

**2013 SUPPORTING STATEMENT**  
**Annual Survey of Cooperatives**  
**(OMB No. 0570-0007)**

A. 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. 451-457, and Public Law No. 450 (copy attached). Section 3 (b) 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."

The Department of Agriculture also reiterated its support for cooperatives in the Secretary's Memorandum Number 1020-1 dated August 26, 1981. This policy statement by the Department gave its view of cooperatives and directed all agencies to conduct " ...research and technical assistance...that best serve cooperatives and the public interest."

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.

This collection of information serves the RBS mission, 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 report, 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.

For the past seven years, all cooperatives have received individual reports based on information they provided in the survey (copy attached). In this report, a common size income statement and balance sheet and financial ratios are developed that compares each cooperative with similar size and type cooperatives. These individual reports are invaluable to cooperative management and directors as most cooperatives have no other source of comparable performance data.

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 cooperatives, contacts, phone numbers, email addresses, web pages, and products sold or marketed by 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, and other interested parties.

Cooperative statistics also are published annually in Agricultural Statistics by USDA's National Agricultural Statistics Service (NASS). 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>  |
|--------|---|
| CS-**A | Farmer Cooperative Statistics, 20**, (Cooperatives with multi-state operations and memberships) |
| CS-**C | Farmer Cooperative Statistics, 20**, (Bargaining cooperatives)                                  |
| CS-**D | Farmer Cooperative Statistics, 20**, (Cooperatives with intra- state sales)                     |

- CS-\*\*F Farmer Cooperative Statistics, 20\*\*, (Fishery cooperatives)
- CS-\*\*G Farmer Cooperative Statistics, 20\* \*, (Cotton ginning cooperatives)
- CS-\*\*H Farmer Cooperative Statistics, 20\*\*, (An abbreviated form requesting only basic data for those cooperatives that have, historically, not been good respondents)
- CS-\*\*W Farmer Cooperative Statistics, 20\*\*, (Wool and mohair marketing cooperatives)

\*\* Denotes last two digits of survey year, i.e. 12 for data collected in 2012 and 13 for data collected in 2013 such as CP-2013A, CP-2013D, 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. About half of the respondents send in their annual reports for CP personnel to fill in the survey. A number of cooperatives send CP an electronic version of their annual reports and may include a pdf of the survey.

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 divisions are 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.

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 policy on 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 to strengthen 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 limited. Policy makers 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 reports sent back to the cooperatives comparing them to similar cooperatives are their only source of such data. These reports let them 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 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. (RBS' formal mission statement and value-based goals is attached.)

The master list of farmer cooperatives, updated by the annual CP survey, is used by all 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 with little success.

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.

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 June 11, 2013 [Vol. 78, No. 112, page number 34974]. No comments were received.

a. Over the years cooperatives and cooperative researchers have been asked to analyze our surveys and their suggestions have been utilized. Their suggestions have been incorporated and there has not been a significant change in the survey instrument over the last decade.

John Fruin  
Manager, Business Analysis  
Strategic Analysis & Research Division  
GROWMARK, Inc.  
1701 Towanda Ave.  
P.O. Box 2500  
Bloomington, Illinois 61702-2500

Doug Ohlson  
General Manager  
Frenchman Valley Coop  
202 Broadway Street  
Imperial, NE 69033-0578

Clinton Kaasa  
Cooperative Development Specialist  
6200 Jefferson Street  
Albuquerque, NM 87109

Debbie Turbeville  
Cooperative Development Specialist  
215 Third Loop Road  
Florence, SC 29205

Deborah Rausch  
Cooperative Development Specialist  
200 North High Street  
Columbus, OH 43215-2418

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 used with each 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. RBS Policy Memorandum No. 3200, Section IV, dated May 1981 (copy attached), directs each employee not to release or divulge any sensitive data 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 1,384. Each cooperative is requested to respond one time per year. The total annual hour burden is estimated to be 1,367 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 office manager or assistant manager. 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 spreadsheet. It presents the different forms used for each subgroup of the respondent population. The time estimates are shown for the various forms. Differing amounts of time are required to fill out the 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 \$214,248. 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</u> |
|---------------------------------------|--------------------------------------|
| GS-11 Agricultural Economist          | \$62,477                             |
| GS-14 Agricultural Economist          | \$136,771                            |
|                                       | \$199,248                            |
| Computer, printing & mailing supplies | \$15,000                             |
| <b>TOTAL</b>                          | \$214,248                            |

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 hourly burden in item 13 of OMB Form 83-I is due to revised estimates in the number of respondents and the elimination of forms CP-B, CP-R, CP-S, CP-T and CP-ID. CP-B had questions on cost of goods sold that were used to determine market share. Respondents did not want to provide this information, so market share is no longer estimated by RBS. Market share questions were also removed from CP-A forms.

CP-R, CP-S, and CP-T were eliminated due to the falling number of rice, sugar, and tobacco cooperatives and the diversification of products that they sell. These surveys were added in 1988 when there were 120 cooperatives receiving CP-R, -S, and -T forms while there are now only 44 such cooperatives. In addition, an increasing number of each of these three types of cooperatives now sell farm supplies.

No CP-ID form has been used over the last three survey periods, so this form has been eliminated.

Every year several hundred cooperatives cease to exist due to mergers, consolidations, and going out of business. The decrease in respondents resulted in an adjustment decrease of 110 responses and 89 hours. The elimination of forms accounted for a program change decrease of 10 responses and 5 hours for a net decrease of 120 responses and 94 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 2013 collection period are sent in September 2013. These cooperatives were mailed results in July from the prior survey year that compared their cooperative to similar cooperatives through the use of common size income statements, balance sheets, and financial ratios. The end of data collection will occur during June 2014, with a news release in September 2014. The annual report, Cooperative Statistics, will be

distributed in December 2014. The entire project should take approximately 16 months (beginning of data collection through publication of the report). (A complete listing of key dates for the 2013 survey is attached).

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.

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 sought.

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. How is this information collection related to the Service Center Initiative (SCD? Will the information collection be part of the one stop-shopping concept?

This information collection has no relationship to the Service Center Initiative and will not be part of the one stop shopping concept. This information is collected from farmer cooperatives, not farmers.

### **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 research focused on cooperative issues.
- 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.

### **Listing of Key Dates for the 2013 Survey of Cooperatives**

#### **2013**

|           |  |
|-----------|--|
| May       | Survey forms for 2013 survey developed.  |
| September | Begin data collection (1 <sup>st</sup> period of 2013 survey – for cooperatives with fiscal years ending January-June 2013.)                 |
| October   | Continue data collection (2 <sup>nd</sup> mailing – 1 <sup>st</sup> period). Data entry and error checking begins.                           |
| November  | Continue data collection (3 <sup>rd</sup> mailing – 1 <sup>st</sup> period).   |
| December  | Distribute the annual report <u>Cooperative Statistics, 2012</u> , to all cooperatives. Prepare dataset and charts on 2012 for RBS web page. |

#### **2014**

|          |  |
|----------|--|
| January  | Begin data collection (2 <sup>nd</sup> period of 2013 survey – for cooperatives with fiscal years ending July-September 2013).   |
| February | Continue data collection (2 <sup>nd</sup> mailing – 2 <sup>nd</sup> period).   |
| March    | Continue data collection (3 <sup>rd</sup> mailing – 2 <sup>nd</sup> period).   |
| April    | Begin data collection (3 <sup>rd</sup> period of 2013 survey – for cooperatives with fiscal years ending October-December 2013). |
| May      | Continue data collection (2 <sup>nd</sup> mailing – 3 <sup>rd</sup> period). Survey forms for 2014 survey developed.             |
| June     | Continue data collection (3 <sup>rd</sup> mailing – 3 <sup>rd</sup> period). Computer processing (data                           |

summarization begins).

- July Summarizing data, mail comparison reports with summary financial tables to all cooperatives.
- August Data analysis ends, Cooperative Statistics, 2013 finished. Prepare USDA news release. Prepare spreadsheets for data entry for 2014 survey. Articles summarizing the 2013 annual report and Top 100 cooperatives submitted for publication in *Rural Cooperatives* magazine.
- September Surveys for 2014 mailed.
- October Continue preparation of annual report. Continue mailing of surveys for 2014.
- November Complete preparation of annual report. Continue mailing of surveys for 2014.
- December Distribute the annual report Cooperative Statistics, 2013, to all cooperatives. Prepare dataset and charts on 2013 for RBS web page.