



**BILLING CODE: 3410-18**

**DEPARTMENT OF AGRICULTURE**

**Economic Research Service**

**Notice of Intent to Request New Information Collection**

**AGENCY:** Economic Research Service, USDA.

**ACTION:** Notice and request for comments.

**SUMMARY:** In accordance with the Paperwork Reduction Act of 1995 and Office of Management and Budget (OMB) implementing regulations, the U.S. Department of Agriculture Economic Research Service (ERS) invites the general public and other Federal agencies to take this opportunity to comment on a proposed new information collection for a study of “Risk Preferences and Demand for Crop Insurance and Cover Crop Programs.”

**DATES:** Written comments on this notice must be received on or before [INSERT DATE 60 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER] to be assured of consideration.

**ADDRESSES:** Address all comments concerning this notice to Stephanie Rosch, Market and Trade Economics Division, Economic Research Service, U.S. Department of Agriculture, 1400 Independence Ave. SW., Mail Stop 1800, Washington DC 20250-0002. Submit electronic comments to [stephanie.rosch@ers.usda.gov](mailto:stephanie.rosch@ers.usda.gov).

All written comments will be open for public inspection at the office of the Economic Research Service during regular business hours (8:30 a.m. to 5:00 p.m., Monday through Friday) at 355 E St., SW, Room 5-149B, Washington, D.C. 20024–3221.

All responses to this notice will be summarized and included in the request for Office of Management and Budget approval. All comments and replies will be a matter of public record.

Comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on those who are to respond, including use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

**FOR FURTHER INFORMATION CONTACT:** For further information contact Stephanie Rosch at the mailing address in the preamble. Tel. 202-694-5049.

**SUPPLEMENTARY INFORMATION:**

**Title:** Risk Preferences and Demand for Crop Insurance and Cover Crop Programs.

**OMB Number:** To be assigned by OMB.

**Expiration Date:** Three years from approval date.

**Type of Request:** New information collection.

**Abstract:** In accordance with the Paperwork Reduction Act of 1995 (Pub. L. 104-12) and OMB regulations at 5 CFR part 1320 (60 FR 44978, August 29, 1995), this notice announces USDA Economic Research Services' intention to request approval from the Office of Management and Budget (OMB) for a new data collection effort. This data collection will use an experiment with university students to (1) characterize the relationship between cover crop usage and crop insurance purchases, and (2) explore how this relationship depends on individuals' risk preferences and demographic characteristics. Outputs from the proposed experiment will be used to inform future risk management experiments with farmer participants.

Commodity support programs, including crop insurance, and programs to promote use of cover crops all significantly alter the farm revenue risk profile for the farmers who adopt them. Whether farmers will choose to adopt insurance and/or soil conservation programs depends on the individual risks faced by each farmer, which can vary across different regions, crops, and time periods, as well as how farmers assess the costs of the risks that they face. ERS currently models the demand for commodity support programs, federal crop insurance, and cover crop promotion programs as part of multiple research objectives. These economic models rely on traditional theories of farmer decision-making under risk, and over-predict participation rates for all crop insurance and cover crop programs.

The information to be collected in this proposed initiative is necessary to test alternate theories of decision-making under risk. This research is difficult to conduct without experiments and relying only on observational or administrative data due to the variety of US farms and production practices, the variety and complexity of real-world programs, and the limited variation in premium subsidies across the US farming population. By using experiments, we will be able identify alternate theories of decision-making under risk that provide more accurate predictions of crop insurance enrollments for student subjects. We plan to use these experiments to develop future follow-on experiments with farmer subjects - the results of which will be used to update existing ERS models to provide better estimates of the impact of subsidies on key subpopulations such as producers with marginal lands and producers of high value crops.

This experiment will be conducted with student subjects from the University of Rhode Island. Participation will be voluntary, and subjects will be recruited using email communications and classroom solicitations. During each session, subjects will perform three

simple tasks involving risky decisions and complete a brief demographic questionnaire. Sessions will be conducted at the Department of Environmental and Natural Resource Economics' Policy Simulation Laboratory (SimLab) at the University of Rhode Island. All experimental tasks will be conducted using SimLab computers and custom-designed software.

Each session will last for a maximum of 90 minutes. Subjects will receive a show-up fee of \$10 as is consistent with standard practice at SimLab. They will receive this payment even if they decline to participate in the experiment. In addition to the show-up fee, subjects will receive compensation based on the decisions they make during the course of the experiment. We expect to pay subjects, on average, between \$20-25 per person, including the show-up fee. In designing our experimental procedures and payment levels, we took into consideration academic standards, statistical power considerations, budgetary limitations, and discussions between OMB and ERS regarding this and other approved experimental research.

**Authority:** These data will be collected under the legal authority of 7 U.S.C. 2204(a).

ERS intends to protect respondent information under the Privacy Act of 1974 and 7 U.S.C. 2276. ERS has decided not to invoke the Confidential Information Protection and Statistical Efficiency Act of 2002 (CIPSEA). The complexity and cost necessary to invoke CIPSEA is not justified given the nature of the collection; the collection will be conducted by the University of Rhode Island and hosted in non-government owned computer systems, where CIPSEA compliance cannot be assured.

**Affected Public:** All respondents will be students at the University of Rhode Island.

**Estimated Number of Respondents and Respondent Burden:** Public reporting burden for this information collection of information is estimated to be 861 hours. We anticipate 750 burden hours will be needed to complete the experiment (500 subjects total, 1.5 hours per

subject) and 111 burden hours for subject recruitment (2000 potential subjects, 2-5 minutes per potential subject).

Copies of this information collection can be obtained from Stephanie Rosch at the address in the preamble.

**Comments:** Comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the Agency, including whether the information will have practical utility; (b) the accuracy of the Agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology. Comments should be sent to the address in the preamble. All responses to this notice will be summarized and included in the request for OMB approval. All comments will also become a matter of public record.

\_\_\_\_\_ Date: September 6, 2016 \_\_\_\_\_  
Mary Bohman  
Administrator, Economic Research Service

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