

Supporting Statement - Part A

AGRICULTURAL PRICES

OMB No. 0535-0003

TERMS OF CLEARANCE

“In accordance with 5 CFR 1320, the information collection is approved for a period of two years. During this approval, the agency should work with OMB to address issues of nonresponse bias in these surveys. In the next request for approval, the agency must include, at the very least, a plan and timeline for addressing nonresponse bias. They must also provide an update on the efforts of the Survey Administrator and indicate what actions they will take if the Survey Administrator is not successful in improving the response rates.” (12/20/2007)

Over the last few years, NASS has observed that we have been able to improve our response rates and reduce non-response bias by involving our Survey Administration Branch in the management of many of our surveys. Previously, the commodity statisticians were charged with the management of their individual commodity price surveys, as well as reviewing the data, and setting national estimates. By taking some of these responsibilities away from the commodity statisticians, they are able to devote more of their time to analyzing and publishing quality data.

The Survey Administration Branch began taking over the Prices Received commodities that were potentially tied with Counter Cyclical payments that the government maybe making to farmers in the form of price supports. We followed this up with the Prices Paid surveys; since these surveys deal with businesses rather than farmers and the data they provide to NASS is used to calculate many of the costs of production for the farming sector.

NASS is in the process of reviewing which commodities are the next to be moved over to the Survey Administration Branch for standardizing and managing.

Price surveys for some commodities have relatively low response rates due primarily to necessary oversampling. For example, we oversample hay producers because it is difficult to predict which ones will have excess hay to sell. Farmers raising hay often use it to feed livestock on their own farm, and may not sell hay in a given month or year. For these out-of-scope cases in the resulting large sample, survey response does not benefit estimation and mail returns are unsolicited and rare. In efforts to minimize data collection expenses and limit respondent burden, we rely heavily on our predominantly in-scope mail returns. Supplementary phone follow-up for non-respondents is discontinued once sufficient numbers of positive reports are completed.

Prices Received	2006 Response Rate %	2008 Response Rate %	Prices That Are Now Managed by a Survey Administrator
Crops			
Cotton, Monthly	74.0%	98.7%	
Grain and Beans	77.0%	77.9%	Yes
Hay, Monthly, Dealers	68.7%	81.1%	
Hay, Monthly Prices	44.1%	45.3%	
Hay, Biennial Prod and Sales	46.9%	60.1%	
Hay, Jan. Milk Prod Survey	84.0%	81.8%	
Hay, Feb-Dec Milk Prod Survey	67.7%	80.8%	
Milk Production Report – NH	84.6%	67.4%	
Peanuts	91.0%	90.3%	Yes
Potatoes – Monthly	59.0%	58.5%	
Potatoes – Annual	59.0%	59.2%	
Rice	95.0%	97.0%	Yes
Sugar	100%	96.7%	
Tobacco	49.1%	71.4%	
Operation Profiles	NA	83.1%	Yes
Livestock			
Beef Cattle Prices	100%	100%	
Hog Prices	100%	93.4%	
Sheep and Lamb Prices - US	93.0%	93.9%	
Sheep and Lamb Prices – New England States	87.8%	89.0%	
Milk Price Inquiry – Monthly	94.8%	82.4%	
Milk Price Inquiry – Annual	67.4%	67.4%	
Livestock and Crops - AK	NA	75.1%	
Prices Paid			
Farm Machinery	65.0%	81.0%	Yes
Feed	80.0%	89.5%	Yes
Fertilizer and Ag Chemicals	69.0%	83.0%	Yes
Fuels	85.0%	91.4%	Yes
Seeds	65.0%	81.4%	Yes
Screener (New in 2010)	NA	NA	Yes

A. JUSTIFICATION

This submission is a request for approval of this long-running information collection for 3 years. There are some program changes (see A.15) but no changes to the methodology or procedures previously approved.

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.

Estimates of prices received by farmers and prices paid by farmers for production goods and services are needed by the U.S. Department of Agriculture for the following purposes:

- computing Parity Prices in accordance with requirements of the Agricultural Adjustment Act of 1938 as amended;
- estimating value of production, inventory values, and cash receipts from farming;
- determining the level for farmer-owned reserves;
- providing guidelines for Risk Management Agency price selection options;
- determining Federal disaster prices to be paid; and
- determining the grazing fee on Federal lands.

General authority for these data collection activities is granted under U.S. Code Title 7, Section 2204. This statute specifies that "The Secretary of Agriculture shall procure and preserve all information concerning agriculture which he can obtain ... by the collection of statistics ... and shall distribute them among agriculturalists."

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.

Parity prices are used to establish and maintain Federal Market Orders. Calculation of parity prices under provisions of the Agricultural Adjustment Act mentioned above are as follows:

- (A) The "parity price" for any agricultural commodity, as of any date, shall be determined by multiplying the adjusted base price of such commodity as

of such date by the parity index as of such date.

- (B) The "adjusted base price" of any agricultural commodity, as of any date, shall be

- (i) the average of the prices received by farmers for such commodity. . . divided by
 - (ii) the ratio of the general level of prices received by farmers for agricultural commodities during each period to the general level of prices received by farmers for agricultural commodities . . .
- (C) The "parity index," as of any date, shall be the ratio of
- (i) the general level of prices for articles and services that farmers buy, wages paid hired farm labor, interest on farm indebtedness secured by farm real estate, and taxes on farm real estate, for the calendar month ending last before such date to
 - (ii) the general level of such prices, wages, rates, and taxes during the period January 1910 to December 1914, inclusive.
- (D) The prices and indices provided for herein, and the data used in computing them, shall be determined by the Secretary, whose determination shall be final.

The National Agricultural Statistics Service computes annual U.S. weighted average prices received by farmers for wheat, barley, corn, oats, grain sorghum, rice, cotton, pulse crops, peanuts, and oilseeds based on monthly marketings. The adjusted base price uses 12-month, calendar year average prices for major commodities in the monthly estimating program in accordance with the Act above. The amount of government payments is not included in published monthly or marketing year average prices. However, the effect of this additional income is an adjustment to the "10-year average" commodity price and prices received indexes used to compute adjusted base prices and parity prices.

Estimates for the remaining prices received items are used to compute indexes of prices received by farmers. These data are used by many Government agencies. The Economic Research Service and the Federal Reserve Bank use the prices received indexes as a general measure of commodity price changes. The prices are used extensively by the Risk Management Agency for disaster and insurance payments. State and regional level prices received for hay are used by the Forest Service in formulas to determine annual grazing fees for the use and occupancy of the National Forest System Lands in the United States. Some State governments use prices received data for land valuations and land taxation purposes.

Estimates of prices received are used by the National Agricultural Statistics Service to determine the value of agricultural production. These estimates, plus cost of production estimates, are used by the Economic Research Service

and Department of Commerce in the computation of net farm income, which is one of the components of the National Income Accounts. NASS price data are essential input to these accounts.

Prices paid data are collected to compute the parity index, a component required in the calculation of parity prices. The prices paid index for selected production inputs is used to compute a regional index called the Public Rangeland Improvement Act (PRIA) Prices Paid Index. Data for this index are drawn from NASS's Agricultural Resource Management Survey (OMB No. 0535-0218), Farm Labor Survey (OMB No. 0535-0109), and these Prices Paid Surveys for farm machinery, feed, fertilizer and agricultural chemicals, fuels and seeds. This index is a component in the formula defined by the 1978 Public Rangeland Improvement Act and extended by an Executive Order signed February 14, 1986, to annually determine public land grazing rates by the Forest Service and Bureau of Land Management. Also, an input cost index is constructed for the Forest Service using data from the Prices Paid Survey for Feed in addition to the earlier mentioned surveys. Most recently, the Amendment No. 221, Fiscal Year 1992 Appropriation Bill for the Department of Interior and Related Agencies, directs the Secretaries of Agriculture and Interior to update the 1986 Grazing Fee Review and Evaluation Report to Congress. This update requires indexes and prices from the stated surveys. The Agricultural Marketing Service uses various State milk marketing orders, prices paid indexes, and import prices for determining State or local support milk prices.

Average prices (not indexes) for selected farm machinery, feed, retail seeds, fertilizer, agricultural chemicals, and petroleum products surveyed are used directly by the Economic Research Service for generating annual cost of production budgets required by the Food, Agriculture, Conservation, and Trade Act of 1990. This price data series is essential for reliable and consistent estimates of fixed and variable costs for wheat, feed grains, cotton, tobacco, sugar, and dairy commodities.

Prices received and paid estimates are also used extensively by universities, market research firms, and virtually every other sector of the U.S. economy for economic analysis relating to farm income and alternative marketing policies. These estimates provide the long time series necessary for such studies.

- 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 have been converted to Web-based data collection, what NASS calls electronic data reporting or EDR. The remaining instruments that will not be converted are too infrequent or impractical to use that mode of data collection. NASS developed a computer software Questionnaire Repository System (QRS) to enable simultaneous creation of matching paper and Web survey instruments from the same parameters. The major prices received surveys as well as prices paid surveys in this collection are available on the Web; smaller surveys are conducted via mail at the Field Office's discretion to ensure proper coverage of localized areas and conditions.

The main portal for our on-line surveys is <http://www.agcounts.usda.gov>. Respondents are mailed an instruction sheet to reach this site along with the survey questionnaire. Once there, the respondents have to enter the valid survey code and their own user ID printed on the label of the questionnaire mailed to them. We do not want anyone other than a selected respondent to access the survey web pages.

4. Describe efforts to identify duplication.

NASS cooperates with State Departments of Agriculture and land grant universities to conduct agricultural surveys. These surveys meet both State and Federal needs, thus eliminating duplication and minimizing reporting burden on the agriculture industry. There is no duplication of questions asked of producers in this docket. In addition, respondent lists are carefully compared to ensure there is no overlap. NASS samples are coordinated to ensure that respondent burden is minimized.

Beginning in 2010 NASS will be using a Screener questionnaire for the Prices Paid list building efforts. Many of the agribusinesses that sell farm inputs may qualify for more than one of our surveys (Feed, Fuel, Seeds, Fertilizers, etc.). The screener will help NASS Field Offices to improve the population of agribusinesses that we draw our samples from.

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 various price surveys can be provided from normal operating records. To relieve individual respondent burden, only a sample of firms is contacted each month for Prices Received Surveys and annually for Prices Paid Surveys. Samples are rotated periodically. Many operations are specialized and therefore receive a questionnaire that only pertains to their type of operation. Questions for diverse operations are

combined on one questionnaire to reduce the number of times the respondent is contacted and reduce the overall burden.

Prices received data for cattle, hogs, and sheep are collected from administrative data obtained from auction houses, slaughter plants, Agricultural Marketing Service (AMS) Market News reports, and livestock dealers, removing the burden from both the buyer and the livestock producer. AMS reports day-to-day or week-to-week price movement by grade for a variety of classes of commodities. Much of these data are aggregated over time, weighted by class, and used to estimate farm prices received, which reduces the number of contacts NASS needs to make.

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.

Collecting data less frequently would eliminate data needed to keep the U.S. Department of Agriculture abreast of changes at the State and national level. Timing and frequency of the various reports have evolved to meet the needs of Department clients, including producers, agribusinesses, and government agencies, yet minimize burden on the reporting public.

Prices paid information as currently collected are used by the Forest Service and Bureau of Land Management to determine public land grazing rates as mandated by legislation. Any modifications to current methodology would require a legislative amendment.

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; requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;...

Reporting more frequently than quarterly: Monthly commodity prices received by farmers are needed to meet legislative requirements. These prices coupled with monthly marketing weights, result in greater accuracy of the marketing year average prices.

Expecting written response in fewer than 30 days: Information needs to be collected and issued as close to the survey date as possible in order for the estimates to be timely.

In September of 2006, we began collecting peanut prices on a weekly basis in response to a request by the USDA Farm Service Agency (FSA). The Farm Bill provides for FSA to administer on behalf of the Commodity Credit Corporation

(CCC) marketing assistance loans, loan deficiency payments (LDP), and counter-cyclical payments for peanut producers. USDA's Agricultural Marketing Service (AMS) provides weekly shelled peanut market prices that FSA uses along with other information to calculate its National Posted Price (NPP) which is released every Tuesday on the FSA Web site and in local FSA offices. USDA administration has asked NASS to assist in improving the precision and timeliness of the NPP by providing current market data based on purchases from peanut producers.

- 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 Notice soliciting comments was published in the Federal Register on August 6, 2009 on pages 39283 - 39284. One comment (attached) was received from the public.

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.

NASS frequently consults with USDA's Economic Research Service, Forest Service, Agricultural Marketing Service, and Farm Service Agency, as well as the Department of Commerce Bureau of Labor Statistics to discuss NASS methodology and estimating program. NASS also conducts regular meetings around the country to obtain feedback from data users.

- 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, U.S. Code Title 7, Section 2276, and Subtitle A of the Confidential Information Protection and Statistical Efficiency Act of 2002 (CIPSEA), (Public Law 107-347) 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.

NASS and NASS contractors comply with OMB Implementation Guidance, (Implementation Guidance for Title V of the E-Government Act, CIPSEA). 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.

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.

Total hours of burden are based on the calculations below. Reporting time of 37,213 hours are multiplied by \$24 per hour (estimated at farm manager rate), for a total cost to the public of \$ 893,112.

Prices Paid and Prices Received Projected Sample Sizes and Burden - 2010 -2012

Survey Name	Sample Size	Freq	Responses ^{2/}				Non-response				Total Burden Hours
			Resp. Count	Freq x Count	Min./ Resp.	Burden Hours	Nonresp Count	Freq. x Count	Min./ Nonr	Burden Hours	
Prices Received											
Crops											
Cotton, Monthly	140	12	112	1,344	20	448	28	336	2	11	459
Grain and Beans	1,950	12	1,560	18,720	10	3,120	390	4,680	2	156	3,276
Hay Prices											
Hay, Monthly, Dealers ^{2/}	500	12	400	4,800	10	800	100	1,200	2	40	840
Hay, Monthly Price Survey (growers)	2,200	12	1,760	21,120	10	3,520	440	5,280	2	176	3,696
Hay, Biennial Prod and Sales ^{7/}	33,000	1	26,400	26,400	20	8,800	6,600	6,600	2	220	9,020
Hay, Jan. Milk Prod. Quest. ^{3/}	11,000	1	8,800	8,800	9	1,320	2,200	2,200	2	73	1,393
Hay, Feb-Dec Milk Prod. Quest. ^{3/}	4,500	11	3,600	39,600	9	5,940	900	9,900	2	330	6,270
Milk Production Report - NH - Oct ^{3/}	1,100	11	880	9,680	9	1,452	220	2,420	2	81	1,533
Peanuts ^{6/}	60	52	48	2,496	15	624	12	624	2	21	645
Potatoes											
Potatoes - Monthly ^{2/}	150	12	120	1,440	10	240	30	360	2	12	252
Potatoes - Annual ^{2/}	550	1	440	440	20	147	110	110	2	4	150
Rice	75	12	60	720	10	120	15	180	2	6	126
Sugar	20	2	16	32	10	5	4	8	2	0	6
Tobacco ^{2/}	10,000	3	8,000	24,000	10	4,000	2,000	6,000	2	200	4,200
Operation profiles ^{4/}	2,225	1	1,780	1,780	10	297	445	445	2	15	312
Livestock and Livestock Products											
Beef Cattle Prices	30	12	24	288	10	48	6	72	2	2	50
Hog Prices	30	12	24	288	10	48	6	72	2	2	50
Sheep and Lamb Prices US	20	12	16	192	10	32	4	48	2	2	34
Sheep and Lamb Prices - New England	500	1	400	400	5	33	100	100	2	3	37
Milk Price Inquiry - Monthly	110	12	88	1,056	10	176	22	264	2	9	185
Milk Price Inquiry - Annual	100	1	80	80	10	13	20	20	2	1	14
Livestock and Crops - AK	500	1	400	400	10	67	100	100	2	3	70
Advance letter ^{5/}	2,225	1	1,780	1,780	5	148	445	445	2	15	163

Prices Paid and Prices Received Projected Sample Sizes and Burden - 2010 -2012											
Survey Name	Sample Size	Freq	Responses ^{1/}				Non-response				Total Burden Hours
			Resp. Count	Freq x Count	Min./ Resp.	Burden Hours	Nonresp Count	Freq. x Count	Min./ Nonr	Burden Hours	
Prices Paid											
Farm Machinery	1,850	1	1,573	1,573	15	393	278	278	2	9	402
Feed	2,250	1	1,913	1,913	15	478	338	338	2	11	489
Fertilizer and Ag Chem	2,650	1	2,253	2,253	15	563	398	398	2	13	576
Fuels	2,350	1	1,998	1,998	5	166	353	353	2	12	178
Seeds											
Retail Seed Price Inquiry	1,400	1	1,190	1,190	10	198	210	210	2	7	205
Seed Cotton	175	1	149	149	5	12	26	26	2	1	13
Sunflower Seed	50	1	43	43	10	7	8	8	2	0	7
Rice Seed	100	1	85	85	15	21	15	15	2	1	22
Seed Peanut	25	1	21	21	5	2	4	4	2	0	2
Potato Seed	700	1	595	595	10	99	105	105	2	4	103
Screeners (New for 2010 sample)	20,000	1	17,000	17,000	5	1,417	3,000	3,000	2	100	1,517
Advance Letter (all PP surveys)	11,550	1	9,818	10,320	5	860	1,733	1,733	2	58	918
Subtotal	43,100		36,635	37,138		4,217	6,465	4,733		216	4,433
Total	114,085		93,423	202,994		35,615	20,662	46,197		1,598	37,213

^{1/} Projected responses are based on estimated response rate of 80%, except for Prices Paid surveys which is using an 85% response rate.

^{2/} These are estimated sample sizes for Field Offices which may conduct small, targeted surveys to obtain information in specialized areas or in changing markets.

^{3/} States add hay price questions to their monthly milk questionnaires during peak hay purchasing months. The Milk Production questionnaire (OMB No. 0535-0020) has a total burden of 15 minutes on the questionnaire (6 minutes for milk questions, 9 minutes for hay prices).

^{4/} Operation profiles are obtained at beginning of each sample year for cotton, grains, pulse crops, oilseeds, peanuts, and rice samples.

^{5/} Advance letters are included with the prices received samples. The time listed includes a re-contact of a small sub-sample of operators by phone to conduct a quality control check of the NASDA enumerators.

^{6/} Currently peanut prices are collected from headquarter units for their line operations.

^{7/} This survey is conducted every year, but only half of the States in the hay price program are contacted each year, to minimize respondent burden.

13. Provide an estimate of the total annual cost burden to respondents or recordkeepers 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 (equipment, overhead, printing, and staff), and any other expense that would not have been incurred without this collection of information.

The total cost to the Federal government for the agricultural price surveys is \$5 million; virtually all of the costs are staff costs for data collection and analysis.

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

The total response burden of 37,213 hours is an increase of 25,197 hours over the current inventory of 12,016 hours. Of the total hours of change in burden hours approximately 17,443 hours is due to several program changes: with the standardization of questionnaires used for County Estimates and/or Fall Acreage and Production surveys (0535-0002), NASS has removed all price questions from these questionnaires. As a result, some of our Field Offices have had to increase the sample sizes of some of their price surveys in order to be able to get the appropriate coverage for these commodities, particularly hay and tobacco which accounted for approximately 14,500 hours of additional burden. We have also renewed our request for approval to conduct livestock price surveys in selected States that do not have adequate administrative data to use in setting State level price estimates. The Livestock questionnaires were accidentally omitted from the previous submission, they will account for approximately 603 hours of the additional burden. Another big program change is the inclusion of a Screener questionnaire that will be used to improve our list of agribusinesses that sell farm inputs, which will help to strengthen our Prices Paid estimates. The new screener questionnaire will add an estimated 20,000 additional respondents and 1,517 hours of burden to the total. The remaining increase in burden due to program changes can be accounted for by the small increases in some of the sample sizes.

The remainder of the increase in burden hours (7,754) is due to adjustments in agency estimates. The majority of this is due to an error in the calculation of hours associated with the Biennial Hay survey; both the sample size and the frequency were miscalculated on the previous submission. Each year we

contact approximately 33,000 hay growers in half of the States in the hay program. The survey is conducted every year, only half of the States participate each year to reduce respondent burden. For the other commodities that are showing small changes in sample size, this is due to changes within the industries and their populations changing. NASS's sampling scheme has not changed.

- 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.**

Prices received estimates are published monthly in *Agricultural Prices*, released at 3:00 p.m. ET on the next-to-last or last working day of each month.

<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1002>

The *Agricultural Prices-Annual Summary* published in July contains these monthly estimates plus market year average prices for all major crop and livestock items as well as annual prices paid estimates.

<http://usda.mannlib.cornell.edu/usda/nass/AgriPric//2000s/2009/AgriPric-07-31-2009.pdf>

Peanut prices are published every Friday at 3:00p.m. ET. These publications are available on-line immediately after release at

<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1640>.

- 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.**

There is no request for approval of 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.

November 2009
Revised February, 2010