53 per hour (hourly mean earnings for supervisors) for a total annual cost to the respondents of \$44,392.68. Data for computation of this hourly rate was obtained from the U.S. Bureau of Labor Statistics published in May 2020 (http://www.bls.gov/oes/current/oes_nat.htm#11-0000). The hourly rate was computed by calculating an average of all hourly mean earnings rates for supervisors. The rate of \$28.53 is an increase from the previous hourly rate. This could reflect a change in Bureau of Labor Statistics methodology or classification.

- 13. PROVIDE AN ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS OR RECORDKEEPERS RESULTING FROM THE COLLECTION OF INFORMATION. (DO NOT INCLUDE THE COST OF ANY HOUR BURDEN SHOWN IN ITEMS 12 AND 14).**

- **THE COST ESTIMATE 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. THE ESTIMATES SHOULD TAKE INTO ACCOUNT COSTS ASSOCIATED WITH GENERATING, MAINTAINING, AND DISCLOSING OR PROVIDING THE INFORMATION. INCLUDE DESCRIPTIONS OF METHODS USED TO ESTIMATE MAJOR COST FACTORS INCLUDING SYSTEM AND TECHNOLOGY ACQUISITION, EXPECTED USEFUL LIFE OF CAPITAL EQUIPMENT, THE DISCOUNT RATE(S), AND THE TIME PERIOD OVER WHICH COSTS WILL BE INCURRED. CAPITAL AND START-UP COSTS INCLUDE, AMONG OTHER ITEMS, PREPARATIONS FOR COLLECTING INFORMATION SUCH AS PURCHASING COMPUTERS AND SOFTWARE; MONITORING, SAMPLING, DRILLING AND TESTING EQUIPMENT; AND RECORD STORAGE FACILITIES.**

- **IF COST ESTIMATES ARE EXPECTED TO VARY WIDELY, AGENCIES SHOULD PRESENT RANGES OF COST BURDENS AND EXPLAIN THE REASONS FOR THE VARIANCE. THE COST OF PURCHASING OR CONTRACTING OUT INFORMATION COLLECTION SERVICES SHOULD BE A PART OF THIS COST BURDEN ESTIMATE. IN DEVELOPING COST BURDEN ESTIMATES, AGENCIES MAY CONSULT WITH A SAMPLE OF RESPONDENTS (FEWER THAN 10), UTILIZE THE 60-DAY PRE-OMB SUBMISSION PUBLIC COMMENT PROCESS AND USE EXISTING ECONOMIC OR REGULATORY IMPACT ANALYSIS ASSOCIATED WITH THE RULEMAKING CONTAINING THE INFORMATION COLLECTION, AS APPROPRIATE.**

- **GENERALLY, ESTIMATES SHOULD NOT INCLUDE PURCHASES OF EQUIPMENT OR SERVICES, OR PORTIONS THEREOF, MADE: (1) PRIOR TO OCTOBER 1, 1995, (2) TO ACHIEVE REGULATORY COMPLIANCE WITH REQUIREMENTS NOT ASSOCIATED WITH THE INFORMATION COLLECTION, (3) FOR REASONS OTHER THAN TO PROVIDE INFORMATION OR KEEPING RECORDS FOR THE GOVERNMENT, OR (4) AS PART OF CUSTOMARY AND USUAL BUSINESS OR PRIVATE PRACTICES.**

There is no significant capital/start-up or ongoing operation/maintenance costs associated with this information collection. All dairy product manufactures are believed to already have the computer processing capability needed to complete the surveys.

Computer software is provided to respondents, and AMS believes that all respondents currently have internet connections.

14. PROVIDE ESTIMATES OF ANNUALIZED COST TO THE FEDERAL GOVERNMENT. ALSO, PROVIDE A DESCRIPTION OF THE METHOD USED TO ESTIMATE COST, WHICH SHOULD INCLUDE QUANTIFICATION OF HOURS, OPERATION EXPENSES (SUCH AS EQUIPMENT, OVERHEAD, PRINTING, AND SUPPORT STAFF), AND ANY OTHER EXPENSE THAT WOULD NOT HAVE BEEN INCURRED WITHOUT THIS COLLECTION OF INFORMATION. AGENCIES ALSO MAY AGGREGATE COST ESTIMATES FROM ITEMS 12, 13, AND 14 IN A SINGLE TABLE.

The estimated total annual cost to the Federal government for the Dairy Products Mandatory Sales Reporting Surveys is \$579,000. The following is a breakdown of the estimated costs:

<u>Annual Operation:</u>	<u>Per FY</u>
• Salary and Benefits	\$251,000
• Travel	\$56,000
• Training	\$27,000
• Overhead	\$45,000
• Software Maintenance	\$150,000
• Software Enhancement	\$50,000

15. EXPLAIN THE REASON FOR ANY PROGRAM CHANGES OR ADJUSTMENTS REPORTED IN ITEMS 13 OR 14 OF THE OMB FORM 83-I.

AMS is requesting approval for 1,556 burden hours, based on 4,941 annual responses. Since the last submission in 2017, there has been a decrease in burden of 211 burden hours and a decrease of 633 annual responses. Decreases in burden hours reflect refinement of AMS's original estimates based on user input, now that respondents have been using the forms for three years. Forms are now estimated to take 20 minutes to complete. AMS's original estimates regarding the number of respondents have been refined since the program's inception. The actual decline of individuals from 219 to 189 reflects the fact that manufacturers have consolidated operations to decrease the number of individual plants in operation, which reduces the number of individuals required to report. Some manufacturers no longer produce the standard dairy products reported in this information collection, but are now making customized products that do not meet the reporting criteria.

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 dairy products sales surveys for cheddar cheese, butter, dry whey and nonfat dry milk are provided to the respondents through a secured Internet connection. The surveys are collected weekly, by Tuesday, noon local time. A weighted average of the dairy product price data is computed by AMS based on total dollars and total volume (cheddar cheese, butter, nonfat dry milk and/or dry whey), along with the weighted average moisture content (cheddar cheese) of the previous week's qualifying sales, ending on Saturday. This data is reviewed, averaged and published on Wednesday by 3:00 p.m. Eastern Time. Reporting prices for these commodities is mandatory.

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.

Since the forms are electronic, there is no need to have an 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.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

See the attached supplement.