

2020 USDA EXPLANATORY NOTES – ECONOMIC RESEARCH SERVICE

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AGENCY-WIDE**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 a broad range of economic and policy issues related to agriculture, food, natural resources, and rural America. The Agency's mission is to anticipate issues that are on the horizon, and to conduct sound, peer-reviewed economic research. ERS is also the primary source of statistical indicators that, among other things, gauge the health of the farm sector (including farm income estimates and projections), assess the current and expected performance of the agricultural sector (including trade), and provide measures of food security here and abroad. Most of the Agency's research is conducted by a highly trained staff of economists and social scientists through an intramural program of research, market outlook, and analysis. Key clientele includes White House and USDA policy officials; program administrators/managers; the U.S. Congress; other Federal agencies; State and local government officials; and organizations, including farm and industry groups interested in public policy issues.

ERS develops its research program in coordination with other USDA research agencies, USDA program agencies, and other external collaborators. Activities to support this mission 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 business and household income, farm and retail food prices, food borne 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 reports and articles; special staff analyses, briefings, and presentations; databases; and individual contact. More information on ERS' program is contained on the ERS Web site at www.ers.usda.gov.

The ERS headquarters is in Washington, D.C. ERS does not have any field offices. As of September 30, 2018, there were 319 permanent full-time employees.

OIG and GAO Reports***Table ERS-1. Completed GAO Reports***

ID	Date	Title
50601-0006	11/30/2017	Integrity of USDA's Scientific Research Program
19-36	12/11/2018	Federal Budget: Government-wide Inventory of Accounts with Spending authority and Permanent Appropriations, Fiscal Years 1995 to 2015, 100774

Table ERS-2. In-Progress GAO Reports

ID	Title
100386	3/30/2018 Survey on Fraud Reduction and Data Analytics Act Implementation

ERS did not have any direct Office of Inspector General (OIG) audits or evaluations conducted during FY 2018.

AVAILABLE FUNDS AND STAFF YEARS

Table ERS-3. Available Funds and Staff Years (thousands of dollars, staff years (SY))

Item	2017		2018		2019		2020	
	Actual	SY	Actual	SY	Estimate	SY	Budget	SY
Salaries and Expenses:								
Discretionary Appropriations.....	\$86,757	330	\$86,757	319	\$86,757	329	\$60,500	160
Adjusted Appropriation.....	86,757	330	86,757	319	86,757	329	60,500	160
Total Available.....	86,757	330	86,757	319	86,757	329	60,500	160
Lapsing Balances	-325	-	-279	-	-	-	-	-
Obligations.....	86,432	330	86,478	319	86,757	329	60,500	160
Ob. Under Other USDA Appr.:								
Foreign Agricultural Service.....	55	1	210	1	120	1	-	-
Food and Nutrition Service	3,000	-	2,477	-	3,000	-	-	-
Agricultural Research Service.....	90	-	60	-	-	-	-	-
Nat'l Agricultural Statistics Svc	10	-	7	-	25	-	10	-
Office of the Chief Economist	110	-	-	-	38	-	-	-
Nat'l Information Technology Ctr...	66	-	-	-	-	-	-	-
Agricultural Marketing Service.....	-	-	45	-	-	-	-	-
Farm Service Agency.....	-	-	16	-	-	-	-	-
Departmental Management	-	-	5	-	-	-	-	-
Assistant Sec. for Civil Rights	-	-	5	-	-	-	-	-
Food Safety and Inspection Svc.....	-	-	15	-	-	-	-	-
Total, Other USDA	3,331	1	2,840	1	3,183	1	10	-
Total, Agriculture Appropriations.....	89,763	331	89,318	320	89,940	330	60,510	160
Total, ERS	89,763	331	89,318	320	89,940	330	60,510	160

PERMANENT POSITIONS BY GRADE AND STAFF YEARS

Table ERS-4. Permanent Positions by Grade and Staff Years

Item	2017			2018			2019			2020		
	D.C.	Field	Total									
SES.....	6	-	6	6	-	6	6	-	6	4	-	4
GS-15	67	-	67	65	-	65	64	-	64	30	-	30
GS-14	68	-	68	65	-	65	65	-	65	30	-	30
GS-13	72	-	72	72	-	72	73	-	73	32	-	32
GS-12	70	-	70	63	-	63	63	-	63	30	-	30
GS-11	34	-	34	34	-	34	34	-	34	18	-	18
GS-10	1	-	1	1	-	1	1	-	1	-	-	-
GS-9	17	-	17	16	-	16	16	-	16	10	-	10
GS-8	1	-	1	1	-	1	1	-	1	-	-	-
GS-7	3	-	3	3	-	3	3	-	3	2	-	2
GS-6	1	-	1	1	-	1	1	-	1	1	-	1
GS-5	2	-	2	-	-	-	-	-	-	-	-	-
GS-4	3	-	3	1	-	1	1	-	1	1	-	1
GS-3	2	-	2	1	-	1	1	-	1	1	-	1
GS-2	1	-	1	1	-	1	1	-	1	1	-	1
Total Permanent	348	-	348	330	-	330	330	-	330	160	-	160
Unfilled, EOY	-26	-	-26	-10	-	-10	-	-	-	-	-	-
Total Perm. FT EOY ..	322	-	322	320	-	320	330	-	330	160	-	160
Staff Year Est	331	-	331	320	-	320	330	-	330	160	-	160

SHARED FUNDING PROJECTS*Table ERS-5. Shared Funding Projects (dollars in thousands)*

Item	2017 Actual	2018 Actual	2019 Estimate	2020 Estimate
Departmental Shared Cost Programs:				
1890 USDA Initiatives	\$13	0	0	0
Advisory Committee Liaison Services	2	\$2	\$2	\$2
Agency Partnership Outreach	0	26	25	25
Classified National Security Information.....	3	0	0	0
Continuity of Operations Planning	7	0	0	0
Emergency Operations Center	8	0	0	0
Facility and Infrastructure Review and Assessment	2	0	0	0
Faith-Based and Neighborhood Partnerships.....	1	0	0	0
Hispanic-Serving Institutions National Program	7	0	0	0
Human Resources Self-Service Dashboard	2	2	2	2
Human Resources Transformation	6	3	0	0
Identity and Access Management	23	0	0	0
Medical Services.....	25	21	2	2
Office of Customer Experience	0	7	10	12
People's Garden	2	2	0	0
Personnel and Document Security	0	11	11	11
Personnel Security Branch.....	8	0	0	0
Security Detail	12	15	15	15
Security Operations	0	36	34	34
TARGET Center.....	5	4	4	4
USDA 1994 Program.....	3	0	0	0
USDA Enterprise Data Analytics Services	0	0	0	17
Virtual University	7	3	0	0
Total, Departmental Shared Cost Programs	136	132	103	123
Working Capital Fund:				
HR Enterprise System Management	5	5	5	6
Integrated Procurement Systems.....	36	40	45	48
Mail and Reproduction Services.....	127	127	79	73
Materiel Management Service Center.....	45	41	35	42
Creative Media and Broadcast Center.....	71	72	80	94
Office of the Executive Secretariat	6	5	0	0
Financial Shared Services	98	85	86	85
National Finance Center	97	105	97	101
Client Experience Center	486	481	493	493
Digital Infrastructure Services Center.....	213	229	1,279	1,279
Enterprise Network Services.....	705	776	1,281	1,402
Total, Working Capital Fund	1,889	1,964	3,481	3,624
E-Gov:				
Enterprise HR Integration.....	75	7	7	7
HR Management LOB	1	1	1	1
Integrated Acquisition Environment.....	1	1	1	0
Geospatial LoB	13	13	13	13
Total, E-Gov	22	22	22	21
Total Shared Funding	1,889	1,964	3,481	3,624

ACCOUNT 1: SALARIES AND EXPENSES**LEAD-OFF TABULAR STATEMENT****Table ERS-6. Lead-Off Tabular Statement**

Item	Amount
2019 Annualized Continuing Resolution.....	\$86,757,000
Change in Appropriation	-26,257,000
Budget Estimate, 2020.....	<u>60,500,000</u>

The appropriations language follows (new language underscored; deleted matter enclosed in brackets):

For necessary expenses of the Economic Research Service, \$60,500,000.

PROJECT STATEMENT**Table ERS-7. Project Statement (thousands of dollars, staff years (SY))**

Item	2017		2018		2019		Inc. or Dec.	Chg Key	SY	2020	
	Actual	SY	Actual	SY	Estimate	SY				Budget	SY
Discretionary Appropriations:											
Economic Analysis and Research ..	\$86,757	330	\$86,757	319	\$86,757	329	-\$26,257	(1)	-169	\$60,500	160
Total Adjusted Approp.....	<u>86,757</u>	<u>330</u>	<u>86,757</u>	<u>319</u>	<u>86,757</u>	<u>329</u>	<u>-26,257</u>		<u>-169</u>	<u>60,500</u>	<u>160</u>
Total Appropriation.....	<u>86,757</u>	<u>330</u>	<u>86,757</u>	<u>319</u>	<u>86,757</u>	<u>329</u>	<u>-26,257</u>		<u>-169</u>	<u>60,500</u>	<u>160</u>
Total Available.....	86,757	330	86,757	319	86,757	329	-26,257		-169	60,500	160
Lapsing Balances	-325	-	-279	-	-	-	-		-	-	-
Total Obligations.....	<u>86,432</u>	<u>330</u>	<u>86,478</u>	<u>319</u>	<u>86,757</u>	<u>329</u>	<u>-26,257</u>		<u>-169</u>	<u>60,500</u>	<u>160</u>

JUSTIFICATIONS

The numbered justifications items are keyed to the Change Key (Chg Key) column on the Project Statement.

Economic Analysis and Research

Funding for ERS will focus on core, recurring programs of data analysis and market outlook that reflect principles based on the Agency's role as a Federal intramural research and statistical organization. The principles identify areas where ERS is best positioned to provide value including research that: 1) builds on unique or confidential data sources or investments at the Federal level and is inherent in the role of a Federal Statistical Agency; 2) provides coordination for a national perspective or framework; 3) requires sustained investment and large teams; 4) directly serves the U.S. Government's or USDA's long-term national goals; and 5) addresses questions with short-run payoff or that have immediate policy implications. At the proposed funding level, ERS will focus on providing expertise in the analysis of farming and commodity markets, as well as information on food markets, consumer data, and U.S. food security. The U.S. food security annual measures will continue to be used to assess the impact of USDA Food and Nutrition Service efforts as related to decreasing food insecurity in the U.S.

At the proposed budget of \$60.5 million (including \$15.5 million to assist in the realignment of the agency and relocation of the agency outside of the national capital region.), ERS will provide data products and statistics for farm financial information (e.g., estimates of farm income and commodity costs of production), agricultural commodity markets, USDA's domestic and international baseline, international trade, U.S. agricultural productivity, loss-adjusted food availability, monthly forecasts of the Consumer Price Index for food, and other priority consumer data. ERS will maintain its production of the national estimates of U.S. food security. This funding level also supports the Agency's Commodity Outlook program and participation in USDA's Interagency Commodity Estimates Committees and recurring analyses for commodities covered by USDA Farm Act commodity programs. These activities include analysis for the monthly World Agricultural Supply and Demand Estimates (WASDE) reports, publication of commodity newsletters, public release of data for feed grains and other commodities, and supply and utilization tables for commodities that serve as critical inputs to the ERS Loss-Adjusted Food Availability Data. ERS will continue to provide leadership in the modeling for USDA's Agricultural Baseline Projections. Producing these statistics requires the purchase of the following: the Agricultural Resource Management Survey (ARMS), U.S. food security data, consumer data, and private sector commodity data and intelligence. This budget level would support staff to develop and report the statistics and conduct research needed to ensure the sustained ability to develop meaningful measures of economic concepts in a dynamic food, farm and

agricultural sector. This funding level will streamline the Department’s statistical functions and focus on core data products similar to other statistical agencies within the Government.

At the funding level for FY 2020, the following funding changes are requested:

- (1) A net decrease of \$26,257,000 and 169 staff years (\$86,757,000 and 329 staff years available in FY 2019).

The funding change is requested for the following items:

- A) An increase of \$15,500,000 for the realignment and relocation of the agency.

ERS currently leases commercial space in Patriot’s Plaza, which is not owned by the General Services Administration (GSA). Funding will be used to acquire, design, and build out adequate space and for movement of personnel and equipment to a new location. On August 9, 2018, USDA announced a proposal to relocate most employees of ERS outside of the National Capital Region, maintaining certain functions within in the National Capital Region. A Federal Register notice was issued on August 15, 2018, to provide an opportunity for communities across the Nation to submit an Expression of Interest (EOI) in hosting ERS, and/or another USDA agency, the National Institute of Food and Agriculture. Locating the majority of ERS functions outside the National Capital Region includes a significant opportunity to improve USDA’s ability to attract and retain highly qualified staff with training and interests in agriculture, many of whom come from land-grant universities; and to benefit the American taxpayers through significant savings on employment costs and rent, which will allow more employees to be retained in the long run, even in the face of tightening budgets. USDA received 136 EOI from 35 States. USDA has retained a consulting firm to evaluate those EOI and the consultant will provide a benefit-cost analysis during the site selection process. That analysis will be made available as soon as feasible.

- B) A decrease of \$20,511,000 and 72 staff years for Research on Agricultural Markets and Trade, Farms, Conservation and Agricultural Research and Development (\$48,449,000 and 206 staff years available in 2018).

ERS will discontinue research relative to farm, conservation and trade policy, and on investments in agricultural research and development. ERS will also discontinue its annual estimates of international food security for low- and middle-income countries and research on international development that supports this activity. At the proposed funding level, research and extramural agreements associated with special initiatives such as on research innovations for policy effectiveness, drought resilience, new energy sources (including bioenergy, renewable energy and shale oil and gas), local and regional food markets, beginning farmers and ranchers, invasive species, and markets for environmental services will be eliminated.

With these reductions, ERS will continue to provide analysis and monthly newsletters to support participation in USDA’s Inter-Agency Commodity Estimate Committees and provide modeling and data related to USDA’s Agricultural Baseline Projections. ERS will refocus its international activities to ensure continued expertise and market analysis on major agricultural trading countries such as China, Brazil, and India, which are necessary to support the Inter-Agency Commodity Estimates Committees (ICEC) and USDA baseline development. ERS will produce high-quality, objective measures of farm business and household income and wealth, cost of production, and report on farm practice adoption. Research and data development will prioritize activities necessary to ensure objective and reliable statistics as well as the capacity to interpret and predict emerging data trends and to respond to short turn-around requests for such information.

- C) A decrease of \$15,084,000 and 67 staff years for Research and Analysis on Food Assistance, Nutrition and Diet Quality (\$18,941,000 and 93 staff years available in 2018).

ERS will continue to produce the Loss-Adjusted Food Availability Data, annual statistics to measure U.S. food security, and monthly retail food price forecasts. ERS will eliminate research and other data products on USDA food and nutrition assistance programs and on food consumption and nutrition, including all data resources related to food access and consumer food choices, including the Food Environment Atlas, Food Access Research Atlas, SNAP Data System, Fruit and Vegetable Prices, and Price Spreads from Farm to Consumer.

- D) A decrease of \$4,000,000 and 20 staff years for Rural Economy and Well-being Research and Analysis (\$4,000,000 and 20 staff years available in 2018).

ERS will discontinue all research and statistics related to the rural economy, some of which may be provided by public universities and non-profit institutions. The Department will support research related to

supporting the rural economy through the National Institute of Food and Agriculture (NIFA) and the Agricultural Research Service (ARS).

- E) A decrease of \$2,162,000 and 10 staff years for Food Safety Research and Analysis (\$2,162,000 and 10 staff years available in 2018).

ERS will discontinue all research and data efforts related to food safety. The Department will support research related to food safety through the National Institute of Food and Agriculture (NIFA) and the Agricultural Research Service (ARS).

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS*Table ERS-8. Geographic Breakdown of Obligations and Staff Years (thousands of dollars, staff years (SY))*

State/Territory/Country	2017		2018		2019		2020	
	Actual	SY	Actual	SY	Estimate	SY	Budget	SY
Alabama.....	-	-	84	-	-	-	-	-
Arizona.....	206	-	9	-	-	-	-	-
Arkansas.....	79	-	-	-	-	-	-	-
California.....	624	-	533	-	-	-	-	-
Colorado.....	340	-	277	-	-	-	-	-
Connecticut.....	1	-	3	-	-	-	-	-
Delaware.....	90	-	125	-	-	-	-	-
District of Columbia.....	68,055	330	69,406	319	-	-	-	-
Florida.....	65	-	126	-	-	-	-	-
Georgia.....	37	-	67	-	-	-	-	-
Illinois.....	1,284	-	1,174	-	-	-	-	-
Indiana.....	108	-	153	-	-	-	-	-
Iowa.....	3	-	147	-	-	-	-	-
Kansas.....	23	-	1	-	-	-	-	-
Kentucky.....	20	-	33	-	-	-	-	-
Louisiana.....	1	-	-	-	-	-	-	-
Maryland.....	9,308	-	5,300	-	-	-	-	-
Massachusetts.....	322	-	804	-	-	-	-	-
Michigan.....	6	-	321	-	-	-	-	-
Minnesota.....	227	-	94	-	-	-	-	-
Missouri.....	235	-	417	-	-	-	-	-
Montana.....	26	-	6	-	-	-	-	-
Nebraska.....	12	-	-	-	-	-	-	-
Nevada.....	1	-	4	-	-	-	-	-
New Hampshire.....	105	-	1	-	-	-	-	-
New Jersey.....	42	-	4	-	-	-	-	-
New Mexico.....	122	-	12	-	-	-	-	-
New York.....	289	-	365	-	-	-	-	-
North Carolina.....	272	-	2,075	-	-	-	-	-
Ohio.....	253	-	248	-	-	-	-	-
Oklahoma.....	51	-	2	-	-	-	-	-
Pennsylvania.....	19	-	72	-	-	-	-	-
South Dakota.....	7	-	-	-	-	-	-	-
Tennessee.....	3	-	18	-	-	-	-	-
Texas.....	192	-	208	-	-	-	-	-
Utah.....	25	-	31	-	-	-	-	-
Vermont.....	1	-	-	-	-	-	-	-
Virginia.....	3,710	-	4,082	-	-	-	-	-
Washington.....	91	-	134	-	-	-	-	-
West Virginia.....	21	-	-	-	-	-	-	-
Wisconsin.....	68	-	95	-	-	-	-	-
Australia.....	4	-	2	-	-	-	-	-
Brazil.....	-	-	1	-	-	-	-	-
Canada.....	55	-	25	-	-	-	-	-
China.....	1	-	-	-	-	-	-	-
France.....	1	-	8	-	-	-	-	-
Germany.....	1	-	-	-	-	-	-	-
Italy.....	1	-	-	-	-	-	-	-
Poland.....	-	-	2	-	-	-	-	-
Sweden.....	-	-	2	-	-	-	-	-
Switzerland.....	1	-	-	-	-	-	-	-
United Kingdom.....	24	-	7	-	-	-	-	-
Undistributed.....	-	-	-	-	86,757	329	60,500	160
Obligations.....	86,432	330	86,478	319	86,757	329	60,500	160
Lapsing Balances.....	325	-	279	-	-	-	-	-
Total, Available.....	86,757	330	86,757	319	86,757	329	60,500	160

Note: The distribution of 2019 and 2020 funds by location has not been determined at this time.

CLASSIFICATION BY OBJECTS*Table ERS-9. Classification by Objects (thousands of dollars)*

Item No.	Item	2017 Actual	2018 Actual	2019 Estimate	2020 Budget
	Personnel Compensation:				
	Washington D.C.....	\$36,872	\$36,428	\$34,864	\$23,620
11	Total personnel compensation.....	36,872	36,428	34,864	23,620
12	Personal benefits.....	11,075	11,101	10,642	5,980
13.0	Benefits for former personnel.....	7	3	3	3
	Total, personnel comp. and benefits.....	47,954	47,532	45,509	29,603
	Other Objects:				
21.0	Travel and transportation of persons.....	411	373	400	200
22.0	Transportation of things.....	64	1	880	8,378
23.1	Rental payments.....	5,903	6,074	5,500	10,750
23.3	Communications, utilities, and misc. charges.....	796	432	650	650
24.0	Printing and reproduction.....	9	16	18	4
25.1	Interagency Agreements.....	5,297	5,454	5,500	1,200
25.3	Other Services.....	5,649	5,161	5,200	3,235
25.4	Contracts.....	2,190	1,843	2,000	-
25.5	Cooperative Agreements.....	3,729	2,362	3,000	-
25.7	Data Acquisition.....	12,789	13,473	14,000	5,700
26.0	Supplies and materials.....	258	276	300	200
31	Equipment.....	459	1,241	1,000	400
31.4	ADP Software/Material/Supplies.....	630	1,954	2,000	180
41.0	Grants, subsidies, and contributions.....	294	286	800	-
	Total, Other Objects.....	38,478	38,946	41,248	30,897
99.9	Total, new obligations.....	86,432	86,478	86,757	60,500
	DHS Building Security Payments (included in 25.3).....	\$606	\$1,050	\$826	\$1,368
	Position Data:				
	Average Salary (dollars), ES Position.....	\$180,974	\$182,847	\$186,321	\$189,861
	Average Salary (dollars), GS Position.....	\$116,950	\$119,892	\$122,170	\$124,492
	Average Grade, GS Position.....	13.7	13.7	13.7	13.7