

Testimony of John E. Lee, Jr.

March 27, 2019

ERS NIFA Hearing

Thank you, Mr. Chairman, for the opportunity to make a statement at this hearing. I am John Lee, and I have had the privilege of serving American agriculture in two Land Grant Universities and as Administrator of the USDA's Economic Research Service. My remarks today focus mainly on the Economic Research Service, ERS, because I know it best. But, I have great respect for the mission and work of the National Institute for Food and Agriculture, NIFA. As a former Professor and Department Head at Mississippi State University, I can testify to the importance of NIFA to the Land Grant University system. NIFA is the Agency that today is most responsible for maintaining the USDA-Land Grant partnership, established by this legislative body through a series of Acts over the last 150 years. Any actions proposed that might threaten the effectiveness of NIFA should be carefully scrutinized.

So much of what Americans, including farmers and those throughout the food industry, know about the agricultural/food sector of the U.S. economy stems from the work of the Economic Research Service. Over the years, ERS has tracked the changing structure and organization of agriculture, explained the economic and technological forces behind the decline in small farms and the rise of large farms, explained the relationship between agriculture and threats to the natural resource base that sustains it, and has researched the most cost effective options to reduce that threat, provided an understanding of how changes in agriculture have driven changes in the organization of agricultural and food markets, recognized early on how changes in the rest of society have driven changes in consumer behavior and what that means for demand for farm products, explained how American agriculture keeps producing more and more with fewer and safer inputs, making U.S. agriculture one of the most efficient economic sectors of any country in the world, and analyzed the consequences of all these changes on the people who live in rural areas, and the implications for economic development.

On almost any day, somewhere in America, someone picks up a newspaper, or a trade magazine or watches the news on TV, and finds an article or graphic with some need-to-know information

about agriculture or food. If any credit is given, in small print one can read, “Source: Economic Research Service, USDA.” Sometimes no credit is given, or a different source is given, which, if traced back far enough, originally came from ERS. There is an army of consultants out there who survive by convincing farmers, cooperatives, and others in agriculture that they have more dependable data, analyses or forecasts than their competitors or even USDA. But, the basic information that underlies what they all do are data and analyses from ERS, the National Agricultural Statistics Service and other USDA agencies. That’s all good because all these consultants and advisors serve to extend the work of ERS and USDA to specific users. Again, not to belabor the point, but much of what Americans know or need to know about agriculture and food comes from ERS.

ERS has always been non-political. The focus there is always on honest and competent answers to important economic questions, whether those questions come from the Secretary, the Congress (sometimes through the Congressional Research Service or other routes), or from the researchers themselves who observe important economic trends and anticipate likely future questions. The staff of ERS are widely recognized as being well trained and highly competent. That is why ERS staff are sought after by so many organizations and agencies in Washington.

All this is to say that ERS is very important to USDA’s capacity for policy analysis, and even more important to America’s agricultural and food industry. The Agency has survived persistent budget and personnel cuts by adopting numerous innovative internal changes and innovative external partnerships with other agencies and organizations, made possible by their close proximity in the Washington area. All the while, ERS has continued to produce report after report of high quality and relevant research.

Last August, USDA Secretary Sonny Perdue announced that the Department would be relocating both the Economic Research Service and the National Institute of Food and Agriculture outside of the Washington, DC area. The rationale provided in the brief press release cited high attrition, the difficulty of hiring agricultural economists into D.C., the desire to lower costs, and the importance of the agencies being closer to their stakeholders. The Secretary also announced plans to re-assign ERS from the Office of the Chief Scientist to the

Office of the Secretary. The Department then asked for bids from states, cities, educational establishments, private entities, and other parties who might be interested in having all or parts of the two agencies located on their sites. Reportedly, 136 bids were received, and that number has been narrowed to 76.

In my view, a primary criterion for locating a Federal agency should be the purpose or mission of that agency and where that mission can be best accomplished. Certainly, not all Federal entities have to be located within the Nation's Capital. In the case of ERS, there were reasons 50 years ago for a small portion of its staff to be located away from Washington, mostly in Departments of Agricultural Economics in Land Grant Universities. Those staff worked mainly on economic adjustments faced by small and family farms.

But, huge changes have taken place in American agriculture: farms are large and efficient, and farmers now get their management, marketing, and technology information from private and public sources worldwide. What they need most today are unbiased data and research that provide the bigger picture, the larger economic context within which business decisions are made. What are the trends in global markets and what factors will affect those trends? How do policies in other countries affect market opportunities? How do changes in patterns of consumer behavior change market opportunities for producers of various commodities? The answers to these and hundreds more questions like them need to be known and understood by decision makers in all parts of our \$1 trillion food industry as they consider their management strategies and long-term investments

It is equally important that Federal policy makers know the answers to these same questions as they consider policy effectiveness, changes, and alternatives, or just need to understand what is happening in the food system. This is what ERS does. ERS is heavily linked to other Federal agencies that both supply and use ERS information and research. There are regular staff interactions, sometimes through joint working committees, with, as examples, Commerce, Defense, Bureau of Economic Analysis, Energy, Census, and multiple USDA agencies. Partly

through all these interactions, ERS remains constantly reminded of key policy issues and industry concerns, all of which help shape ERS research priorities. The data and research produced by ERS inform USDA officials and agencies, Members of Congress, and food and agricultural organizations headquartered in Washington. In short, moving ERS out of the Washington area will move it **away** from its most direct stakeholders and strategic partners..

With regard to recruitment, ERS has generally been effective in hiring experienced and new economists. The new OPM hiring authorities for economists, announced in October, will make it even easier to hire and retain economists in Washington. Other agencies, especially in USDA, have long seen ERS's outstanding staff as potential recruits, resulting in a slightly higher rate of attrition than the overall average for USDA. Rather than a problem, this should be seen as a compliment to the agency's staff and management.

Over the years, ERS has built a reputation for quality and objectivity in its research, statistics, and analysis. I recently learned the Agency is now ranked the #4 agricultural economics research institution in the world. USDA should be very proud of ERS. A major physical move that causes the loss of many experienced staff would cripple the Agency and mean years of rebuilding and training to regain its present eminence. Moreover, reported plans that keep some leadership in Washington and put parts of programs in the field will sever the team spirit and approach to research and reduce the overall effectiveness of ERS.

I fear that the reassignment of ERS to the Office of the Secretary, the dividing of the staff into two or more locations, and the drastic cuts proposed in ERS's already depleted staff and budget, will signal the demise of the Agency. That would be a major loss for agriculture and America.

As Administrator of the Economic Research Service—one of 13 primary Federal statistical agencies—under Presidents Ronald Reagan and George H.W. Bush, I feel that USDA's proposal will be a long term negative for the Department. Mr. Chairman, I deeply appreciate your

interest and that of the Committee members in protecting the information interests of American agriculture. I urge the Congress to see that ERS stays intact, in Washington, non-political, and adequately funded.

Thank you, Mr. Chairman.