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The Honorable Sonny Perdue
Secretary
U.S. Department of Agriculture
1400 Independence Ave. SW
Washington, DC 20250

October 26, 2018

Honorable Secretary Purdue:

We are greatly appreciative of your leadership at the United States Department of Agriculture (USDA). Your work has been thoughtful and engaging of the farm, food, and market-based stakeholders across the agricultural, food, and natural resource sector. We want to thank you.

In service to our nation, on behalf of the membership of the Agricultural and Applied Economics Association, we write to express concerns about relocating the USDA Economic Research Service (ERS) out of the national capital region (NCR) and out of the Research, Education and Economics (REE) Mission Area. Our concerns include consideration of these factors:

- 1. The innovative character of the United States' agriculture requires national-scale, specialized research that the current ERS structure supports.** The ERS is centralized in Washington, DC to enable nationally focused research on the U.S. food and fiber system. It has a long-history of employing land-grant university (LGU) graduates and in providing agricultural economists with DC-based internships. Such experiences allow economics professionals invaluable exposure to USDA agencies, national-level research, policymaking, information, and national governance. The structure of the ERS Office of the Administrator and four divisions, organized by sub-disciplines, results in an effective and productive internationally recognized research unit. The states are responsible for state, regional, and local research and Extension with Hatch funding through the National Institute of Food and Agriculture. Our nation's farmers and LGUs depend upon statistics and research which flows from the ERS to those in the 'field'. If a part of the ERS is moved out of the NCR—which we do not favor—it will be imperative to maintain a majority of ERS' more than three hundred permanent, full time employees in or near DC to preserve the effective structure that serves the U.S.' economic, consumer, and producer interests by providing objective, timely, accurate, secure, and independent national-level agricultural economics statistics and research.
- 2. Moving the Economic Research Service (ERS) outside of the NRC in FY 19 will devastate the ERS budget because of the costs affiliated with:** 1) retirement of staff, 2) recruitment and rehiring to replace staff,ⁱ 3) penalty for breaking of the ERS lease, and 4) moving ERS infrastructure to a new location.ⁱⁱ These considerations do not include notable opportunity costs. We anticipate that the purchasing power of the ERS FY19 appropriation would effectively be cut by one third, if not one half. Where would the funds for the move come from? Would the new location be equipped for success given this lack of financial support? We argue that it will not. Relocating the ERS without special appropriations to support a move would cripple the agency's ability to operate effectively. The relocation of the National Institute of Food and Agriculture

- (NIFA) will result in similar challenges. These effective cuts would gravely undermine the investment in all agricultural research, but namely, agricultural economics research.
3. **As Secretary of Agriculture, you need the best information and you need it fast.** The USDA Office of the Chief Economist is a critical resource for objective, policy-relevant analysis. The three USDA Chief Economists since 1994 have demonstrated an excellent ability to deliver objective and timely analysis. *The capacity for this office to access information needs to be enhanced in and of itself.*
4. **At the AAEA, we caution against any organization of agricultural economic information that will contribute to even the perception that there has been political influence on statistical, data, analytical, and research resources.** It is imperative that the efficiency and effectiveness of the statistical resource guiding our nation's decisions, as well as the integrity, objectivity, impartiality, utility, and confidentiality of information collected for statistical purposes be upheld. What principles, policies, processes, standards, and guidelines will you undertake to guarantee the independence of the development, presentation, and dissemination of statistical information? It is critical to maintain ERS' independence. We ask that specific internal controls be considered to ensure that even any unintentional influence on the research, planning, and release of ERS' statistical and research resources is avoided.
5. **Agricultural economic research, education and extension is a critical component of the Research, Education, and Economics Mission Area.** Agricultural economics research is critical to understanding the nature of the macro and micro economy as well as how innovations will land in the marketplace. As indicated in a letter that we sent to you in 2017, as a profession, we seek to work with you during your tenure to improve the capacity of the USDA to address issues informed by 'big data' and improved statistics, support rural innovation economies, provide information for effective government programming, as well as other areas of research, education, and extension.

We ask that ERS remain a united research unit, under the REE Mission Area, and within the NRC. We understand that you may wish to move forward with your announcement. As you consider the fate of the ERS and agricultural economics, we urge you to consider three things:

- **Should you locate ERS outside of the national capital region, please consider** 1) pausing this decision until 2020 when the proper level of appropriations can be realized to undertake this change and 2) create no more than two ERS office locations, with a majority of staff remaining in the NRC.
- **Establish internal controls that will keep ERS independent wherever it exists on the organizational chart.** We respectfully request that ERS be kept in the REE Mission Area. The U.S. relies on the flow of objective, credible statistics to support the decisions of individuals, households, governments, businesses, and other organizations. The ERS is one of the U.S.' designated principal statistical agencies and we strongly find it should be subject to internal controls that maximize the objectivity, utility, and integrity of information. If a reorganization is to be made, we ask that clearly defined (e.g. via policies, procedures, and processes) internal controls be made public that will ensure its independence. Additionally, we would welcome the opportunity to discuss the 'dotted' line to the REE Mission Area.
- **Finally, we suggest that a report be undertaken to identify ways to modernize how agricultural, food, and resource economics data and analytics can serve the nation.** The future of our agricultural sector is vital to the health of our nation. We want to focus on the next generation of innovations, data, and information



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that bolster American competitiveness and prosperity. We want to work with you. There is much we can achieve together.

In closing, our predecessors have been thoughtful in crafting the current structure and location of the unique intramural research institution that is today's Economic Research Service. We are concerned that changing these aspects of the institution, without analysis of the goals, timeline, benefits, and costs, will disrupt and jeopardize the perception of the value of information produced.

We look forward to remaining in dialogue on this important issue and appreciate your consideration of our concerns and recommendations for how best to advance the use of agricultural economics at the USDA.

Sincerely,

David Zilberman
AAEA President

Scott Swinton
AAEA Past-President

Keith Coble
AAEA President-Elect

ⁱ While we do not know the true cost of staff retirements, we expect that it will be substantial. The cuts in the President's budget request for FY 19 outlined an expected cost of \$10 M to decrease the ERS workplace personnel. We anticipate that well over 50% of staff would not make the move with the agency to another location.

ⁱⁱ The National Institute of Food and Agriculture has to-date received \$4 M for this purpose. We expect that the ERS move will have a significant cost.