

ECONOMIC RESEARCH SERVICE

FY 2002 ANNUAL PERFORMANCE PLAN and REVISED PLAN for FY 2001 (July 2001)

The Economic Research Service (ERS) was established in 1961 from components of the former Bureau of Agricultural Economics principally under the authority of the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627). ERS's portfolio later was expanded to include international work with the addition of country specialists from the Office of Foreign Agricultural Relations. ERS performs work under one appropriation item, economic analysis and research.

The mission of the Economic Research Service is to inform and enhance public and private decision making on economic and policy issues related to agriculture, food, natural resources, and rural development.

Activities to support this mission and ERS's goals include research and development of economic and statistical indicators on a broad range of topics including: global marketing conditions, trade restrictions, agribusiness concentration, farm and retail food prices, food assistance, food borne illnesses, food labeling, nutrition, agrichemical usage, livestock waste management, conservation, sustainability, genetic diversity, biotechnology, technology transfer, rural infrastructure, and agricultural labor. Research results and economic indicators on these important issues are disseminated through the ERS website; briefings and other presentations; published and electronic reports and articles; staff analyses and papers in response to specific requests; data bases; and individual contacts. Through such activities, ERS provides public and private decision makers with economic and related social science information and analysis that helps in achieving the goals of promoting U.S. agricultural competitiveness, food safety, a well nourished population, environmental quality, and a sustainable rural economy. More information on ERS's program is contained in the ERS Strategic Plan.

Resources necessary to conduct the ERS program include an appropriate mix of staff to conduct and disseminate research, including a substantial core staff of researchers highly trained in the economics discipline, as well as in some of the other social sciences. It is critical not only to recruit such staff, but also to provide them with the training and development resources to maintain and improve their skills. ERS has created a system requiring regular peer reviews of all research staff with a goal of ensuring that standards of excellence for economics and the other social science disciplines represented in ERS are consistently met. ERS requires internal and/or external peer review of its published materials, whether they are published electronically or on paper. Training and other developmental experiences are also provided to the non-research staff, and the agency is in the process of assessing its future needs in terms of research support.

In addition to its human resource needs, the agency requires access to significant data resources, usually purchased from other organizations. Cutting-edge computer technology is essential to the agency's research program and to the dissemination of its research and analysis. ERS is transforming its website into its premier information outlet, not only covering the entire breadth and depth of the agency's information program, but also providing users access to databases that they can query and manipulate to meet their needs. The new site was launched in January 2001, but the process of change and upgrade is ongoing. More discussion of management goals in support of the ERS program can be found under Goal 6.

Verification and Validation: Research institutions face difficult problems in developing indicators that accurately reflect their success at influencing—or at least providing useful background for—policy decisions. Quantitatively and definitively establishing the link between particular decisions and specific analyses is widely acknowledged as extremely difficult.

In the annual performance report, ERS will use some metrics to describe quality and timeliness of major outputs. ERS maintains records summarizing its outputs and their peer review prior to release and maintains a log of the deadlines and completion dates of all requested analyses. These records will be used to provide actual numbers for the indicators.

Also, and more importantly, in the annual performance report, ERS will include narratives covering characteristics of ERS output to demonstrate how ERS ensured that policy makers, regulators, program managers, and organizations shaping public debate had access to high quality, objective, relevant, and timely analyses. The narratives capture information on the quality of ERS analysis, not only in terms of rigorous adherence to standards of disciplinary excellence, but also on anticipation of issues, the accessibility of the analysis, and how the analysis contributed to informed decision making.

ERS is seeking more accurate and comprehensive means of measuring its performance and has taken several steps in this direction. During FY 2000-2002, the agency is developing an ERS information system to better document its outputs and record more information on the customers served. In the meantime, the agency is improving its capacity to target its products to those who need them. Along with that capacity will come better capability to measure usefulness to customers. However, interpreting the results of measurements against indicators is not a straightforward process. If ERS analysis is objective, analysis on the efficacy, efficiency, and equity impacts of specific policies, programs, and regulations will at any one time support some customers' proposals but not others. As a result, customer satisfaction cannot be the only measure of success, though it is a useful indicator. Finally, looking more broadly, ERS staff are working with a university economist known for expertise in assessing the benefits of research to specifically assess the benefits of social science research, with several ERS case studies intended as a product of the work.

Program Evaluation: An important evaluation effort underway is an extensive study of the public and private supply of and demand for economic information on commodity markets. ERS is conducting the study, though the data and survey portions were contracted out to the National Agricultural Statistics Service/USDA and Mathematica Inc. The goal of the study is to understand ERS's role and effectiveness in providing market information that will contribute to development of sound public policies, better managed public programs, and competitive market conditions. (Expected completion: December 2001.)

Information Security Program: ERS has in place an Information System Security Program that protects the agency's computers, website and related information systems. It is led by a Security Officer, with assistance from additional technical staff. In addition, ERS has just adopted a Data Security Policy, that provides guidance to all agency staff in the protection of confidential data resources used and maintained by ERS as part of the agency's research and analysis program.

Role of External Entities: The Economic Research Service FY 2000-2001 Performance Plan was prepared by Federal employees only. No consultants or contractors were used. No consultants or contractors were used.

Goal 1: The agricultural production system is highly competitive in the global economy.

Objective 1.1: Enhanced understanding by policy makers, regulators, program managers, and those shaping public debate of economic issues affecting the U.S. food and agriculture sector's competitiveness, including factors related to performance, structure, risk and uncertainty, marketing and market and nonmarket trade barriers.

Baseline: The FY 1999 data will serve as the baseline for the indicators for this goal.

Program Activity: Economic Analysis and Research

	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate	FY 2002 Estimate
Funding (in thousands of dollars)	\$20,606	\$20,550	\$21,029	\$22,820
FTEs	206	200	205	205

Performance Goals and Indicators	FY 1999 Actual	FY 2000 Actual	FY 2001 Target	FY 2002 Target
Provide timely and high quality analyses of the economic issues affecting the U.S. food and agriculture sector's competitiveness including factors related to performance, structure, risk and uncertainty, marketing, and market and non-market trade barriers.				
Published research meets peer review standards (percent)	100	100	100	100
Requested analyses delivered by deadline (percent)	82	92	90	90

Discussion of Annual Performance Goal: Achievement of this performance goal supports the achievement of USDA Goal 1--Expand economic and trade opportunities for U.S. agricultural producers.

The ERS performance plan specifies parallel quantitative indicators for each of its performance goals. The first indicator shows that the agency intends to meet the standards of peer review for published materials 100 percent of the time. That is, all published materials--whether they are USDA monographs, refereed journal articles, ERS situation and outlook reports, periodicals, or information on the ERS website--will receive review by experts as appropriate for the category of publication. The second indicator refers to analyses requested by customers and stakeholders or by the Administrator. In addition to the indicators noted above, ERS will report on its performance using narratives that demonstrate how ERS outputs enhanced understanding of economic issues. Please see discussion of ERS performance indicators verification and validation on the first page of the plan.

Means and Strategies: To meet this performance goal, ERS will: identify key economic issues relating to the competitiveness of U.S. agriculture; use sound analytical techniques to understand the immediate and broader economic and social consequences of alternative policies and programs and the effects of changing macroeconomic and market conditions on U.S. competitiveness; and effectively communicate research results to policy makers, program managers, and those shaping the public debate regarding U.S. agricultural competitiveness.

Because ERS's economic analyses cover all aspects of USDA's mission, the crosscuts between ERS research and the missions and goals of other USDA agencies are extensive and complicated. ERS's unique contribution is provision of external economic analysis. One example relating to competitiveness is ERS's close work with the Foreign Agricultural Service, World Agricultural Outlook Board, and the U.S. Office of the Special Trade Representative to analyze the international agriculture and trade effects of World Trade Organization (WTO).

FY 2002 Initiative

In response to requirements of the Mandatory Livestock Price Reporting Act of 1999, ERS has been given responsibility for developing and regularly publishing information on the retail purchase prices of representative meat products. In order to be able to meet this mandate, ERS has requested annual funding of \$1.197 million. This funding would permit development of retail purchase quantities, values and average prices for the major meats (beef, pork, and chicken) and for four to eight representative cuts for each. For the other meats (turkey, veal, and lamb), data on the total and two to four cuts would be collected. All would be published on the ERS website on a monthly basis.

Goal 2: The food production system is safe.

Objective 2.1: Enhanced understanding by policy makers, regulators, program managers, and those shaping public debate of economic issues related to improving the efficiency, efficacy, and equity of public policies and programs designed to protect consumers from unsafe food.

Baseline: The FY 1999 data will serve as the baseline for the indicators for this goal.

Program Activity: Economic Analysis and Research

	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate	FY 2002 Estimate
Funding (in thousands of dollars)	\$3,291	\$3,744	\$3,832	\$3,939
FTEs	36	36	37	37

Performance Goals and Indicators	FY 1999 Actual	FY 2000 Actual	FY 2001 Target	FY 2002 Target
Provide timely and high quality analyses of economic issues affecting the safety of the U.S. food supply including the efficacy, efficiency, and equity of alternative policies and programs designed to protect consumers from unsafe food.				
Published research meets peer review standards (percent)	100	100	100	100
Requested analyses delivered by deadline (percent)	87	88	90	90

Discussion of Annual Performance Goal: Achievement of this performance goal supports the achievement of USDA Goal 2—Promote health by providing access to safe, affordable and nutritious food. See discussion under Goal 1 and Verification and Validation section on the first page of the plan.

Means and Strategies: To meet this performance goal, ERS will: identify key economic issues relating to protecting consumers from unsafe food; use sound analytical techniques to understand the immediate and long term efficiency, efficacy, and equity consequences of alternative policies and programs aimed at providing a safe food supply; and effectively communicate research results to policy makers, program managers, and those shaping efforts to protect consumers from unsafe food.

Because ERS's economic analyses cover all aspects of USDA's mission, the crosscuts between ERS research and the missions and goals of other USDA agencies are extensive and complicated. An example of these crosscuts relating to goal 2 is ERS cooperation with the Agricultural Research Service (ARS), Food Safety and Inspection Service (FSIS), Centers for Disease Control and Prevention, Agricultural Marketing Service (AMS), and Grain Inspection, Packers, and Stockyards Administration on the National Food Safety Initiative. ERS's unique contribution is provision of external economic analysis.

Goal 3: The nation's population is healthy and well-nourished.

Objective 3.1: Enhanced understanding by policy makers, regulators, program managers, and organizations shaping public debate of economic issues relating to the nutrition and health of the U.S. population, including factors related to food choices, consumption patterns at and away from home, food prices, food assistance programs, nutrition education and food industry structure. Such understanding underpins the capacity to ensure equitable access to a wide variety of high-quality, affordable food.

Baseline: The FY 1999 data will serve as the baseline for the indicators for this goal.

Program Activity: Economic Analysis and Research

	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate	FY 2002 Estimate
Funding (in thousands of dollars)	\$16,144	\$16,144	\$16,522	\$13,632
FTEs	40	37	38	38

Performance Goals and Indicators	FY 1999 Actual	FY 2000 Actual	FY 2001 Target	FY 2002 Target
Provide timely and high quality analyses of economic issues affecting the nutrition and health of the U.S. population including factors related to food choices, consumption patterns at and away from home, food prices, food assistance programs, nutrition education, and food industry structure.				
Published research meets peer review standards (percent)	100	100	100	100
Requested analyses delivered by deadline (percent)	100	93	90	90

Discussion of Annual Performance Goal: Achievement of this performance goal supports the achievement of USDA Goal 2: Promote health by providing access to safe, affordable and nutritious food. See discussion under Goal 1 and Verification and Validation section on the first page of the plan.

Means and Strategies: To meet this performance goal, ERS will: identify key economic issues affecting food prices and food consumption patterns; use sound analytical techniques to understand the immediate and broader economic and social consequences of the changing structure of the food industry and of policies and programs aimed at ensuring consumers equitable access to affordable food and to promote healthful food consumption choices; and effectively communicate research results to policy makers, program managers, and those shaping the public debate regarding healthful and nutritious diets.

Because ERS's economic analyses cover all aspects of USDA's mission, the crosscuts between ERS research and the missions and goals of other USDA agencies are extensive and complicated. ERS's

unique contribution is provision of external economic analysis. One example of cooperative efforts relating to this goal is ERS's priority setting process for economic research on food and nutrition. This process is launched with a conference where Federal policy officials both within and outside USDA, Congressional staff, public and private sector researchers, and representatives from public interest groups provide input to the identification of research priorities for the ERS Food and Nutrition Research Program.

The FY 2002 budget gives ERS \$3.0 million less for food assistance research and evaluation than the agency received in FY 2001. As a result, ERS will do fewer studies dealing with the administrative responsibilities of running the food assistance programs. These studies will be carried out by the Food and Nutrition Service (FNS). The FNS budget has been increased to reflect this division of labor.

Goal 4: Agriculture and the environment are in harmony.

Objective 4.1: Enhanced understanding by policy makers, regulators, program managers, and those shaping public debate of economic issues relating to development of Federal farm, natural resource, and rural policies and programs to protect and maintain the environment while improving agricultural competitiveness and economic growth.

Baseline: The FY 1999 data will serve as the baseline for the indicators for this goal.

Program Activity: Economic Analysis and Research

	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate	FY 2002 Estimate
Funding (in thousands of dollars)	\$12,092	\$12,092	\$12,375	\$12,711
FTEs	121	114	116	116

Performance Goals and Indicators	FY 1999 Actual	FY 2000 Actual	FY 2001 Target	FY 2002 Target
Provide timely and high quality analyses of economic issues affecting agriculture's interface with the environment including those related to integrated pest management, sustainability, biodiversity, global change, and environmental accounting.				
Published research meets peer review standards (percent)	100	100	100	100
Requested analyses delivered by deadline (percent)	85	92	90	90

Discussion of Annual Performance Goal: Achievement of this performance goal supports the achievement of USDA Goal 3: Maintain and enhance the Nation's natural resources and environment. See discussion under Goal 1 and Verification and Validation section on the first page of the plan.

Means and Strategies: To meet this performance goal, ERS will: identify key economic issues relating to interactions among natural resources, environmental quality, and the agriculture production system; use sound analytical techniques to understand the immediate and broader economic and social consequences of alternative policies and programs to protect and enhance environmental quality associated with agriculture; and effectively communicate research results to policy makers, program managers, and those shaping public debate regarding agricultural resource use and environmental quality.

Because ERS's economic analyses cover all aspects of USDA's mission, the crosscuts between ERS research and the missions and goals of other USDA agencies are extensive and complicated. For example, ERS works with the Natural Resources Conservation Service (NRCS) and the Farm Service

Agency (FSA) to support formulation and implementation of the Conservation Reserve, Swampbuster, and the Environmental Quality Incentives programs. Such activities bring ERS staff in close cooperation with the Department of the Interior and the Environmental Protection Agency, as do ERS efforts to improve understanding of the economics of integrated pest management and resource-conserving production practices. ERS's unique contribution is provision of external economic analysis.

ERS supports the USDA Food Quality Protection Act activities and Integrated Pest Management and Related Programs crosscut through its research on how economic issues affect farmers' choices among alternative pest managements practices and technologies. ERS supports the Invasive Non-Native Species crosscut by improved economic estimates of the risks posed by non-native weeds.

ERS supports the USDA Biotechnology Coordinating Council and interdepartmental efforts with FDA and EPA in the USDA Biotechnology crosscut through research addressing both product impacts for farmers and industry behavior and potential impacts from industry concentration in this area. Research and related data collection efforts are designed to capture this rapidly emerging and turbulent technological change.

Goal 5: Enhanced economic opportunity and quality of life for rural Americans.

Objective 5.1: Enhanced understanding by policy makers, regulators, program managers, and organizations shaping public debate of economic issues affecting rural development, including factors related to farm finances and investments in rural people, businesses and communities, and of economic issues relating to the performance of all sizes of American farms.

Baseline: The FY 1999 data will serve as the baseline for the indicators for this goal.

Program Activity: Economic Analysis and Research

	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate	FY 2002 Estimate
Funding (in thousands of dollars)	\$12,833	\$12,833	\$13,133	\$14,098
FTEs	130	124	126	126

Performance Goals and Indicators	FY 1999 Actual	FY 2000 Actual	FY 2001 Target	FY 2002 Target
Provide timely and high quality economic analyses that identify (1) how investments in rural people, businesses, and communities affect rural economies' capacity to survive and prosper in the global marketplace and (2) what policies and programs keep American farms of all sizes viable.				
Published research meets peer review standards (percent)	100	100	100	100
Requested analyses delivered by deadline (percent)	88	93	90	90

Discussion of Annual Performance Goal: Achievement of this performance goal supports the achievement of USDA goal 1: Expand economic and trade opportunities for U.S. agricultural producers and USDA goal 4: Enhance the capacity of all rural residents, communities and businesses to prosper. See discussion under Goal 1 and Verification and Validation section on the first page of the plan.

Means and Strategies: To meet this performance goal, ERS will: identify key economic issues relating to rural economic development and farm viability; use sound analytical techniques to understand the immediate and broader economic and social consequences of how alternative policies and programs and changing market conditions affect rural and farm economies; and effectively communicate research results to policy makers, program managers, and those shaping the public debate on rural economic conditions and performance of all sizes and types of farms.

Because ERS's economic analyses cover all aspects of USDA's mission, the crosscuts between ERS research and the missions and goals of other USDA agencies are extensive and complicated. For example ERS works with the Cooperative State Research, Education, and Extension Service, the Rural Business-Cooperative Service, and the Rural Utilities Service on the Rural Community Enhancement Program and the Rural Housing Program. In addition ERS rural-urban categorizations are essential to the Department of Health and Human Services' administration of programs in rural areas. Again, ERS's unique contribution is provision of external economic analysis.

FY 2002 Initiative

Additional funding of \$600,000 has been requested to support ERS provision of economic analysis and expert witnesses on the determination of economic damages in the Pigford v. Glickman class action suit. The suit alleged racial discrimination in the administration of USDA farm loan and benefit programs. ERS was given responsibility to assist the Department of Justice by determining the level of economic damages that should be awarded to a claimant in Track B cases when the arbitrator decides that discrimination has occurred. The role of ERS is not to minimize any compensation that a claimant may be awarded, but to generate an objective estimate of damages using a consistent, understandable, and defensible methodology based on standardized farm accounting procedures. ERS economists also serve as expert witnesses on individual cases, providing depositions and direct testimony, serving as economic and agricultural consultants during mediation, and being cross examined during arbitration hearings. To staff this activity, ERS has assigned 10 senior economists to work on the 230 cases expected to be initiated over a 20-month period. The \$600,000 request would cover salaries and benefits for 5 staff years during FY 2002.

Management Goal

Goal 6: ERS effectively marshals its diverse capabilities and resources in support of Mission Area and Agency program goals.

Objective 6.1: ERS provides an environment that supports staff accomplishment and development and cultivates excellence in research and information dissemination, actively valuing diversity and treating all–staff and customers–with dignity and respect.

	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate	FY 2002 Estimate
Funding (in thousands of dollars)	Included under program goals			
FTEs				

Performance Goals	FY 1999 Actual	FY 2000 Actual	FY 2001 Target	FY 2002 Target
ERS efforts contribute to increasing the diversity of the discipline of agricultural economics, ultimately leading to progress in increasing the diversity of the 110 Economist series in ERS. A diverse group of students is recruited and selected for the summer intern program	Yes	Yes	Yes	Yes
ERS employees and managers use a variety of Alternative Dispute Resolution resources to address and resolve workplace disputes.	Yes	Yes	Yes	Yes
ERS staff take advantage of opportunities offered to increase their skills and contribute to the mission of the agency at more advanced levels, through training and career enhancement programs. ERS management commits funds for short- and long-term training Staff in Career Enhancement positions progress toward target series and grades	yes Yes	1.3% of salary funds Yes (9 CE positions)	1% of salary funds Yes	1% of salary funds Yes

Performance Goals	FY 1999 Actual	FY 2000 Actual	FY 2001 Target	FY 2002 Target
The ERS Performance Information Management System (PIMS) is completed and use of the system becomes integrated into ERS reporting and management processes.	n/a	Core system complete	System up and running; mgmt/staff inputting information; results available	System provides reliable information for program evaluation
ERS website establishes ERS as the premier provider of real-time, real-value economic analysis to the agency's primary customers via the World Wide Web.	n/a	Preparations for new website substantially complete	New website available on public domain; systems documented; staff trained	Continuous improvement

Discussion of Performance Goals: Achievement of this goal supports the achievement of USDA Goal 5: Operate an efficient, effective and discrimination-free organization. In general, ERS administrative support is performed with ERS resources by the REE mission area's Administrative and Financial Management (AFM) staff in the Agricultural Research Service. However, ERS does face a variety of management challenges beyond the administrative activities carried out by AFM. ERS goal 6 reflects the agency's commitment to manage all its human, technology, information and budget resources wisely. As a research and analysis agency, ERS is critically dependent on creating and maintaining a highly trained staff. To do this, the agency must provide a discrimination-free environment. It must also provide cutting-edge technology. The specific measures under this goal reflect the multiple facets of such a broad goal. The first performance goal, ultimately aimed at increasing workforce diversity in ERS, poses some serious difficulties, both in achievement and measurement. Note the difficulties and possibilities discussed in the Means and Strategies section.

Means and Strategies: Achievement of this goal is dependent upon an approach to agency leadership designed to foster a working environment in which all employees are supported to reach their full potential in contributing to the success of the agency's mission. Resources necessary to accomplish this initiative are reflected throughout the ERS program of research and analysis.

Because of the traditionally homogeneous demographics of the agricultural economics discipline, ERS has adopted a long-range strategy of increasing the diversity of the main component of its workforce, those in the economist series. ERS's aim is to increase the size of the pool of minorities who have the kinds of qualifications needed for ERS economic research positions--Ph.D.'s or equivalent research experience. National Research Council data for the United States in 1999 show that only six African Americans, no American Indians, six Asian Americans and one Hispanic American received Ph.D.'s in agricultural economics that year. Given these statistics, traditional approaches to hiring are not very effective. ERS's approach has been to try to increase the number of minority students majoring and going to graduate school in agricultural economics and economics.

Verification and Validation: Accomplishment of these goals will be validated as appropriate by internal and external reports and assessments. ERS is required to provide quarterly Civil Rights Assessment Reports to the USDA Office of Civil Rights. The reports receive serious scrutiny by that office. ERS also provides annual updates of its Affirmative Employment Program Plan, which is part of the USDA update

provided to the Equal Employment Opportunity Commission. In addition, ERS reports annually on its accomplishments in working with minority institutions through reports provided to the Cooperative Research, Extension and Education Service and the Office of Budget and Policy Analysis. The reports are combined with those of the rest of USDA and sent to the White House to document involvement with Historically Black Colleges and Universities, Hispanic Serving Institutions and Tribal Colleges.

SUMMARY OF ERS RESOURCES FOR FY 2001 (Dollars in Thousands)						
	GOAL 1	GOAL 2	GOAL 3	GOAL 4	GOAL 5	TOTAL
Economic Analysis and Research	\$21,029	\$3,832	\$16,522	\$12,375	\$13,133	\$66,891
	205 FTEs	37 FTEs	38 FTEs	116 FTEs	126 FTEs	522 FTEs

SUMMARY OF ERS RESOURCES FOR FY 2002 (Dollars in Thousands)						
	GOAL 1	GOAL 2	GOAL 3	GOAL 4	GOAL 5	TOTAL
Economic Analysis and Research	\$22,820	\$3,939	\$13,632	\$12,711	\$14,098	\$67,200
	205 FTEs	37 FTEs	38 FTEs	116 FTEs	126 FTEs	522 FTEs

In addition to the funds requested to support initiatives, as noted under Goal 1 and Goal 5, \$1,512,000 is being requested in FY 2002 to cover increased pay costs.