



555 E. Wells Street, Suite 1100 | Milwaukee, WI 53202 | (414) 918-3190 | Fax: (414) 276-3349 | www.aaea.org

June 21, 2017

Dr. Sonny Perdue
Secretary of Agriculture
United States Department of Agriculture
1400 Independence Ave., S.W.
Washington, DC 20250

Dear Secretary Perdue:

The Agricultural and Applied Economics Association (AAEA) is a not-for-profit association serving the professional interests of about 2,500 members working in agricultural and broadly related fields of applied economics. Members of the AAEA are employed by academic or government institutions, as well as in industry and not-for-profit organizations, and engage in a variety of teaching, research, and extension/outreach activities. Their work addresses a broad range of topics, such as the economics of agriculture, international and rural development, resources and the environment, food and consumer issues, and agribusiness.

The AAEA highly values the support for economic research, education, extension, and analysis that the United States Department of Agriculture (USDA) provides to the food and agricultural sector. We understand that this is a critical time for the development of this sector, as the sector embarks on important visionary activities and the USDA develops a new action plan for the Research, Education, and Economics (REE) Mission Area. As these activities unfold, we want to emphasize the value of social science research; point out the strength of the current USDA economic research, education, and extension programs; and highlight principles for continued success in economic research to serve the U.S. agricultural, food, and resource sectors and the public good. It is our perspective that economic programs within the USDA should be guided by the following five principles:

- Provide accurate, timely, and precise information on the state of the food and agricultural economy to improve the decision making of farmers, consumers, agribusinesses, and policy makers.
- Uphold and respect statistical directives and privacy laws; maintain the independence of principal statistical agencies from policy-advising units within government.
- Conduct applied and fundamental research to better understand the drivers of the health of the U.S. population, the robust nature of the U.S. food and fiber system, and the competitiveness of U.S. agriculture.
- Ensure that policy makers have timely and thorough analysis to ensure *evidence-based policy* that results in high quality, up-to-date evaluation of policies and programs.
- Increase the quality and quantity of economic and social science research conducted by the USDA.

These goals are reinforced by the structure of economic research, education, and extension supported by the USDA through the:

- *Office of the Chief Economist (OCE)* - The OCE reports directly to the Secretary of Agriculture and works across agencies to provide economic analysis of policies and programs affecting the U.S. food and fiber system and rural America.

- *Economic Research Service (ERS)* – The ERS is USDA’s intramural social science research and statistical agency. The ERS covers the breadth of USDA programs and provides information about food, agriculture, natural resources and the environment, and rural communities.
- *National Agricultural Statistics Service (NASS)* – NASS conducts hundreds of surveys every year and prepares timely, accurate, and useful statistics covering virtually every aspect of U.S. agriculture. Like ERS, NASS is a federal statistical agency under the Office of Management and Budget’s (OMB) Statistical Policy Directives.
- *National Institute of Agriculture (NIFA)* – NIFA includes many programs of importance, such as: formula funding that complements the state-level funding of the land-grant institutions, rural development program funding to support essential informal education to promote rural entrepreneurship and rural prosperity, and the flagship competitive grants program, the Agriculture and Food Research Initiative (AFRI), which supports many important endeavors, including the Foundational Program Area of the Agriculture Economics and Rural Communities (AERC) program.

The research, outreach, and education conducted by these agencies are of critical importance to the future prosperity of the food and agricultural sector. In February, the National Academies released a report for the National Science Foundation (NSF), [*The Value of Social, Behavioral, and Economic Sciences to National Priorities*](#), which highlights the value and importance of social science research. New technologies or information about improved production or dietary practices are only valuable if people adopt and use them. Understanding how people respond to new technologies, new policies, and new information is critical. The NSF report articulates clearly the importance of solving major societal challenges facing the United States by improving our understanding of how people and societies behave, why they respond the way they do, what they find important, what they believe or value, and what and how they think of others.

The resources provided by OCE, ERS, NASS, and NIFA are indispensable to the profession of agricultural and applied economics in its service to the U.S. The robust structure of the USDA Research, Education, and Economics (REE) Mission Area includes NIFA, ERS, NASS, and the Agricultural Research Service. These agencies report to the Undersecretary for REE, who in turn reports to the Secretary of Agriculture. This allows the ERS and the NASS to have representation to the Secretary of Agriculture through the REE Undersecretary. The Chief Economist, the head of the Office of the Chief Economist (OCE), reports directly to the Secretary of Agriculture on policy issues, providing economic policy analysis as well as reporting on long-term projections.

The current structure allows the ERS and NASS to uphold OMB statistical directives while also allowing the Chief Economist to be flexible enough to work across agencies to provide timely input to the Secretary of Agriculture. With a small staff, the Chief Economist can engage in cooperative agreements and use the resources provided by the World Agricultural Supply and Demand Estimates (WASDE) process. The Chief Economist provides timely policy analysis without the mandate to conduct basic or more broadly applicable applied economic science.

The ERS and NASS are separate from the Chief Economist because of their role as two of 13 principal statistical agencies of the U.S. government. Under the REE Undersecretary, the two agencies can function

properly as “principal statistical agencies.” The ERS also provides data and evidence-based policy analysis. The ERS offers a stockpile of information that contributes to both basic and applied research across the nation at land-grant and private universities.

Priorities for Research, Education, and Extension

In partnership with the Council on Food, Agricultural and Resource Economics, the AAEA has recently undertaken a two-year-long visioning process to identify key priority areas of research on critical issues related to farm income and economy, agricultural trade, food security, consumer demands, environmental quality, and big data and statistics. You may view the full report [here](#) and the information from the kick-off event [here](#). The priority areas for research, education and extension include:

- Cultivating economic development and trade policy for economic stability, growth, and equality;
- Understanding consumer preferences to enhance well-being;
- Ensuring growth and opportunities in the farm economy;
- Achieving nationwide food security to enhance rural and urban economic vitality;
- Big data to advance agricultural production and food supply, and to meet consumer demands;
- Enhancing natural resource and agricultural sustainability;
- Advancing rural economic growth for a robust America;
- Preparing the agricultural sector for a dynamic climate;
- Building an American energy economy; and
- Developing the solution supply chain by integrating innovation into the marketplace. (To be released 12/2017.)

The results of this process may be used in advancing the U.S. agricultural and applied research and education system, but also the U.S. agricultural innovation system.

Economics is a data-driven science, so applied economists and analysts highly value the USDA’s history of gathering and analyzing statistically representative data. The rising availability and increased quality of “big data” matters for the future of USDA data and statistics. We can imagine ways to advance the management of statistics and other data products as well as research, extension, and education activities. These ideas are part of an ongoing conversation to enhance our data resources both for the agricultural, food, and resource sector. We also know that there are financial constraints—we need to be more efficient in data collection than ever before. To capitalize in a timely fashion on opportunities, the AAEA suggests a “Big Data and Statistics Steering Committee” be established to advise the continued evolution of the acquisition, use, and protection of data gathered by USDA.

Such a Committee will not only be important to modernizing our USDA data systems to better serve the agricultural sector, but also will advance the type of research and analysis that can be done on important issues related to the farm economy, supply chains, farm programs, conservation, and food safety. AAEA members want to work with you to modernize the data, statistics, and research system moving forward. This is an important way in which the profession can train workforce-ready graduates for both industry and academia.



555 E. Wells Street, Suite 1100 | Milwaukee, WI 53202 | (414) 918-3190 | Fax: (414) 276-3349 | www.aaea.org

In closing, the AAEA believes that the five principles listed on page 1 should guide any review of USDA research and data management. While the intramural and extramural research, education, and economics system meets our goals, we believe there is room for further improvement. As a profession, we welcome discussing this with you.

Thank you for your leadership and vision for a great American future. We share this goal and want to put our knowledge and expertise forth as a resource for advancing the U.S. economy.

Sincerely,

Jayson L. Lusk
President of the Agricultural and Applied Economics Association

Jill McCluskey
Past President of the Agricultural and Applied Economics Association

Scott Swinton
Incoming President of the Agricultural and Applied Economics Association