2011 Explanatory Notes
Economic Research Service

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# ECONOMIC RESEARCH SERVICE

## Purpose Statement

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). The mission of ERS is to inform and enhance public and private decision making on economic and policy issues related to agriculture, food, the environment, and rural development.

Activities to support this mission and the following goals involve research and development of economic and statistical indicators on a broad range of topics including, but not limited to global agricultural market conditions, trade restrictions, agribusiness concentration, farm and retail food prices, foodborne illnesses, food labeling, nutrition, food assistance programs, agrichemical usage, livestock waste management, conservation, genetic diversity, technology transfer, and rural employment. Research results and economic indicators on such important agricultural, food, natural resource, and rural issues are fully disseminated to public and private decision makers through published and electronic reports and articles; special staff analyses, briefings, presentations, and papers; databases; and individual contacts. More information on ERS' program is contained on the ERS Web site (www.ers.usda.gov).

The ERS headquarters is in Washington, D.C. ERS does not have any field offices. As of September 30, 2009 there were 375 permanent full-time employees.

ERS was the subject of four external audits or evaluations during FY 2009. These reviews included the agency's economic modeling activities; an audit of security and privacy procedures and practices established by the Federal Information Security Management Act (FISMA); testing of controls of the General Computer Controls established by the Office of Management and Budget (OMB) Circular A-123; and an audit of the Agricultural Consolidation and Impacts on Food Prices.

As part of the agency's regular process of external review, ERS commissioned a review by a panel of outside experts to evaluate the agency's economic modeling practices. The panel reviewed practices employed to support the agency's institutional models. The panel concluded that many economic modeling practices meet or exceed disciplinary best practices for data and model development. ERS is identifying actions to implement the panel's recommendations for meeting best practices in economic modeling across the agency's institutional models.

The USDA Office of the Inspector General (OIG) conducted the FISMA audit as part of its regular practice to sample compliance by USDA agencies' with system security management. OIG found that while ERS is above average in its effectiveness of most information security and privacy policies, procedures, and practices, deficiencies were found with some security controls. ERS has initiated a program of work to mitigate these deficiencies.

In addition, the USDA Office of the Chief Information Officer requires agencies to perform annual assessments of key FISMA security controls for all of their agency systems. This test gives Department and agency management reasonable assurance that controls are designed and operated effectively in order to support management's assurance statement to this effect. Test results and findings identified deficiencies with some security controls. ERS is implementing a plan to mitigate the deficiencies identified in the audit.

Finally, a fourth audit, which focused on the Agricultural Consolidation and Impacts on Food Prices, was conducted by the Government Accountability Office (GAO). The final report, which contained no recommendations for ERS, was issued on June 30, 2009.

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Available Funds and Staff Years
2009 Actual and Estimated 2010 and 2011

| Item | Actual 2009 Amount | Actual 2009 Staff Years | Estimated 2010 Amount | Estimated 2010 Staff Years | Estimated 2011 Amount | Estimated 2011 Staff Years |
|---|---|---|---|---|---|---|
| Economic Research Service…… | $79,500,000 | 388 | $82,478,000 | 398 | $87,171,000 | 408 |
| Obligations under other USDA appropriations: | | | | | | |
| Foreign Agricultural Service…… | 399,533 | 1 | 400,000 | 1 | 400,000 | 1 |
| Office of the Secretary…… | 98,000 | - | - | - | - | - |
| Food and Nutrition Service……. | 750,000 | - | 600,000 | - | 600,000 | - |
| Total, Other USDA Appropriation……. | 1,247,533 | 1 | 1,000,000 | 1 | 1,000,000 | 1 |
| Total, Economic Research Service……. | $80,747,533 | 389 | $83,478,000 | 399 | $88,171,000 | 409 |

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Permanent Positions by Grade and Staff Year Summary

2009 Actual and Estimated 2010 and 2011

| Grade | 2009 Actual Washington DC | 2010 Estimated Washington DC | 2011 Estimated Washington DC |
|---|---|---|---|
| Senior Executive Service | 7 | 8 | 8 |
| GS-15 | 75 | 75 | 75 |
| GS-14 | 83 | 83 | 86 |
| GS-13 | 97 | 97 | 102 |
| GS-12 | 49 | 51 | 53 |
| GS-11 | 31 | 31 | 31 |
| GS-10 | 1 | 1 | 1 |
| GS-9 | 23 | 23 | 23 |
| GS-8 | 7 | 7 | 7 |
| GS-7 | 4 | 4 | 4 |
| GS-6 | 4 | 4 | 4 |
| GS-5 | 2 | 2 | 2 |
| GS-4 | 4 | 4 | 4 |
| GS-3 | 4 | 4 | 4 |
| GS-2 | 5 | 5 | 5 |
| Total Permanent Positions | 396 | 399 | 409 |
| Unfilled Positions, end-of-year | -21 | - | - |
| Total Permanent, Full-Time Employment, end-of-year | 375 | 399 | 409 |
| Staff-Year Estimate | 389 | 399 | 409 |

ECONOMIC RESEARCH SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets).

Salaries and Expenses:

For necessary expenses of the Economic Research Service, [$82,478,000] $87,171,000. (7 U.S.C. 292, 411, 427, 1441a, 1704, 1761-68, 2201, 2202, 2225, 3103, 3291, 3311, 3504; 22 U.S.C. 3101; 42 U.S.C. 1891-93; 44 U.S.C. 3501-11; 50 U.S.C. 2061 et seq., 2251 et seq.; Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2010.)

ECONOMIC RESEARCH SERVICE

SALARIES AND EXPENSES

| | |
|---|---|
| Appropriations Act, 2010 | $82,478,000 |
| Budget Estimate, 2011 | 87,171,000 |
| Increase in Appropriation | 4,693,000 |

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

| Item of Change | 2010 Estimated | Pay Costs | Program Changes | 2011 Estimated |
|---|---|---|---|---|
| Administrative Data Pilot | - | - | $2,000,000 | $2,000,000 |
| Improve User Access to Statistical Data | - | - | 2,000,000 | 2,000,000 |
| Community Access to Local Foods | - | - | 2,000,000 | 2,000,000 |
| Maintain Data Integrity and Confidentiality | - | - | 990,000 | 990,000 |
| Consumer Data Information Program | $3,500,000 | - | -515,000 | 2,985,000 |
| Food Assistance and Nutrition Research Program | 4,408,000 | - | -1,000,000 | 3,408,000 |
| Commodity Outlook Programs | 5,217,000 | - | -500,000 | 4,717,000 |
| Economic Analysis of Biotechnology in American Agriculture | 750,000 | - | -750,000 | - |
| IT Equipment | 1,500,000 | - | -225,000 | 1,275,000 |
| All Other | 67,103,000 | 693,000 | - | 67,796,000 |
| Total Available | 82,478,000 | 693,000 | 4,000,000 | 87,171,000 |

ECONOMIC RESEARCH SERVICE

PROJECT STATEMENT
(On basis of appropriation)

| | 2009 Actual | | 2010 Estimated | | | 2011 Estimated | |
|---|---|---|---|---|---|---|---|
| | Amount | Staff Years | Amount | Staff-Years | Increase or Decrease | Amount | Staff-Years |
| Economic Analysis and Research | $77,906,755 | 388 | $81,495,000 | 398 | $4,693,000 | $86,188,000 | 408 |
| Homeland Security | 983,000 | | 983,000 | | - | 983,000 | |
| Unobligated Balance | 610,245 | | - | | - | - | |
| Total, Appropriation | 79,500,000 | 388 | 82,478,000 | 398 | 4,693,000 | 87,171,000 | 408 |

**Economic Research Service (ERS)**

**Justification of Increases and Decreases**

(1) An increase of $7,683,000 and ten staff years for economic analysis and research, consisting of:

(a) An increase of $2,000,000 and four staff years for Administrative Data Pilot Projects (no funds available in FY 2010).

Administrative data (i.e., those data collected in conjunction with administering government programs, including the provision of benefits) provide an unparalleled opportunity for efficiently strengthening our statistical system's ability to understand and address critical policy issues. Making administrative data more available for statistical use would avoid the substantial costs of collecting similar data via statistical surveys. However, significant legal and structural barriers often prevent the use of such data for statistical purposes, including policy analyses and program evaluations. These systemic barriers include permission from the agencies that hold the administrative data; availability of adequate infrastructure at both the agencies that hold the administrative data and the statistical agencies, including technology, staff, and procedures; lack of methods to measure or ensure data quality, particularly of linked files; and external researcher access to merged data. This pilot project is designed to address existing barriers to more complete use of administrative data while at the same time contributing substantive topical knowledge in the nutrition field.

The goal is to better understand how nutrition assistance and other government assistance programs work together to provide a social safety net, to better assess how nutrition assistance and health care policy work together to improve dietary and health outcomes, and to help demonstrate the value of linked data [especially Supplemental Nutrition Assistance Program (food stamp) data] for policy-oriented research and program evaluation, with the eventual goal of motivating Federal-level activity to address anticipated data quality and data availability concerns. This project would also contribute to the statistical system's linkage infrastructure.

(b) An increase of $2,000,000 and four staff years to improve user access to statistical data through increased sharing of protocols and tools (Statistical Community of Practice, SCOP) (no funds available in FY 2010).

Increased sharing of statistical protocols and tools for the collection, storage, analysis, and dissemination of statistical data provides opportunities for improving data quality, ease of use, information security, and system-wide operating efficiency. Improvements would come in the form of data interoperability (including harmonizing definitions, formats, and means of access) and pooling scarce professional skills and IT resources across the participating statistical agencies.

These funds would support the establishment of a voluntary, self-selected SCOP, with the Economic Research Service acting as the Program Management Office that would provide a structure in which to:

- Address standing recommendations from key data user constituencies about differences ranging from substantive to trivial in the dissemination of economic statistics across statistical agencies. This work would inform subsequent efforts to harmonize data display best practices, including analytic approaches and the use of data visualization techniques as a means of improving user access;

- Improve the interoperability of Federal data collections – either directly or through linkages. This work would inform subsequent efforts to synchronize data collection platforms and harmonize

definitions, coding structures, geographic details, target populations, and identifiers for establishments and populations;

- Identify existing validated data collection and processing software tools that could be shared across statistical agencies, as well as explore joint software license procurement and other similar efficiencies. This work would inform subsequent efforts to develop common protocols and tools for data processing and the measurement of data quality; and

- Conduct pilot projects that support Data.gov's role of increasing the utility of Federal data to users.

- Some of these funds will be transferred to other statistical agencies in this fully collaborative pilot.

(c) An increase of $2,000,000 and two staff years for Community Access to Local Foods (no funds available in FY 2010).

Food choices are critically important to health outcomes, and these choices are shaped by community characteristics. The availability of local, healthy foods in the home depends to a large extent on the local food environment. ERS will develop data and conduct economic research on the access to affordable and nutritious food, particularly local foods, by low-income communities. ERS will also be working with other agencies in the Department to support the new multi-year government-wide Healthy Food Financing Initiative. The achievement and maintenance of good nutritional health is especially vital for low-income populations. These populations typically have restricted access to health care and other resources, and face greater vulnerability to poor nutritional health, increased morbidity, and a greater burden of disease. Previous research has documented an important association between dietary outcomes and the local food environment--the type of food retail outlets, food prices, and the availability of fresh, local food sources.

ERS is making an investment in data in FY 2009 and 2010 to better understand food purchase and acquisition behavior by low income households through the National Household Food Purchase and Acquisition Survey (FoodAPS). This nationally representative survey of households will be the first to obtain data on foods purchased and consumed from all sources-- their prices, quantities, and nutrition attributes. Such data, together with household demographics, health knowledge, and eligibility and participation in food assistance programs, will support economic analysis of how food purchases and food assistance programs relate to dietary quality and food security.

The proposed new initiative for FY 2011 would build on this exciting new data collection effort to go beyond basic economic analysis for a full understanding of how USDA can better support sustainable and healthy communities. Additional data would be obtained through linking spatial characteristics available in federal and proprietary data sets. These data would include community factors such as race/ethnicity; unemployment rates; public transportation systems; crime rates; school characteristics, USDA food assistance program delivery and participation; local food prices; food store and fast food access and availability; local costs of healthy diets; and other environmental factors of interest (e.g., park and recreation availability). These data can then be used in conjunction with the FoodAPS to better understand the determinants of food choices and diet outcomes such as obesity or food security.

This proposed community level data linkage effort will enable ERS to provide policy makers with answers to questions such as:

- How do access, retail outlet choice, and the availability of local foods, influence food purchases and the resulting dietary quality of purchases?

- How does food assistance program participation influence food access and food choices?

- How do community-level characteristics interact with the food environment to shape food access

and food choices?

- How would programs or policies (e.g., economic development initiatives for retail food market development, including supermarkets, small grocery stores, and farmers markets) mitigate the effects of low access to affordable and nutritious foods? Could such programs foster the development of local sources for healthy food?

- How would the development of local sources for healthy food affect food choices and diet quality? Could local sourcing for food assistance programs create market opportunities for producers?

The funds for this initiative will enable ERS to provide the best possible analysis of how USDA policies and programs can better support healthy food choices, healthy consumers, and healthy communities.

(d) An increase of $990,000 to maintain Data Integrity and Confidentiality and Research Efficiency at Secure Data Labs to Accommodate Physical Relocation (no funds available in FY 2010).

The Patriot Plaza in Washington, DC was selected as the site for the lease consolidation plan for the National Capital Region for the U.S. Department of Agriculture. The consolidation plan includes the space ERS currently occupies at 1800 M Street NW. Funds requested in the FY 2010 budget cover the cost of moving and standard build-out for the seven USDA agencies affected by the lease consolidation. ERS requires critical additions to a standard build-out to allow the agency to carry out its research and analysis program.

Specifically, ERS has entered into two agreements with other federal agencies to house and conduct research on confidential micro data in specially-constructed data laboratories. ERS has an agreement with the National Agricultural Statistics Service (NASS) to house and conduct research on micro data from multiple surveys, including the Agricultural Resources Management Survey (ARMS), the Census of Agriculture, and the June Agricultural Survey. The data are housed in a secure data laboratory on two fileservers not connected to the ERS LAN or to the Internet, with five workstations accommodating three to five researchers at any one time. 300 square feet of secure space is required. The lab is locked at all times and only those ERS researchers approved by NASS have a key to the room. NASS conducts a quarterly audit to monitor the security of the room. Some of these data are part of the statutory requirement on NASS to be in lockdown before their release. The NASS data lab is operated through a Designated Agent Agreement and requires a separate physical environment with technology to control and monitor access.

ERS also has an agreement with the National Center for Health Statistics (NCHS) to house and conduct research on micro data from the National Health and Nutrition Examination Survey (NHANES). NHANES is the only national survey that collects information on food intake and health outcomes. ERS is the first, and currently the only agency, to have access to these sensitive data outside of NCHS, through use of a Designated Agents Agreement. Only specific ERS staff members who are designated agents are allowed access to the data, which is kept in a secure enclave. The enclave houses two fileservers not connected to the ERS LAN or to the Internet, with three workstations accommodating two to three researchers at a time. 175 square feet of secure space is required. ERS conducts research using the NHANES micro data to aid USDA policy makers to understand how food assistance programs influence food intake, diet quality, and health outcomes. To maintain the critically important data security that is expected by NCHS, this data lab requires special build-outs.

Reference: Executive Order 13327, “Federal Real Property Asset Management.”

(e) An increase of $693,000 to fund pay costs.

This increase is necessary to maintain the current ERS program and to avoid a reduction in funds to support researcher travel, equipment and cooperative research arragements. Without funding for pay costs, ERS would be unable to fill critical vacancies, which would cause gaps in the core research program

(2) A decrease of $2,990,000 for economic analysis and research, consisting of:

(a) A decrease of $515,000 from the Consumer Data Information Program (CDIP).

Funds will be reduced from the CDIP by decreasing purchases of retail scanner data that have previously supported particular research projects, such as the ERS analysis of infant formula rebates in the WIC program. The minor reduction in the agency's purchase of food consumption data will be offset to some degree by new data collection efforts under the budget initiatives on Community Access to Local Foods and Administrative Data.

(b) A decrease of $1,000,000 from the Food Assistance and Nutrition Research Program (FANRP).

A $1,000,000 reduction in funds from the FANRP will come from general support for cooperative research agreements, grants, and contracts that support food assistance research. This reduction will be partially offset by a redirection of the agency's general cooperative agreement funding towards FANRP investigations. Furthermore, funding for an Administrative data project applied to food assistance will also involve grants and/or research agreements with universities for FANRP-consistent purposes.

(c) A decrease of $500,000 to reduce the scope of ERS Commodity Outlook programs.

Ongoing support for ERS' outlook activities has enabled it to consistently develop and incorporate current market information and research findings into the national analysis of major U.S. agricultural crops. Through periodic newsletters, data products and special analyses, the ERS Outlook program provides producers, consumers, and academic, government and industry analysts with timely appraisals of market conditions and interpretations of key global and domestic market developments. These in-depth examinations provide clear assessments about how changing economic conditions, increased input and commodity price volatility, and other changing market conditions affect the competiveness and economic prospects for producers and processors of agricultural commodities. ERS Outlook findings often initiate additional intramural and extramural research and the collection of data needed to meet USDA goals.

Recent outlook publications have disseminated information about the influence of agricultural policies, the adoption of new technologies, weather, and trade on crop and livestock commodity markets. This timely and accurate economic analysis and supporting data have helped farmers and ranchers make more informed production and marketing decisions. Beginning in FY 2008, and continuing in FY 2009 and FY 2010, ERS invested an additional $1.5 million to build and maintain its outlook programs and the data systems needed to support market analysis. The data system will be fully constructed and operational by FY 2011. The individuals hired in FY's 2008-2009 to fill gaps and cover anticipated "brain drain" from retirement of commodity experts, has also been accomplished.

A $500,000 reduction will be achieved by restricting commodity outlook coverage to program crop commodities, major livestock commodities, and conglomerated categories of specialty commodities, thus failing to realize fully the performance outcomes on other commodities expected over time from the FY 2008 initiative. This offset is selected because it involves some actions not

yet taken, which thus can be avoided. Other actions would include reducing current levels of coverage of potatoes, cutting all coverage of herbs, wine and other specialized minor commodities, and reducing the number of *Outlook* newsletters for specialty crops.

(d) A decrease of $750,000 to reduce economic analysis of specific biotechnological technologies.

A $750,000 reduction in ERS research on the economics of biotechnology, including adoption and production impacts, market analysis and outlook, and market implications of consumer resistance to some forms of biotechnology. Work will continue to be done on generic issues of biotechnology, including generic work on productivity gains and analysis of general trends, but the reduction will preclude research on specific biotechnologies' costs and returns. Having completed a number of technology-specific analyses, ERS now has good knowledge of what one can expect from adoption of any one. There is a reduced need to invest in that type of research.

(e) A decrease of $225,000 in ERS purchases of IT equipment.

ERS will reduce its purchases of IT equipment by $225,000. The agency has kept itself on the cutting edge so that technological obsolescence is not an obstacle to analytical achievement. This action will reduce that protection, but only slightly.

ECONOMIC RESEARCH SERVICE

Geographic Breakdown of Obligations and Staff Years
2009 Actual and Estimated 2010 and 2011

| | 2009 Actual | | 2010 Estimated | | 2011 Estimated | |
|---|---|---|---|---|---|---|
| | Amount | Staff Years | Amount | Staff Years | Amount | Staff Years |
| Arizona | - | - | - | - | - | - |
| Arkansas | - | - | - | - | - | - |
| California | $99,770 | - | - | - | - | - |
| Colorado | - | - | - | - | - | - |
| Connecticut | - | - | - | - | - | - |
| District of Columbia | 77,033,850 | 388 | $82,478,000 | 398 | $87,171,000 | 408 |
| Georgia | - | | | | | |
| Illinois | 515,741 | - | - | - | - | - |
| Indiana | 382,151 | - | - | - | - | - |
| Iowa | 25,000 | - | - | - | - | - |
| Kansas | 35,122 | | | | | |
| Louisiana | 16,391 | | | | | |
| Maryland | - | - | - | - | - | - |
| Massachusetts | 119,458 | - | - | - | - | - |
| Michigan | - | - | - | - | - | - |
| Minnesota | 201,313 | - | - | - | - | - |
| Mississippi | - | - | - | - | - | - |
| Missouri | - | - | - | - | - | - |
| Nebraska | 20,000 | | | | | |
| Nevada | - | - | - | - | - | - |
| New Jersey | - | - | - | - | - | - |
| New Mexico | 25,000 | | | | | |
| New York | 18,573 | - | - | - | - | - |
| North Carolina | 88,750 | - | - | - | - | - |
| North Dakota | 22,500 | | | | | |
| Ohio | 125,000 | - | - | - | - | - |
| Oklahoma | - | - | - | - | - | - |
| Oregon | 30,000 | - | - | - | - | - |
| Pennsylvania | - | - | - | - | - | - |
| South Carolina | 22,500 | | | | | |
| South Dakota | - | - | - | - | - | - |
| Tennessee | 21,236 | - | - | - | - | - |
| Texas | - | - | - | - | - | - |
| Virginia | 19,000 | - | - | - | - | - |
| Washington | 6,400 | | | | | |
| Wisconsin | 52,000 | - | - | - | - | - |
| Australia | 10,000 | - | - | - | - | - |
| | - | - | - | - | - | - |
| Subtotal, Available or Estimate | 78,889,755 | 388 | 82,478,000 | 398 | 87,171,000 | 408 |
| Unobligated balance | 610,245 | - | - | - | - | - |
| Total, Available or Estimate | 79,500,000 | 388 | 82,478,000 | 398 | 87,171,000 | 408 |

Note: The distribution of 2010 and 2011 funds by State has not been determined at this time.

ECONOMIC RESEARCH SERVICE

Classification by Objects
2009 Actual and Estimated 2010 and 2011

| | | 2009 Actual | 2010 Estimated | 2011 Estimated |
|---|---|---|---|---|
| Personnel Compensation: | | | | |
| Washington, D.C. | | | | |
| 11 | Total personnel compensation…….. | $39,622,594 | $41,929,000 | $42,723,326 |
| 12 | Civilian personnel benefits…… | 9,274,508 | 9,388,000 | 9,586,674 |
| 13 | Benefits for former personnel……. | 0 | 0 | 0 |
| | Total pers. comp. & benefits…. | 48,897,102 | 51,317,000 | 52,310,000 |
| Other Objects: | | | | |
| 21 | Travel and transportation of persons…… | 665,293 | 750,000 | 750,000 |
| 22 | Transportation of things……. | 5,405 | 5,000 | 5,000 |
| 23.3 | Communications, utilities, and miscellaneous charges…….. | 645,530 | 600,000 | 600,000 |
| 24 | Printing and reproduction…… | 178,278 | 180,000 | 180,000 |
| 25 | Other services……. | 2,225,522 | 1,726,000 | 2,676,000 |
| 25.1 | Interagency Agreements…… | 6,025,719 | 6,500,000 | 6,500,000 |
| 25.4 | Research and development contracts……. | 8,011,327 | 8,500,000 | 8,400,000 |
| 25.5 | Cooperative Agreements……. | 2,053,001 | 2,000,000 | 3,000,000 |
| 25.6 | ADP services and supplies……. | 836,450 | 840,000 | 2,690,000 |
| 25.7 | Data Acquisition…….. | 8,407,180 | 8,900,000 | 8,400,000 |
| 26 | Supplies and materials……. | 168,002 | 160,000 | 160,000 |
| 31 | Equipment…… | 638,735 | 800,000 | 800,000 |
| 41 | Grants…… | 131,939 | 200,000 | 700,000 |
| 43 | Interest……. | 272 | 0 | 0 |
| | Total other objects…. | 29,992,653 | 31,161,000 | 34,861,000 |
| Total direct obligations…….. | | 78,889,755 | 82,478,000 | 87,171,000 |
| Position Data: | | | | |
| Average Salary, ES positions…… | | $195,857 | $194,798 | $198,889 |
| Average Salary, GS positions…… | | $124,414 | $127,586 | $130,265 |
| Average Grade, GS positions…… | | 13.0 | 13.0 | 13.0 |

# ECONOMIC RESEARCH SERVICE

## STATUS OF PROGRAM

**Economic Research and Analysis Program**

**Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving.**

**Current Activities:**

ERS research explores how investments in rural people, business, and communities affect the capacity of rural economies to prosper in the new and changing global marketplace. The agency analyzes how demographic trends, employment opportunities and job training, Federal policies, and public investment in infrastructure and technology enhance economic opportunity and quality of life for rural Americans. Equally important is ERS' commitment to help enhance the quality of life for the Nation's small farmers who increasingly depend on these rural economies for employment and economic support.

ERS continues to monitor changing economic and demographic trends in rural America, particularly the implications of these changes for the employment, education, income, and housing patterns of low-income rural populations. ERS uses the most up-to-date information on conditions and trends affecting rural areas, and provides the factual base for rural development program initiatives. The rural development process is complex and sensitive to a wide range of factors that, to a large extent, are unique to each rural community. Nonetheless, ERS assesses general approaches to development to determine when, where, and under what circumstances rural development strategies will be most successful.

ERS research and analysis provides insight into market conditions facing U.S. agriculture, avenues for innovation, and market expansion. In addition, the ERS program identifies and analyzes market structure and technological developments that affect efficiency and profitability. The program also includes research and analysis to help farmers and ranchers manage risk.
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**Selected Examples of Recent Progress:**

Value of Broadband Internet Access to Rural America. Many Internet applications require high transmission speeds, which has raised concerns about those who lack broadband Internet access. A recent ERS report found that rural communities have less broadband Internet use than metro communities, with differing degrees of broadband availability across rural communities. Rural communities that had greater broadband Internet access had greater economic growth.

Status of Rural Health Care. Rural residents have higher rates of mortality, disability, and chronic disease than their urban counterparts. An ERS study found several factors that contribute negatively to the health status of rural residents such as lower socioeconomic status, smoking, weight, and exercise levels. Farmers and their families also have higher risks of workplace hazards.

Structural Change in Livestock Industries. ERS research described changes within the U.S. livestock sector during the past two decades. *The Transformation of U.S. Livestock Agriculture* describes structural change in livestock production, documenting the shift to much larger operations and increasing vertical coordination. Consequences of structural change, such as geographically concentrating animal waste, are also explored, along with issues concerning the use of sub-therapeutic antibiotics in livestock production. Other research, *Changes in Manure Management in the Hog Sector: 1998-2004*, has explored the issue of livestock manure management with a more in-depth look at how systems and practices have changed in response to structural and environmental policy changes.

Impact of Baby Boom Migration on Rural America. Members of the baby boom cohort are approaching a period in their lives when moves to rural and small town destinations increase. An ERS analysis of age-specific net migration during the 1990s reveals extensive shifts in migration patterns as Americans move through different life-cycle stages. The analysis finds a significant increase in the propensity to migrate to non-metro counties as people reach their fifties and sixties, and projects a shift in migration among boomers toward more isolated settings, especially those with high natural and urban amenities and lower housing costs.

Farm Definitions Determine Eligibility. USDA defines "farm" very broadly in order to comprehensively measure agricultural activity in the U.S. While desirable for obtaining comprehensive national coverage, measurement and analysis based on the current definition can provide misleading characterizations of farms and farm structure in the U.S. The 2009 study, *Exploring Alternative Farm Definitions: Implications for Agricultural Statistics and Program Eligibility*, outlined the structure of U.S. farms, discussed the current farm definition, evaluated several potential criteria that had been proposed to define target farms more precisely, and examined how these criteria affect both statistical coverage and program eligibility.

Farm Debt and Debt Financing. Income and wealth for farm businesses have changed noticeably this decade. Debt levels have been rising, asset levels have outpaced debt despite a recent fall in land prices, and equity has more than doubled for farm businesses. However, recent declines in farm income and falling land prices have raised concerns about the financial position of U.S. farms. A 2009 ERS report, *The Debt Finance Landscape for U.S. Farming and Farm Business*, found that the distribution of debt among farm operators has been changing. In 1986 nearly 60 percent of farms used debt financing. By 2007 the number had dropped to 31 percent. In essence, farm debt has become more concentrated in fewer, larger farm businesses. Lenders and farm operators indicate that it is real estate that accounts for the largest use of farm debt.

Issues and Prospects in Corn, Soybeans, and Wheat Futures Markets: New Entrants, Price Volatility, and Market Performance Implications. The past five years have seen large increases in trading of corn, soybean, and wheat futures contracts by nontraditional traders, a trend that coincided with historic price increases for these commodities. These events have raised questions about whether changes in the composition of traders participating have contributed to movements in commodity prices beyond the effects of market fundamentals. Evidence suggests the link between futures and cash prices for some commodity markets may have weakened (poor convergence), making it more difficult for traditional traders to use futures markets to manage risk. This study evaluated the role and objective of new futures traders compared with those of traditional futures traders, and sought to determine if the composition of traders in futures markets had contributed to convergence problems. Market activity was analyzed by focusing on positions of both traditional and new market traders, price levels, price volatility, and volume and open interest trends. Convergence of futures and cash prices was examined, along with implications and prospects for risk management by market participants. The study also discussed the implications for market performance and the regulatory response of the Commodity Futures Trading Commission.

**Ensure our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources.**

**Current Activities:**

The ERS climate change research program develops models and other analytical techniques to predict responses of farmers to greenhouse gas mitigation options, analyzes the impact of mitigation options on domestic and global agricultural markets and land and water use, and evaluates adaptation by farmers to a new climate regime through use of alternative technologies. The ERS climate change research program builds on extensive expertise on the economics of land use and land management, technology adoption,

conservation program design, economics of biofuels, and value and dissemination of public investment in research and development.

In addition, ERS is continuing to contribute to USDA's efforts to improve the science behind Federal water and air quality regulations and programs. As part of its analysis of environmental regulations and conservation incentive policies, ERS research continues to provide insight into developing policies for controlling nonpoint source pollution. More generally, ERS research analyzes the economic efficiency, environmental effectiveness, and distributional implications of alternative designs of resource, conservation, environmental, and commodity programs and their linkages.

**Selected Examples of Recent Progress:**

Markets for Conservation. Farmers produce a variety of goods and services for which markets generally do not exist, including improved water quality, carbon sequestration, wildlife habitat, open space, and water supplies. A recent ERS report on the use of markets to increase private investment in environmental stewardship identified the environmental services different types of farmers could provide, and identified impediments to market formation. Case studies examined in the report included water quality trading, carbon markets, wetland restoration, and recreation on Conservation Reserve Program lands.

Land Ownership and Carbon Markets. Climate mitigation proposals often contain provisions to pay for the sequestration of carbon. Agricultural producer participation in such programs will depend on policy and economic incentives and barriers. A recent ERS report, *Agricultural Land Tenure and Carbon Offsets*, examined the potential role that land ownership might play in determining the agricultural sector's involvement in carbon sequestration programs. This report finds that land ownership should not be a constraining factor in agriculture's ability to provide carbon offsets.

**Help America promote agricultural production and biotechnology exports as America works to increase food security.**

**Current Activities:**

ERS identifies key economic issues relating to the sustainability and use of biotechnology in U.S. agriculture, uses sound analytical techniques to understand the immediate and broader economic and social consequences of alternative policies and programs to promote U.S. agricultural products abroad, and effectively communicates research results to policy makers, program managers, and those shaping the public debate regarding U.S. agricultural production, including biotech crops.

The research program emphasizes the economic and financial structure, performance, and viability of the farm sector and of different types of farms, the state of global food security, and technological innovation. For example, ERS created a patent database for agricultural biotechnology that will provide answers to some basic questions about innovations in this area, such as who is patenting and licensing what technologies. This research will help policy makers assess policy issues on innovation and the potential effects of concentration on research and market power in the agricultural inputs industry.

ERS has a broad program of work examining the production and marketing characteristics of the U.S. organic sector. Ongoing activities include research on the adoption of certified organic farming systems across the U.S., analysis of consumer demand and prices in specific markets, and several new nationwide surveys of organic producers and markets.

ERS is continuing its research program on invasive species that affect livestock and crop production and the programs that control them. This activity contributes to USDA's efforts to prevent or control invasive species. An important concern is reducing the economic risks of invasive species to U.S. agriculture while

preserving economic gains from trade and travel. ERS and the Animal and Plant Health Inspection Service created an Invasive Species Working Group to make suggestions on how economic analyses can better contribute to pest risk assessments and control decisions by the public and private sectors. ERS is engaged in ongoing evaluation of the research being produced through its external grants program. ERS supports the Invasive Non-Native Species crosscut by improving economic estimates of the risks posed by non-native weeds.

**Selected Examples of Recent Progress:**

The U.S. Organic Sector: Emerging Issues and Policy Dimensions. The federal organic regulatory program includes a "USDA organic" label that has bolstered consumer assurance and helped drive a rapid expansion in sales. Domestic supply now trails demand for many products. ERS research describes changes in the character of the U.S. organic sector in response to this growth, and highlights some emerging issues and concerns. Recent ERS findings provide supporting analysis on issues across the organic supply chain, from structural changes in the organic farm sector to the socioeconomic characteristics of organic consumers.

Characteristics, Costs, and Issues for Organic Dairy Farming. Organic milk production has been one of the fastest growing segments of organic agriculture. Despite the growing number of organic dairy operations, the characteristics of organic dairy operations and the relative costs of organic and conventional milk production have been difficult to analyze. A recent ERS report examines the structure, costs, and challenges of organic milk production. The findings suggest that economic forces have made organic operations more like conventional operations, and that the future structure of the industry may depend on the interpretation and implementation of new organic pasture rules.

Marketing U.S. Organic Foods: Recent Trends from Farms to Consumers. Organic foods now occupy prominent shelf space in the produce and dairy aisles of most mainstream U.S. food retailers. The marketing boom has pushed retail sales of organic foods up to $21.1 billion in 2008 from $3.6 billion in 1997. U.S. organic-industry growth is evident in an expanding number of retailers selling a wider variety of foods, the development of private-label product lines by many supermarkets, and the widespread introduction of new products. A broader range of consumers has been buying more varieties of organic food. Organic handlers, who purchase products from farmers and often supply them to retailers, sell more organic products to conventional retailers and club stores than ever before. Only one segment has not kept pace—organic farms have struggled at times to produce sufficient supply to keep up with the rapid growth in demand, leading to periodic shortages of organic products.

Funding Public Agricultural Research. The public agricultural research system in the U.S. is a Federal-State partnership, with most research conducted at State institutions. In recent years State funds have declined; USDA funds have remained fairly steady, but funding from other Federal agencies and the private sector has increased. Along with shifts in funding sources, the proportion of basic research being undertaken within the public agricultural research system has declined. The 2009 report, *U.S. Public Agricultural Research: Changes in Funding Sources and Shifts in Emphasis, 1980-2005*, focuses on the way public agricultural research is funded in the U.S. and how shifts in funding sources over the last 25 years reflect changes in the type of research pursued.

**Ensure that all of America's children have access to safe, nutritious, and balanced meals.**

**Current Activities:**

ERS studies the relationship among the many factors that influence food choices and health outcomes. At the household level, research focuses on factors including prices, income and individual characteristics such as age, race and ethnicity, household structure, knowledge of diet and health, and nutrition education. At the industry level, research focuses on the interaction between the industry, consumers, and policy.

Children's food access, food security, and child and adult obesity continue to be important foci of the ERS research program.

Through its Food Assistance and Nutrition Research Program (FANRP) and by working closely with USDA's Food and Nutrition Service, ERS studies and evaluates the Nation's nutrition assistance programs. These programs affect the daily lives of millions of America's children and receive substantial Federal funding. FANRP's long-term research themes include dietary and nutritional outcomes, food program targeting and delivery, and program dynamics and administration. Its research is designed to meet the critical information needs of USDA, the Congress, program managers, policy officials, the research community, and the public at large.

ERS food safety research focuses on enhancing methodologies for valuing societal benefits associated with reducing food safety risks, understanding consumer willingness to pay for safer food, assessing industry incentives to enhance food safety through new technologies and supply chain linkages, and evaluating regulatory options and change. ERS research extends to investigating the safety of food imports and the efficacy of international food safety policies and practices.

The ERS research program includes an ongoing assessment of global food security. ERS provides research, analysis, and information on food security, including factors affecting food production and ability to import food, in Africa, Asia, Latin America and the Caribbean, and the Commonwealth of Independent States to decision makers in the United States and throughout the world. An annual report provides an up-to-date assessment of global food security.

**Selected Examples of Recent Progress:**

Access to Affordable and Nutritious Food: Measuring and Understanding Food Deserts and their Consequences. Food deserts are areas with limited access to affordable and nutritious food, particularly lower-income neighborhoods and communities and areas distantly removed from full-service supermarkets. ERS led a Congressionally mandated, one-year study of food deserts. The study defined and clarified the term "food deserts," developed a strategy to assess the prevalence of food deserts, identified characteristics and factors that influence food deserts as well as consider the possible effects of food deserts on the health and well-being of the population, and outlined possible approaches for addressing food deserts. A workshop with commissioned papers and presentations by experts in this field and by other stakeholders (representatives from other government agencies, appropriate businesses and nonprofit and faith-based organizations, public interest groups, and other policy groups) was held. A national study that uses the different measures of food deserts and quantifies and maps their scope was conducted, including in-depth case studies of different types of food deserts. The report was delivered to the Congress in June 2009.

Household Food Security in the United States. Food security for a household means that all household members have access, at all times, to enough food for an active, healthy life. To inform policy makers and the public about the extent to which U.S. households consistently have economic access to enough food, ERS publishes an annual statistical report on household food security in the United States. The report and its underlying data are widely used by government agencies, the media, and advocacy groups to monitor the extent of food insecurity in this country, progress toward national objectives, and performance of USDA's nutrition assistance programs. The latest report, *Household Food Security in the United States, 2008*, based on data from the December 2008 Food Security Survey, provided the most recent statistics, at the time of publishing, on the food security of U.S. households, as well as on how much they spent for food and the extent to which food-insecure households participated in Federal and community nutrition assistance programs. Results showed that 85 percent of American households were food secure throughout the entire year in 2008. The remaining 15 percent of households were food insecure at least some time during that year.

Food Security Assessment, 2008-2009. Global food security has been a major concern for many years. According to a recent ERS report, food security in 70 developing countries is projected to deteriorate over the next decade. The number of food-insecure people in the developing countries analyzed is estimated to rise to 833 million in 2009, an almost two percent rise from the previous year. Despite a decline in food prices in late 2008, deteriorating purchasing power and food security are expected in 2009 because of the growing financial deficits and higher inflation that have occurred in recent years.

Food Availability (Per Capita) Data System. The ERS food availability (per capita) data system includes three distinct but related data series on food consumption. The data serve as popular proxies for actual consumption. Food availability data are now available through 2007 at the national level. Also included are data on nutrient availability in the food supply and data on loss-adjusted food availability. This latter data series uses dietary recommendations from the *2005 Dietary Guidelines for Americans* and its supporting guidance document, *MyPyramid Plan*. ERS annually calculates the amounts of several hundred foods available for human consumption in the United States. The data are available at the national level only (State, city, or regional data, for example, are not available). This data series provides estimates, for example, of the pounds of beef available for domestic consumption per capita per year. The data are available on an annual basis. Most data extend back to 1909.

Supplemental Nutrition Assistance Program (SNAP) and Obesity—What Do We Know? This report reviews and interprets the literature on the effects of SNAP participation on the weight status of those who receive program benefits. Findings from the reviewed studies indicate that for the majority of program participants—children, nonelderly men, and the elderly—use of SNAP benefits does not increase either Body Mass Index (BMI) or the likelihood of being overweight or obese. However, for nonelderly women, who account for 28 percent of the caseload, some evidence suggests that participation in SNAP may increase BMI and the probability of obesity.

World Rice Markets and Food Insecurity. Global rice prices rose to record highs in the spring of 2008, with trading prices tripling from November 2007 to late April 2008 according to an ERS report, *Factors behind the Rise in Global Rice Prices in 2008*. The price increase was not due to crop failure or a particularly tight global rice supply situation. Instead, trade restrictions by major suppliers, panic buying by several large importers, a weak dollar, and record oil prices were the immediate cause of the rise in rice prices. Because rice is critical to the diet of about half the world's population, the rapid increase in global rice prices in late 2007 and early 2008 had a detrimental impact on those rice consumers' well-being. Although rice prices have dropped more than 40 percent from their April 2008 highs, they remain well above pre-2007 levels.

**ECONOMIC RESEARCH SERVICE**

**FY 2011 Summary of Budget and Performance**
**Statement of Agency Goals and Objectives**

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). The mission of ERS is to inform and enhance public and private decision making on economic and policy issues related to agriculture, food, the environment, and rural development.

ERS has six strategic goals which correspond to each of the four USDA strategic goals. To achieve these goals, ERS enhances the understanding of policy makers, regulators, program managers, and those shaping debate of economic issues affecting agriculture, food, the environment, and rural development:

| USDA Strategic Goal | Agency Strategic Goal | Agency Strategic Objectives | Programs that contribute | Key Outcome |
|---|---|---|---|---|
| **USDA Strategic Goal:** Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving. | **Agency Strategic Goal 2:** Enhance the competitiveness and sustainability of rural and farm economies.<br><br>**Agency Strategic Goal 3:** Support increased economic opportunities and improved quality of life in rural America. | **Objective 2.1:** Expand domestic market opportunities.<br>**Objective 2.3:** Provide economic analysis of risk and financial management to farmers and ranchers.<br><br>**Objective 3.2:** Expand economic opportunities in rural America by bringing economic insights into public and private decision making. | Economic Research and Analysis | Enhanced understanding by policy makers, regulators, program managers, and those shaping public debate of economic issues affecting rural development, rural well-being, farm and household income, and rural communities. |
| **USDA Strategic Goal:** Ensure our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources. | **Agency Strategic Goal 6:** Protect and enhance the Nation's natural resource base and environment. | **Objective 6.1:** Provide economic intelligence, research and analysis to inform agricultural resource and conservation policies.<br><br>**Objective 6.2:** Provide economic research and analysis to support public and private efforts to improve management of private lands and ecosystems. | Economic Research and Analysis | Enhanced understanding by policy makers, regulators, program managers, and those shaping public debate of economic issues related to developing Federal farm, natural resource, and rural policies and programs that respond to the challenges of climate change and the need to protect and maintain the environment while improving agricultural competitiveness and economic growth. |

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|---|---|---|---|---|
| **USDA Strategic Goal:** Help America promote agricultural production and biotechnology exports, as America works to increase food security. | **Agency Strategic Goal 1:** Enhance international competitiveness of American agriculture.<br><br>**Agency Strategic Goal 2:** Enhance the competitiveness and sustainability of rural and farm economies. | **Objective 1.1:** Provide economic research, information, and analysis to support public and private decision making to help expand and maintain international export opportunities.<br><br>**Objective 2.2:** Provide analysis to enhance the efficiency of domestic agricultural production and marketing systems. | Economic Research and Analysis | Enhanced understanding by policy makers, regulators, program managers, and organizations shaping public debate of economic issues related to adoption of economically and environmentally sustainable technologies, factors affecting imports of U.S. agricultural products (including products produced using biotechnology), strategies to reduce barriers to imports and increase markets for U.S. products, including biotechnical exports. |
| **USDA Strategic Goal:** Ensure that all of America's children have access to safe, nutritious, and balanced meals. | **Agency Strategic Goal 4:** Enhance protection and safety of the Nation's agriculture and food supply.<br><br>**Agency Strategic Goal 5:** Improve the Nation's nutrition and health. | **Objective 4.1:** Provide economic research and analysis of public and private efforts to reduce the incidence of food borne illnesses related to meat, poultry, and fresh produce in the U.S.<br>**Objective 4.2:** Support efforts to reduce the number and severity of agricultural pest and disease outbreaks through economic analysis.<br><br>**Objective 5.1:** Provide economic research and analysis of public and private efforts to ensure access to nutritious food.<br>**Objective 5.2:** Provide economic research and analysis of options to promote healthier eating habits and lifestyles.<br>**Objective 5.3:** Improve food program management and customer service through economic evaluations of USDA's nutrition assistance programs. | Economic Research and Analysis | 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 relating to the food prices and availability at home and abroad, consumer food choices, nutrition and health outcomes, nutrition assistance programs, and protecting consumers from unsafe food. |

**Selected Accomplishments Expected at the FY 2011 Proposed Resource Level:**

**Key Outcome 1:** Enhanced understanding by policy makers, regulators, program managers, and those shaping public debate of economic issues affecting rural development, rural well-being, farm and household income, and rural communities.

ERS will identify key economic issues related to rural economic development, farm viability, rural household prosperity and well-being, and competitiveness. ERS also will 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 households. ERS will 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. Examples of these activities will include the following:

- Developing a comprehensive, integrated base of information on rural economic and social conditions that can be used by Federal policy makers for strategic planning, policy development, and program assessment.
- Analyzing how investment, technology, employment opportunities and job training, Federal policies, and demographic trends affect rural America's capacity to prosper in the global marketplace.
- Expanding research to assess the effectiveness of developing profitable alternative crops and on- or near-farm processing that add value to agricultural products and enhance the economic viability of rural communities and families.
- Conducting research to identify social and economic issues facing rural communities as they adjust to broad forces affecting their futures, such as changing farm policy, welfare reform, increased foreign competition in low-wage industries, growing demand for highly skilled labor, an aging population, and rapid growth in communities near major cities.
- Conducting research to better understand the role and effectiveness of investments in infrastructure, housing, and business assistance for sustaining rural communities, particularly in areas with rapid population growth or long-term population decline.
- Providing timely, accurate agricultural economic analysis and data on the impacts of decisions in risky situations to help farmers and ranchers make more informed production and marketing decisions.
- Researching and disseminating economic intelligence about the structure of, performance in, information systems of, new technology in, and foreign direct investment in the U.S. food manufacturing, processing, wholesale, retail, and food service industries.

Future research and analysis will build on the successes of past performance to deepen understanding of issues explored, highlight new policy concerns revealed by prior analysis, and anticipate upcoming needs of policy makers and decision makers. Selected examples include the following:

Implications of New Demands for Ethanol and other Biofuels. ERS has initiated research on how agricultural markets might be affected by the increased demand for ethanol and other biofuels. Research is focusing on domestic and global agricultural market impacts, as well as economy-wide, regional, and household effects of increased bioenergy production. Continued growth of grain-based ethanol production, and the prospect of commercializing ethanol from other sources of biomass, underscores the need for both short-run and longer-term perspectives. Issues affecting U.S. competitiveness and other facets of the agricultural economy will be examined under this priority research area. ERS research also focuses on natural resource use and environmental and rural development impacts, and the causes and implications of higher commodity prices. The Bioenergy Briefing Room on the ERS Web site disseminates existing research and information sources, and incorporates new research results as they emerge.

The Changing Nature of Farming. Understanding the past provides insights into the future. This project uses agricultural census and ARMS data to document long-term trends in the economic organization of farming, covering the period from 1982 through 2007. It will focus on farm consolidation, farm ownership and farm operator demographics, contracting, land use, commodity mix, productivity, biotechnology-derived crops, livestock breeding,

tillage systems, irrigation, organic production systems, manure management, and government payments. A report will evaluate twenty-five year trends in this area, in order to develop scenarios for change over the next quarter century.

Forecast of Farm Income, Assets and Debt. Estimates of farm income, assets and debt (balance sheet) are developed annually and are presented at the Agricultural Outlook Forum and published for public use through the ERS Web site. Updated income and balance sheet forecasts are developed, and reflect the most recent information available on production, prices and quantities of crops, livestock, products, and other outputs and services generated from farms. Disaggregated value-added/farm income account information is given to Bureau of Economic Analysis' (BEA) National Income Staff for their use in developing estimates of Gross Domestic Product and National Income Accounts and estimates of Personal Income and Outlays, and Corporate profits. Forecast data are also provided to the Council of Economic Advisors, and the estimates are also used by BEA's Regional Economic Measurement Division in developing a system of regional economic indicators that help form the basis for dissemination of Federal Revenue Sharing funds. Forecasts of financial indicators are combined with long-term trend data to produce an annual periodical, *Agricultural Income and Finance Outlook*, which provides information to gauge the financial health of the Nation's farmers and ranchers. Common topics included in the analysis include trends in income, value added, government payments, expenses, debt, assets, and indicators of farm solvency, liquidity, profitability, and financial performance.

Structure and Finance of U.S. Farms: Family Farm Report, 2009 Edition. This report will provide research examining the status of family farms based on the 2006 Agricultural Resource Management Survey. It will report on the size distribution of farms, operator characteristics, ownership and legal status, business arrangements, financial performance, and links from farm and farm household finances. Because of the diversity of farm operations in the U.S., the report will rely on the ERS farm typology as a reporting tool.

Exploring the Dimensions of Entrepreneurship among Farm Households. ERS will conduct research on the nature of farm-based entrepreneurs and the type of entrepreneurial activities in which they are engaged, and their economic impact on the farm-level and rural economy. This research project will investigate: (i) what are the entrepreneurial activities related to farm production itself, and economic activities based on farm products; (ii) what are farm business and farm operator characteristics that drive each of the above farming-related entrepreneurial activities; (iii) what kind of non-farm business activities in which the portfolio entrepreneurs and farm households are engaged, and what supply-side and demand-side factors influence their choice of these non-farm business enterprises; and (iv) what impact each of the above entrepreneurial activities has on the employment and income at the farm-level and rural economy.

**Key Outcome 2:** Enhanced understanding by policy makers, regulators, program managers, and those shaping public debate of economic issues related to developing Federal farm, natural resource, and rural policies and programs that respond to the challenges of climate change and the need to protect and maintain the environment while improving agricultural competitiveness and economic growth.

ERS will identify key economic issues related to interactions among natural resources, environmental quality, and the agriculture production system. ERS also will 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. ERS research analyzes the economic effects and cost effectiveness of resource, conservation, environmental, and commodity programs and their linkages. Topics include USDA's conservation programs and environmental policies addressing water and air quality and climate change associated with agricultural production. ERS will effectively communicate research results to policy makers, program managers, and those shaping public debate on agricultural resource use and environmental quality.

Examples of these activities will include the following:

- Characterizing implications of conservation and environmental policy design. Conservation policy design is generally limited to defining the subset of producers eligible to participate in a program, constructing the incentive structure (how much will be paid for which activities), and selecting program participants from

among willing bidders. ERS research examines the environmental effectiveness, economic efficiency, and distributional implications program design features, such as the baseline level of performance necessary to receive payments or participate in markets, options for targeting specific producer types (e.g., socially disadvantaged farmers), regions, or environmental attributes, and procedures for selecting participants from among all program applicants.

- Characterizing policy drivers for land management and land use change. Farm and environmental policies, including farm programs, biofuel policies, conservation programs and climate policies, may encourage farmers to modify cropping patterns, to change their crop management practices, to expand cropland and/or to retire cropland. ERS research examines whether and to what extent changes in land management and land use would occur under alternative policy specifications.

Future research and analysis will build on the successes of past performance to deepen understanding of issues explored, highlight new policy concerns revealed by prior analysis, and anticipate upcoming needs of policy makers and decision makers. Selected examples include the following:

Impacts of Biofuel-Induced Land-Use Changes on U.S. Conservation Goals and Environmental Quality. This research effort is examining regional changes in agricultural production and environmental consequences resulting from ramping up of biofuel targets. Emphasis is placed on changes in environmental indicators, including: excess nitrogen balance, nitrogen loss, nitrogen loading to surface water, nitrogen leaching to groundwater, phosphorus loading to surface water, pesticide loading to surface water, pesticide loading to groundwater, sediment loss to water, sediment loading to surface water, wind erosion and soil carbon emissions. Interactions with, and implications for, U.S. conservation programs, particularly the Conservation Reserve Program, will also be examined.

Nitrogen in Agricultural Systems: Economic and Environmental Implications of Alternative Policy Designs. Agriculture has been identified as the largest source of impairment for remaining water quality problems in the U.S. This research project focuses on the agricultural dimensions of water quality problems and the economic costs and benefits of improving water quality. In particular, planned research evaluates issues in the design of nonpoint source pollution control policies for reducing nutrients' impacts on water resources and the influences of regulation on agricultural decisions. Of particular interest is a focus on how different baseline requirements used in water quality trading programs affect the cost of credits and farmers' willingness to participate. The study will also consider the implications of alternative pathways for nitrogen-based emissions, and whether there are tradeoffs, e.g., between water quality and greenhouse gas.

Policy Drivers of Conversion of Native Grass Pasture and Rangeland for Crop Production. Farm commodity programs, crop insurance, disaster payments, and other Federal agricultural programs may have encouraged producers to convert native grassland to crop production. This research project aims to assess the nature of potential linkages between farm policy and grassland conversions. The study will include: (1) An analysis of grassland to cropland conversions using the best available data; (2) A review of the economic literature on land use change; (3) A simulation analysis of farm program incentives for grassland conversion based on representative farms; and (4) A statistical analysis of the relative impacts of farm programs, market incentives, technology change, land productivity, and other factors that could also affect grassland conversions.

Economic Implications of Policy Options for Addressing Climate Change. ERS has initiated a climate change research program that will predict responses of farmers to mitigation options, analyze the impact of mitigation options on domestic and global land and water use, and evaluate adaptation by farmers to a new climate regime through use of alternative technologies. This research effort will build on previous investment in simulation model and database development and extensive expertise on the economics of land use and land management, technology adoption, conservation program design, economics of biofuels, and value and dissemination of public investment in research and development.

**Key Outcome 3:** Enhanced understanding by policy makers, regulators, program managers, and organizations shaping public debate of economic issues related to adoption of economically and environmentally sustainable

technologies, factors affecting imports of U.S. agricultural products (including products produced using biotechnology), strategies to reduce barriers to imports and increase markets for U.S. products, including biotechnical exports.

ERS will identify key economic issues related to the competitiveness and sustainability of rural and farm economies, including economic factors guiding the development and adoption of agricultural biotechnology. ERS also will 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 rural and farm economies. ERS will effectively communicate research results to policy makers, program managers, and those shaping the public debate on the U.S. farm economy. ERS plans a range of activities to provide policy makers and other decision makers with assessments of current programs and alternative outcomes for pending or prospective policy decisions. Results will help shape public debate on commodity, technological, and economic issues. These activities will include the following:

ERS continually develops and disseminates research and analysis on the U.S. food and agriculture sector's performance in the context of increasingly globalized markets. Key emphasis areas include the World Trade Organization (WTO), domestic policy reforms, and the structure and performance of agricultural commodity markets. In-depth analysis of agricultural market conditions, and research and analysis aimed at fostering economic growth and understanding foreign market structures, round out the range of emphasis areas that enhance international competitiveness of American agriculture, including biotech crops.

ERS supports the USDA Biotechnology Coordinating Council and interdepartmental efforts with the Food and Drug Administration and the Environmental Protection Agency in the biotechnology crosscut through research that addresses both product impacts for farmers and industry behavior and potential impacts from concentration in the biotechnology industry. Research and related data collection efforts are designed to capture this rapidly emerging and turbulent technological change.

Future research and analysis will build on the successes of past performance to deepen understanding of issues explored, highlight new policy concerns revealed by prior analysis, and anticipate upcoming needs of policy makers and decision makers. Selected examples include the following:

Volatile Food and Agricultural Prices. Changes in the macroeconomy have major effects on agriculture. The main factors linking the macroeconomy to agriculture are changes in consumer income, exchange rates, interest rates, input costs, energy prices, and rural employment. International and domestic macroeconomic shocks can cause major changes in the values of these variables, resulting in changes in a country's agricultural prices, production, consumption, and trade. Ongoing ERS research focuses on the long-run factors that explain agricultural exports and imports, and food and agricultural prices, with emphasis on the North American Free Trade Agreement and emerging market countries.

Labor Markets and Mechanization in Specialty Crops. With immigration reform an important policy issue, the U.S. fruit and vegetable industry is concerned about how program changes could affect their labor-intensive commodities. ERS analysis will examine how fruit and vegetable commodities could respond if wage rates increased. Key factors that determine the response include the role of labor in production and harvest, whether there is price pressure from imports, and whether mechanization can substitute for labor with existing or near-future technology. Analysis considers the apple, orange, strawberry, raisin, lettuce, asparagus, and fresh-market tomato industries.

U.S. Organic Sector Growth and Challenges: Since the late 1990s, U.S. organic production has more than doubled, but the consumer market has grown even faster. The overall adoption level for organic agriculture is still low—only about 0.5 percent of U.S. cropland was managed under certified organic systems in 2005. Factors that influence adoption include the economic uncertainty during transition, government infrastructure support, and the availability of organic marketing outlets and technical information on organic production. Ongoing ERS research includes data development on key organic sector variables as well as analysis of organic production costs and profitability.

**Key Outcome 4:** 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 relating to the food prices and availability at home and abroad, consumer food choices, nutrition and health outcomes, nutrition assistance programs, and protecting consumers from unsafe food.

ERS will identify key economic issues affecting food prices, food availability, food consumption patterns, and protecting consumers from unsafe food and the food supply from contamination. ERS also will use sound analytical techniques to understand the immediate and long-term efficiency, efficacy, and equity consequences of alternative policies and programs aimed at ensuring access by children and adults to safe, nutritious, and balanced meals. ERS ongoing research will also address factors that can improve the effectiveness and efficiency of USDA and other Federal food aid programs at a time of resource scarcity. ERS will effectively communicate research results to policy makers, program managers, and those shaping efforts to promote abundant, safe, and healthful food at home and abroad. Examples of these activities will include the following:

- Providing economic analysis of the food marketing system to understand factors affecting the availability and affordability of food for American consumers.
- Providing timely insights and analysis to support improved decision making on issues related to food security and trade in low-income countries.
- Examining changes in food aid distribution (by program) to help determine the driving factors behind the allocation decision of donors.
- Providing enhanced annual estimates of the quantity of food available for human consumption, and measures of disappearance and loss in the food system.
- Providing economic analysis of how people make food choices, including demands for more healthful, nutritious, and safer food, and of the determinants of those choices, including prices, income, education, and socio-economic characteristics.
- Conducting analyses of the benefits and costs of policies to change behavior to improve diet and health, including nutrition education, labeling, advertising, and regulation.
- Conducting evaluations and economic analyses of the impacts of the Nation's domestic nutrition assistance programs, including the Supplemental Nutrition Assistance Program (SNAP); the Special Supplemental Nutrition Program for Women, Infants, and Children; and the Child Nutrition Programs.
- Evaluating the dietary and nutritional outcomes of USDA's food and nutrition assistance programs.
- Conducting research on food program targeting and delivery to gauge the success of programs aimed at needy and at-risk population groups, and to identify program gaps and overlaps.
- Conducting research on program dynamics and administration, focusing on how program needs change with local labor market conditions, economic growth and recession, and how changing State welfare programs interact with food and nutrition programs.
- Conducting food safety economics research, with the goal of providing a science-based approach to valuing food safety risk reduction, assessing industry costs of food safety practices, and understanding the interrelated roles of government policy and market incentives in enhancing food safety.
- Providing the decision makers and the public with food safety and biosecurity information through publications, web materials, and briefings that address several economic aspects of food safety, including consumer knowledge and behavior, industry practices, the relationship between international trade and food safety, and government policies and regulations.
- Working with Federal food safety agency partners to evaluate available food borne illness data related to meat, poultry and egg products, and to develop more accurate measures of the effectiveness of regulatory strategies in reducing preventable food borne illness.
- Conducting research on consumer awareness of and attitudes toward food safety risks in order to support education and outreach efforts and to improve understanding of the consumer benefits of various regulatory actions.
- Expanding research, modeling, and data sources that aid in analyzing emerging, potentially high-risk threats to public food safety and U.S. agriculture.

- Building food-price and food-consumption databases to provide a basis for analyzing the impact of food policy.

Future research and analysis will build on the successes of past performance to deepen understanding of issues explored, highlight new policy concerns revealed by prior analysis, and anticipate upcoming needs of policy makers and decision makers. Selected examples include the following:

National Household Food Purchase and Acquisition Survey (NHFPAS). The data obtained from this survey will increase the understanding of food distribution channels, availability and price of food at the point of sale, and household demand for food products, particularly as these conditions relate to low-income households. Furthermore, there is great need for this information as it relates to low-income households. ERS is developing a food purchase and acquisition survey with a nationally representative sample of all US households. Current plans call for: (a) the collection of pertinent information for low- and higher-income households; (b) the stratification and expansion of the sample of low-income, non-SNAP participants; and (c) the preparation of analytical reports.

Food Prices and Health Outcomes. ERS has prioritized research studying the relationship between food prices, food consumption, and health outcomes, such as overweight and obesity. This project will broaden the research base by creating a dataset of locality-specific food prices for numerous food groups. The interest is in grouping foods according to their role in a healthy diet, with particular attention paid to sub-categories of fruits and vegetables and regular and low-fat dairy and meat products. The geographical coding of the food prices will enable linkages with data on individual health outcomes. Currently ERS has plans to link the data to the National Health and Nutrition Examination Survey (NHANES) using the geocoded data that will be available with the Designated Agency Agreement that is currently being established with the Centers for Disease Control and Prevention (CDC) and the National Health Interview Survey (NHIS) (based on NHIS's MSA identification files).

An Assessment of Local Food Systems. Locally grown and produced food systems include farmers markets, community supported agriculture, state funded programs for state grown and labeled products, farms to colleges and university food service programs, direct sales to food service and grocery chains, electronic commerce, and mail order. Local food sales have been touted as a means of stimulating local economic activity, improving the nutrition and safety of food products, preserving farmland and the environment, and enhancing the financial stability of small and medium-sized farms. ERS has initiated a study of local food markets to review current information and data sources, assess current local food systems by farm size and commodity, and analyze federal, state, and local food procurement issues as they relate to small and medium size farms. The project will be conducted over the next two years.

The Geography of Food Distribution in the United States. This research will examine the complex relationships that tie the economic activities of 24 million workers across the country to produce and market food products to over 280 million American consumers. A framework for describing the economic interconnections of the U.S. food supply chain among geographic regions will be carried out using a unique Federal data series. The product, a national system account of economic regions, will provide a comprehensive description of the linkage between domestic and global food and commodity markets. It will also form the basis for analysis on alternative policies and programs to enhance competitiveness of our food distribution system. Reports on estimates of consumer expenditures in U.S. counties and on fuel requirements for food distribution will be completed soon.

Dairy Products: Farm Share and its Relationship to Retail and Farm Prices. Estimates of the farm share of retail prices are used as a "back of the envelope" estimate for how a shock to farm prices could affect retail prices. ERS will improve estimates of the farm share of retail prices for dairy foods. These new estimates will be used in new research on the relationship between commodity prices and retail prices. In addition, ERS will examine whether prices for value-added and basic versions of each type of food react similarly to a change in farm prices.

**Summary of Budget and Performance**
**Key Performance Outcomes and Measures**

**Agency Goal:** The long-term performance goal across USDA and agency goal areas is the successful execution of the ERS program of economic research and analysis to provide policy makers, regulators, program managers, and those shaping the public debate on agricultural economic issues with timely, relevant, and high quality economic research, analysis, and data to enhance their understanding of economic issues affecting food and agriculture. A general discussion of performance measures follows.

**Key Outcome:** The key outcome of the ERS program is to inform and enhance public and private decision making on economic and policy issues related to agriculture, food, the environment, and rural development.

**Application of the Research and Development Investment Criteria at ERS**
ERS research and management practices use many methods to apply the research and development investment criteria. These practices are designed to ensure that the direction of agency research activities reflects current and anticipated needs of ERS stakeholders and customers, that research and analysis produced by the agency adheres to disciplinary standards to ensure the highest possible quality, and that the agency's research products are delivered in a way that is accessible to customers.

***Principal practices to ensure research quality***
ERS staff publishes research and analysis in a variety of outlets, such as research monographs, ERS periodicals, journals, and presentations outside ERS. For all products the overriding objective is high quality economic analysis and communication of findings. Review and clearance is a collaborative process that begins with defining the questions and hypotheses to be investigated and selecting the appropriate methodologies. Official review and clearance guidelines are designed to ensure high quality analysis.

All products must meet disciplinary standards for quality and must receive substantive peer reviews by qualified experts who have the background, perspective, and technical competency to provide a meaningful assessment of the research design and findings. Reviewers are composed of a mix of individuals outside the author's immediate work unit and at least one from outside the agency. In addition, publications that involve other Federal programs must be reviewed by researchers/analysts from the relevant program agency.

ERS economic research and analysis includes extramural research activities through the Food Assistance and Nutrition Research Program (FANRP). FANRP's competitive grants and cooperative agreements fund research on strengthening economic incentives in food assistance programs; food assistance as a safety net; and obesity, diet quality, and health outcomes. The program is publicly announced, and grants and agreements are competitively awarded through the use of peer review panels.

***Principal practices to ensure research relevance***
ERS interacts with stakeholders and customers in many ways to ensure that the research agenda focuses on topics relevant to public and private decision makers. One example of such interaction centers on involving stakeholders in discussions of potential research issues relevant to a given area. ERS regularly convenes workshops, stakeholder sessions, or other meetings in which the results of recent agency research are discussed, upcoming policy issues are identified, and questions for future research are explored. In this way, interaction with stakeholders and customers helps sharpen the agency's research focus to better anticipate future needs for public and private decision makers. Another method to ensure relevance of agency research and analysis centers on ERS strategic planning processes. Strategic planning processes at ERS involve discussing with stakeholders the retrospective assessment of research accomplishments and agency impact, identifying key policy areas for potential future impact, and establishing research program priorities.

In addition to efforts to ensure the relevance of long-term research, ERS also asks customers to assess the relevance of staff analysis provided to USDA and other government officials. ERS uses a short

questionnaire to gather feedback from customers about relevance, usefulness, timeliness, and accessibility of the product delivered. The instrument provides valuable insight into the relevance of information from ERS in informing decisions by key policy makers.

***Principal practices to assess performance: key performance measures***

ERS employs several practices to assess performance of the agency's research program. These activities are designed to identify how ERS research contributes to discussion of issues in a sector, how effectively agency information is communicated to customers, and how the efficiency of the program can be improved.

Central to effective ERS performance is successful completion of planned research that enhances understanding by policy makers, regulators, program managers, and those shaping the public debate of economic issues related to enhancing economic opportunities for agricultural producers. Effective performance of economic research and analysis can be inferred through an integrated suite of measures designed to provide an indication of aspects of program performance. The key challenge for providing an overall assessment of research program performance is to develop a set of measures that, taken together, can provide a comprehensive view of program performance.

The framework for assessing the performance of the ERS economic research and analysis program centers on adherence to the Research and Development Investment Criteria principles of relevance, quality, and performance. Agency assessment practices provide a broad framework for assessing success in achieving these criteria. The degree of success can be further assessed through application of a quantitative performance assessment tool that considers factors key to successful research, based on relevance, quality, and performance. The tool consists of a three-category performance indicator that reflects the interval of the point score achieved on a quantitative research program assessment tool. A key component of evaluating agency performance in these areas will be program evaluation conducted by outside review panels. Panels assess the relevance, quality, and performance of agency programs by using the quantitative assessment tool based on the assessment criteria, which are summarized below. These criteria, taken together, will provide an indication of agency performance.

Data and other information collected for the ERS performance measurement framework are used to monitor, evaluate, and revise program activities and resource allocation to meet changing priorities in support of the ERS mission. ERS management regularly discusses implementation of research activities to ensure continued and improved agency effectiveness. The outcome of program review activities has been used as a basis for resource allocation and strategic planning activities for the food economics program and the market and trade economics program. The results of the American Customer Satisfaction Index (ACSI) customer survey indicate a customer priority for improving data accessibility and dissemination. These priorities are reflected in current activities to improve data dissemination via the ERS Web site. The results from the ACSI Web site customer satisfaction survey are used to inform initiatives to improve navigation on the ERS Web site.

ERS strategic planning activities include reviews of progress in meeting program plans and implementing revisions as necessary. Changes reflect activities to ensure continued relevance of ERS research and analysis activities, and to continue to provide useful and appropriate products to customers. ERS strategic planning includes discussions with customers and stakeholders on prospective research projects to meet anticipated needs of policy officials. Stakeholder conferences are used to help set priorities for ERS extramural funding programs. In FY 2011 ERS budget initiatives are aimed at responding to interests of ERS customers for continued relevant research, analysis, and data.

| Performance Measure | FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Actual | FY 2010 Target | FY 2011 Target |
|---|---|---|---|---|---|---|
| Portfolio Review Score: Qualitative assessment by external experts of the relevance, quality, and performance of ERS research portfolios to enable better informed decisions on food and agricultural policy issues. | Excellent | Excellent | Excellent | Excellent | Excellent | Excellent |
| ACSI Customer Satisfaction Rating | n/a | n/a | 74 | n/a | n/a | 76 |
| Policy Official Satisfaction Survey | 96 | 95 | 95 | 95 | 95 | 95 |
| Percent of requested analysis delivered on time | 97 | 95 | 96 | 100 | 100 | 100 |
| Customer satisfaction with the ERS Web site | 72 | 71 | 70 | 74 | 74 | 75 |

**Portfolio Review Score**
ERS uses independent expert review panels that evaluate the effectiveness of the ERS program of economic research and analysis to enable better informed decisions on food and agricultural policy issues. Over the past four years, review panels have assessed major segments of the ERS program. In each review, the external panels assess the relevance, quality, and performance of program plans, activities, and accomplishments. This assessment includes an evaluation using a quantitative analysis tool to rate portfolio effectiveness on a multi-category scale (excellent, adequate, needs improvement). The panel recommendations are used in agency strategic planning and priority setting.

**ACSI Customer Satisfaction Rating**
This measure is designed to assess the satisfaction of private and other external customers with the relevance, usefulness, and accessibility of ERS research, data, and analysis, as measured by the ACSI. This measure tracks relevance and usefulness of ERS research, analysis, data products, and services, as determined through a survey of agency customers using the ACSI. The survey is conducted on a three year cycle. In 2005 ERS customer satisfaction rated above targeted levels, and above average customer satisfaction with government programs. Another survey was conducted in 2008, with little change in average scores from 2004. Future surveys of overall customer satisfaction are planned for 2011.

**Policy Official Satisfaction Survey**
This measure is designed to assess the satisfaction of USDA and other government decision makers with the relevance and usefulness of requested analysis. ERS provides a broad range of research, data, and analysis for public and private decision makers to use in their analysis of economic issues affecting the food and agricultural sector. Throughout the year, policy officials from USDA agencies or outside of the Department request that ERS provide analysis on specific questions of interest to the requestor. Such questions, referred to as "Staff Analysis," provide policy officials with assessments relevant to their particular questions, and the analyses are typically requested for quick turnaround. This measure assesses requestors' satisfaction with the usefulness of materials provided by ERS in response to their requests for short-term, tailored research, analysis, and data.

**Percent of Requested Analysis Delivered on Time**
For the "Staff Analysis" described in the previous measure, an indicator of agency performance is the timeliness with which responses are provided to the customer. This measure tracks the timeliness of responses by ERS to requests for short-term tailored research, analysis, and data from government policy makers.

**Customer satisfaction with the ERS Web site**
In recent years, ERS recast its information dissemination and communications channels to adopt a Web-centric approach to communicating with customers. As a result, all ERS research, data, and other information disseminated by the agency are available through the ERS Web site. This measure is an indicator of customer satisfaction with the ERS Web site using a survey based on ACSI. The measure tracks satisfaction of Web site users and provides a basis for comparison with similar government and private sector Web sites. The target for this measure is at or above the average rating for government Web sites in the Information/News category.

**Economic Research Service**
**Full Cost By Strategic Goal**

**Strategic Goal: Assist rural communities to create prosperity so they are self-sustaining, repopulating and economically thriving.**

| PROGRAM | PROGRAM ITEMS | Dollars in thousands FY 2009 | FY 2010 | FY 2011 |
|---|---|---|---|---|
| **Economic Research and Analysis** | | | | |
| | Salaries and Benefits | 19,092 | 20,039 | 20,150 |
| | Pay Costs | 0 | 0 | 271 |
| | Data Acquisition | 3,315 | 3,509 | 3,312 |
| | Extramural Program | 844 | 850 | 850 |
| | Contracts | 1,627 | 1,727 | 1,706 |
| | Interagency Agreements | 1,377 | 1,486 | 1,371 |
| | Direct Costs | 663 | 651 | 1,004 |
| | Indirect Costs | 1,374 | 1,271 | 1,967 |
| | **Total Costs** | 28,292 | 29,533 | 30,631 |
| | *FTEs* | *151* | *155* | *157* |
| Performance Measure: Portfolio Review Score | Qualitative assessment by external experts of the relevance, quality, and performance of ERS research portfolios to enable better informed decisions on food and agricultural policy issues. | Excellent | Excellent | Excellent |
| | **Total for Strategic Goal** | | | |
| | **Total Costs (program, direct, indirect)** | 28,292 | 29,533 | 30,631 |
| | *FTEs* | *151* | *155* | *157* |

**Strategic Goal: Ensure our national forests and private working lands are conserved, restored and made more resilient to climate change, while enhancing our water resources.**

| PROGRAM | PROGRAM ITEMS | Dollars in thousands FY 2009 | FY 2010 | FY 2011 |
|---|---|---|---|---|
| **Economic Research and Analysis** | | | | |
| | Salaries and Benefits | 6,327 | 6,697 | 6,739 |
| | Pay Costs | 0 | 0 | 90 |
| | Data Acquisition | 2,816 | 2,981 | 2,814 |
| | Extramural Program | 255 | 257 | 257 |
| | Contracts | 18 | 19 | 19 |
| | Interagency Agreements | 140 | 151 | 139 |
| | Direct Costs | 233 | 229 | 361 |
| | Indirect Costs | 494 | 456 | 712 |
| | **Total Costs** | 10,283 | 10,790 | 11,131 |
| | *FTEs* | *50* | *53* | *54* |
| Performance Measure: Portfolio Review Score | Qualitative assessment by external experts of the relevance, quality, and performance of ERS research portfolios to enable better informed decisions on food and agricultural policy issues. | Excellent | Excellent | Excellent |
| | **Total for Strategic Goal** | | | |
| | **Total Costs (program, direct, indirect)** | 10,283 | 10,790 | 11,131 |
| | *FTEs* | *50* | *53* | *54* |

**Strategic Goal: Help America promote agricultural production and biotechnology exports as America works to increase food security.**

| PROGRAM | PROGRAM ITEMS | Dollars in thousands FY 2009 | FY 2010 | FY 2011 |
|---|---|---|---|---|
| | Salaries and Benefits | 12,582 | 13,203 | 13,278 |
| | Pay Costs | 0 | 0 | 178 |
| | Data Acquisition | 2,092 | 2,215 | 2,090 |
| | Extramural Program | 561 | 564 | 564 |
| | Contracts | 1,610 | 1,708 | 1,688 |
| | Interagency Agreements | 1,256 | 1,355 | 1,250 |
| | Direct Costs | 444 | 436 | 674 |
| | Indirect Costs | 916 | 847 | 1,314 |
| | **Total Costs** | 19,461 | 20,328 | 21,036 |
| | *FTEs* | *100* | *102* | *103* |
| Performance Measure: Portfolio Review Score | Qualitative assessment by external experts of the relevance, quality, and performance of ERS research portfolios to enable better informed decisions on food and agricultural policy issues. | Excellent | Excellent | Excellent |
| | **Total for Strategic Goal** | | | |
| | **Total Costs (program, direct, indirect)** | 19,461 | 20,328 | 21,036 |
| | *FTEs* | *100* | *102* | *103* |

**Strategic Goal: Ensure that all of America's children have access to safe, nutritious and balanced meals.**

| PROGRAM | PROGRAM ITEMS | Dollars in thousands FY 2009 | FY 2010 | FY 2011 |
|---|---|---|---|---|
| **Economic Research and Analysis** | | | | |
| | Salaries and Benefits | 10,896 | 11,377 | 11,449 |
| | Pay Costs | 0 | 0 | 154 |
| | Data Acquisition | 184 | 195 | 184 |
| | Extramural Program | 525 | 528 | 2,028 |
| | Contracts | 4,757 | 5,047 | 4,987 |
| | Interagency Agreements | 3,253 | 3,509 | 3,739 |
| | Direct Costs | 417 | 410 | 637 |
| | Indirect Costs | 822 | 761 | 1,195 |
| | **Total Costs** | 20,854 | 21,827 | 24,373 |
| | *FTEs* | *87* | *88* | *94* |
| Performance Measure: Improve Low Income Household Access to Fresh, Local, Healthy Food | USDA policy makers implement new local foods initiatives as a result of new data and information on community, local food market, and food assistance program characteristics, and analysis of effective alternatives for improving access to fresh, local foods. | No | No | Yes |
| Performance Measure: Portfolio Review Score | Qualitative assessment by external experts of the relevance, quality, and performance of ERS research portfolios to enable better informed decisions on food and agricultural policy issues. | Excellent | Excellent | Excellent |
| | **Total for Strategic Goal** | | | |
| | **Total Costs (program, direct, indirect)** | 20,854 | 21,827 | 24,373 |
| | *FTEs* | *87* | *88* | *94* |
| **Total for Economic Research and Analysis** | | | | |
| | Unobligated Balance | 610 | - | - |
| | Total Costs (program, direct, indirect) | 78,890 | 82,478 | 87,171 |
| | *FTEs* | *388* | *398* | *408* |