



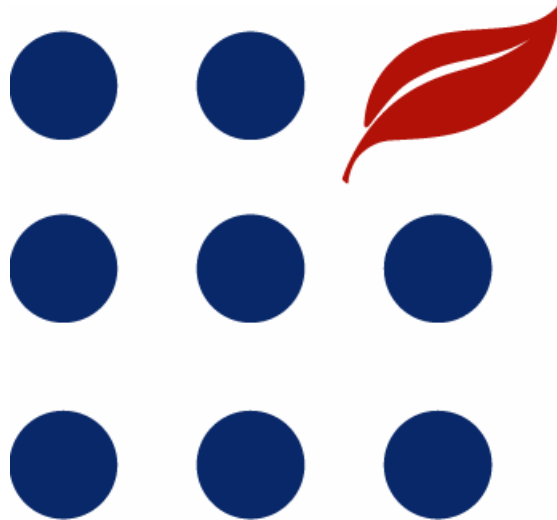
United States
Department of
Agriculture

Economic Research
Service

Economic Research Service

April
2007

Strategic Plan for 2007-2012



Additional copies of this Strategic Plan can be downloaded from USDA's web site at www.ers.usda.gov.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

USDA is an equal employment opportunity employer.

TABLE OF CONTENTS

Message from the Administrator.....	ii
Mission Statement.....	iii
Strategic Goal 1: Enhance International Competitiveness of American Agriculture.....	1
Strategic Goal 2: Enhance the Competitiveness and Sustainability of Rural and Farm Economies.....	4
Strategic Goal 3: Support Increased Economic Opportunities and Improved Quality of Life in Rural America.....	8
Strategic Goal 4: Enhance Protection and Safety of the Nation’s Agriculture Food Supply.....	10
Strategic Goal 5: Improve the Nation’s Nutrition and Health.....	13
Strategic Goal 6: Protect and Enhance the Nation’s Natural Resource Base and Environment.....	16
Management Initiatives.....	19
Appendix A: Program Evaluations.....	23
Appendix B: Cross-Cutting Programs.....	25
Appendix C: Strategic Consultations.....	26

MESSAGE FROM THE ADMINISTRATOR



The Economic Research Service (ERS) anticipates trends and emerging issues in the food, agricultural, natural resource, and rural sectors, and provides social science research, analysis, and data that inform public program and policy decisions in those arenas. Our purpose is to provide policymakers, regulators, program managers and program and policy stakeholders with timely, relevant, and high-quality economic research, analysis, and data to broadly enhance understanding of economic issues affecting food and agriculture. We have designed our research and management practices to ensure that our research program meets the current and anticipated needs of ERS stakeholders and customers, that research and analysis produced by the agency adhere to high disciplinary standards and are peer reviewed, and that our research products are easily accessible by customers. ERS research, data and other information disseminated by the Agency is available through the ERS Web site (www.ers.usda.gov) and is published 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, objective economic analysis communicated in a useful and informative manner.

Strategic planning at ERS ensures the relevancy of agency research and analysis. ERS involves stakeholders in discussions regarding the retrospective assessment of past research accomplishments and agency impact, as well as in identifying key policy areas on the horizon, and in establishing research program priorities.

This strategic plan reflects the priorities of the Department as described in the USDA Strategic Plan for FY 2005-2010. This Plan identifies key policy and management objectives that are integrated with ERS' budget priorities and are accounted for through the Agency's portfolio review process and the Office of Management and Budget's (OMB) Program Assessment Rating Tool (PART). Central to the plan is the effective management of the Agency's limited resources to ensure timely, relevant and high-quality economic research and analysis on economic and policy issues related to agriculture, food, the environment and rural development.

ERS is deeply committed to the goals and strategies outlined in this Strategic Plan. This Plan is a working document that will continue to evolve in response to changes in the food and agriculture sector. Changes will reflect activities that ensure the continued relevance of ERS research and analysis as well as the continued distribution of useful and appropriate products to the customer. ERS looks forward to ongoing input from its customers and stakeholders to keep the Agency's research focus sharp and to ensure good anticipation of the future needs of agricultural, food, resource, and rural economic program and policy decisionmakers.

Katherine R. Smith
Acting Administrator

MISSION STATEMENT

Our mission is to anticipate economic and policy issues related to agriculture, food, the environment, and rural development, and conduct economic research that broadly and specifically informs public program and policy decisions.

Vision Statement

ERS is:

- A dynamic organization providing and supporting high quality, objective, and relevant economic and social science research and analysis.
- Recognized as a premier organization that brings cutting edge research, highly valued economic and social science research and analytical information to the table in addressing the needs of a rapidly evolving food and agriculture system.
- Recognized as having information that is easily accessible, understandable and transparent.
- Home to employees who are strengthened by the diversity of their cultures and backgrounds, enjoy their important and challenging careers, and share an unsurpassed level of dedication and competence in service to the United States.

ERS Values

In over 40 years of serving its constituents, ERS has made noteworthy contributions to agricultural, environmental, and rural development policy in the United States. ERS research has helped policymakers and others make difficult decisions that change the lives of Americans and others around the globe. To continue achieving ERS's goals, this plan emphasizes results that capitalize on teamwork across programs. As part of this plan, we intend to improve the efficiency of our program delivery and demonstrate our effectiveness in serving our customers, in accordance with the President's Management Agenda.

In carrying out the goals of its Strategic Plan, ERS will:

- Conduct high quality and objective social science research and analysis.
- Provide an economic foundation for problem solving and policy formulation.
- Respond to the needs of customers, stakeholders, and partners.
- Promote integrity, transparency, ethical conduct, and public accountability in all our activities

Customers and Stakeholders

ERS stakeholders are its customers and partners, its staff, cooperators, and contractors. The ultimate beneficiaries of ERS's program are the American people, whose well-being is improved by well informed public and private decision making.

ERS has identified its customers to be policy makers and key institutions that routinely make or influence public policy and program decisions. ERS shapes its program and products principally to serve these key decision makers: USDA and White House policy officials and program managers; the U.S. Congress;

other Federal agencies; State and local government officials; and domestic and international commodity, environmental, agribusiness, consumer, and other groups interested in public policy issues.

Strategic Plan Framework

ERS provides research in six emphasis areas that complement the USDA's six major goals:

- Enhance international competitiveness of American agriculture
- Enhance the competitiveness and sustainability of rural and farm economies
- Support increased economic opportunities and improved quality of life in rural America
- Enhance protection and safety of the Nation's agriculture and food supply
- Improve the Nation's nutrition and health
- Protect and enhance the Nation's natural resource base and environment.

The ERS goals are consistent with those of the other agencies in the Research, Education, and Economics mission area. The six strategic goals and their accompanying objectives contained in this plan describe major research emphases of ERS that support the same six goals in the USDA Strategic Plan. Planning, sound management, and measuring results are an inherent part of achieving these goals. The plan also describes management objectives regarding human capital, financial management, competitive sourcing, e-Government, budget and performance integration, and research and development criteria.

Performance Measurement

A challenge facing social science research institutions such as ERS is to measure effectively the effect of research and analysis on policy decisions and broad societal change. Decision makers take into account a variety of factors, one of which is economic analysis. However, ERS is involved in a continuous process of systematically evaluating the impacts of its work and looking at the factors that affect impact. As part of that process, ERS routinely provides customers with opportunities for feedback, conducts rigorous and appropriate peer reviews before analysis is released, and uses a wide variety of proven and innovative dissemination systems. Successful contributions to professional conferences and journals will test the appropriateness and rigor of both new and established research methods underpinning ERS analysis with respect to disciplinary standards.

Central to effective performance by ERS 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. Evaluation criteria for ERS economic research and analysis are centered on principles of the research and development investment criteria: relevance, quality, and performance. A key component of evaluating agency performance in these areas will be program evaluations conducted by outside review panels. Panels will assess relevance, quality, and performance of agency programs using a quantitative assessment tool based on the assessment criteria specified below. These criteria, taken together, will provide an indication of agency performance.

No single measure captures the full breadth and scope of ERS's performance. Rather, several measures are used to create a broader picture of agency performance. ERS provides information and analysis for USDA, other policy officials, and the public. These performance measures are designed to assess the effectiveness of ERS products and satisfaction of those various users. Specific indicators measure overall customer satisfaction with ERS products, the timeliness of responses to requests for analysis from policy

officials, a survey of ERS website customers (customer satisfaction with the ERS website), policy official satisfaction survey (customer satisfaction with requested analysis), and an indicator of agency efficiency.

Performance Measure	FY 2007 Target	FY 2008 Target	FY 2009 Target
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
ACSI Customer Satisfaction Rating ¹	75	74	76
Policy Official Satisfaction Survey	82	82	85
Customer satisfaction with the ERS website	73	73	74
Percent of requested analysis delivered on time	100	100	100
Efficiency Measure			
Index of ERS Product Releases per Staff Year	1.8	1.9	1.9

¹ ACSI targets are for 2005, 2008, and 2011.

Panel Assessment

A series of independent expert review panels will conduct a cycle of reviews over five years to evaluate the effectiveness of the ERS program of economic research and analysis to enable better informed decisions on food and agricultural policy issues. The first three reviews are disciplinary, while the remaining two will be cross-cutting reviews across the entire program. The review cycle is: (a) food economics (2005), (b) market and trade economics (2006), (c) resource and rural economics (2007) (d) policy impacts of research (2008), and (e) agency communications and dissemination (2009). In each review, the external panel will assess the relevance, quality, and performance of program plans, activities, and accomplishments. This assessment will include an evaluation using a quantitative analysis tool to rate portfolio effectiveness on a multi-category scale (excellent, adequate, needs improvement). The panel recommendations will be 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 American Customer Satisfaction Index (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, the most recent year, ERS customer satisfaction rated above targeted levels, and above the average customer satisfaction level with government programs. The customer satisfaction survey is also planned for 2008 and 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 on the basis of quick turnaround. This measure assesses customer satisfaction by requestors of staff analysis with the usefulness of materials

provided by ERS in response to customer requests for short-term, tailored research, analysis, and data. Responses are collected through a web-based survey.

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 policymakers. Over the last five years, ERS staff analysis has met predetermined deadlines for over 90 percent of all such requests.

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 is available through the ERS Web site. This measure is an indicator of customer satisfaction with the ERS Web site using a survey based on the American Customer Satisfaction Index (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 to be at or above the average rating for government Web sites in the Information/News category.

Efficiency Measure - Index of ERS Product Releases per Staff Year

ERS has carefully redefined its product mix and publication policy to target and present our research findings and information in a logical fashion. During the 2001 to 2006 period, the number of products released increased from 238 to 365. During that time staff years (Sys) declined from 491 SYs to 396 SYs. Using these numbers and basing them to 2001=1 results in product release efficiency going 1.0 in 2001 to 1.9 in 2006. Even if the number of products remained constant over time, productivity would need to increase to sustain production levels. The ratio is calculated as [number of products released]/[total SYs]. Every year is then compared to the ratio value in 2001. The measure defines outputs as all published items, Web-based briefing rooms, and data products produced by ERS staff during the fiscal year. Staff years include all actual ERS employees, whether research, support or administrative.

Key External Factors

ERS's success depends on its role as a national center of excellence for economic analysis on agriculture, food and nutrition, environmental, and rural issues. Policy makers and program managers are increasingly called upon to assess the efficiency and equity consequences of public policies, regulations, and programs. The demand for more and better information is accelerating in today's knowledge-based and increasingly complex society. ERS's role in informing and analyzing alternative public policy options is therefore growing in importance.

At the same time, ERS is being asked to do more with declining real resources. Essential to an effective response to these demands are telecommunication and computer technology developments that can enhance analytical capabilities and improve communication with customers and partners. ERS recognizes that getting its research and analysis to key customers in the form they want and at the right time matches the importance of doing excellent work on relevant topics. The Agency must continue to invest in integrating useful new information technologies into agency operations. Innovation is key to ERS's ability to do more with fewer staff resources. Clearly, the Internet has offered significant opportunities for providing real time information to customers in easily usable forms. ERS takes advantage of these opportunities by using the ERS Web site as its principal tool for communicating with

customers. The Agency will need to sustain and constantly upgrade its efforts in this area. Increasing flexibility in procurement and personnel regulations also offers new opportunities for a more responsive, adaptable and efficient ERS.

National employment trends affect ERS's ability to obtain and retain a highly skilled and technically competent ERS work force. The high level of academic training required for economic and other social science research and the need to achieve a more diverse workforce mean that ERS will continue its emphasis on recruitment, retention, student employment, career enhancement, training and retraining programs.

Changes in the larger policy context in which ERS operates will influence the content and orientation of ERS research and analysis. Changing perceptions about the role of government regulation have accelerated the search for effective and voluntary market-oriented measures as alternatives to traditional farm programs. In addition, the increasing scale and concentration of agricultural activities have raised environmental issues pertaining to waste management and issues about the role of market power. Rapidly changing economic, social, and medical environments have raised challenging questions about the nutritional quality and costs of good diets and food safety and their implications for individuals, society, and the food industry. International trade agreements are shifting the focus of trade disputes away from tariffs and toward issues relating to technical barriers to trade such as labeling of genetically engineered products and sanitary and phytosanitary measures that are not science based. Continued evolution of the demographic, economic, and industrial structure of rural areas will change policy debates regarding the well-being of rural people and communities. Finally and significantly, the continued growth of grain-based ethanol production, and the prospect of commercializing ethanol from other sources of biomass, underscores the need for examining the influence of bioenergy and bioenergy policy on domestic and global agricultural markets, natural resources, the environment, rural communities, and implications for food prices. Through its contacts with policymakers and academic experts, as well as the recognized expertise of its staff, ERS expects to keep pace with change as and before it occurs.



Strategic Goal 1: Enhance International Competitiveness of American Agriculture

The economic performance of U.S. agriculture is tied to its competitiveness in the global agricultural market place. For U.S. agricultural commodities and products to be competitive in the global economy, the production and processing system must provide reliable, consistent, and high quality supplies of products to buyers at market-level prices. ERS provides a broad range of information that helps U.S. producers and policymakers make informed decisions in an increasingly competitive global market place. ERS provides analysis of major issues affecting the performance of U.S. agriculture, and the potential impacts that policies, technological innovation and organizational innovation may have on its competitiveness.

Developing countries provide a major source of new demand for agricultural products. Access to these markets is important to U.S. producers. Trade liberalization has the potential to increase economic growth in developing countries by expanding markets for their goods while opening their markets to U.S. products. Economic development increases the demand and variety of food consumed as income grows, opening up new export opportunities for the U.S. food and agriculture system. ERS research provides insights into the changes to support both policy development and export performance. However, many developing countries still have serious food security problems. ERS analyzes food security issues, the factors underlying food emergencies, and potential implications for U.S. food aid programs.

To efficiently supply the products that Americans and foreign consumers demand, U.S. firms have reorganized and evolved into new firms with new methods of conducting the day-to-day business transactions. The rapid pace of these structural changes has created new markets with new competitive dynamics. Understanding how the emerging heterogeneous agribusinesses across the nation and markets affect consumers and the agricultural sector is important for policy design and regulation. ERS's research supports the USDA decision makers by providing economic intelligence on how and why various food industries are reorganizing and what impact they may have.

Macroeconomic variables, including exchange rates, domestic and foreign incomes, interest rates, and energy prices have a major impact on the short- and long-run outlook and performance of the agricultural sector. International and domestic macroeconomic shocks continue to affect U.S. agricultural prices, production, consumption, and trade, and it is increasingly important to understand and accurately account for these shifts in USDA market analyses. ERS research examines the effects of exchange rate and foreign income changes on U.S. agricultural trade to support USDA decision makers on developing baseline forecasts and short- and long-run analysis.

ERS Key Outcome: Enhanced understanding by policymakers, regulators, program managers, and those shaping public debate of economic issues affecting the U.S. food and agriculture

sector's international competitiveness, including factors related to international trade agreements and negotiations, market and nonmarket trade barriers, and the effects of economic and technological developments on agricultural competitiveness.

OBJECTIVE 1.1: PROVIDE ECONOMIC RESEARCH, INFORMATION, AND ANALYSIS TO SUPPORT PUBLIC AND PRIVATE DECISION-MAKING TO HELP EXPAND AND MAINTAIN INTERNATIONAL EXPORT OPPORTUNITIES

A most effective means of expanding foreign market opportunities is through new trade agreements that increase market access and reduce trade impediments. Greater access to foreign markets requires an aggressive trade policy that lowers tariffs and eliminates distorting subsidies. To achieve this, USDA will work with the Office of the U.S. Trade Representative (USTR) to push aggressively to conclude the Doha Round of World Trade Organization (WTO) negotiations. Doha refers to the round of multilateral trade negotiations currently being conducted under WTO. USDA and USTR also plan to complete new trade agreements with a variety of trading partners and negotiate effective market access with countries seeking to join the WTO. Other nations are pursuing bilateral or regional agreements around the world that will put the U.S. at a comparative disadvantage in many markets. Without these efforts, U.S. producers will find trade opportunities denied by others' preferential agreements.

ERS Performance Criteria

- 1.1.1** Enhance understanding of the factors underlying the growth rate of U.S. agricultural exports.
- 1.1.2** Increase awareness of the importance of reducing market access barriers for U.S.

agricultural products and key exports from developing countries.

- 1.1.3** Improve appreciation of the factors that determine the number of food insecure people in developing countries.

ERS Actionable Strategies

- Provide timely and accurate information and analysis of key country markets.
- Provide economic analyses on how agriculture related restrictions, including technical barriers, affect the U.S. agricultural industry.
- Conduct research to fully comprehend and articulate the effects and impacts of trade agreements, political and economic structural changes, and technology developments on the comparative and competitive advantage of U.S. agriculture.
- Analyze developments in key foreign markets and competitor nations to identify policies, demand patterns (including biofuels) and economic developments which affect U.S. export potential.
- Research and disseminate economic intelligence about the structure, performance, information systems, new technology, and foreign direct investments in the U.S. food manufacturing, processing, wholesale, retail, and food service industries.
- Conduct analysis of developing country trade issues related to food and biofuels.
- Work with other U.S. Government organizations to support trade capacity building efforts in the area of economic analysis and research.
- Examine the role of global natural resources and technology in agricultural economic development and trade, and how technological advances can meet

STRATEGIC GOAL 1

future world food security needs and/or alter countries' comparative positions in a globalizing food and agricultural system.

- Study the underlying macroeconomic and global structural factors influencing U.S. agricultural trade and likely future trends.



Strategic Goal 2: Enhance the Competitiveness and Sustainability of Rural and Farm Economies

An economically prosperous agricultural production sector contributes to the Nation's economic vitality and standard of living. Consumers benefit from efficiently produced and marketed agricultural products that minimize their food costs and maximize their consumption choices. The sector's success depends on the ability to expand into new markets, gain adequate capital, protect itself adequately against financial risk and adjust to changing market conditions. This success also depends on the economic well being of producers and their ability to increase production potentially through increased farm acreage and/or other methods, maintain their farms and equipment, and utilize tools to mitigate risks associated with various aspects of production. There is much diversity in the farm sector driven by diversity in resources, climate, individual preferences, and even lifestyles. The needs, concerns, and opportunities of larger, commercially oriented farms differ from those of smaller, intermediate farms, regardless of location. USDA supports much needed basic research, economic analysis, and baseline information to identify new uses and more efficient technology for producing and marketing agricultural products.

The U.S. production system has to be dynamic to respond to ever changing political, economic, technological, environmental, and consumer-driven market forces. Agricultural production and marketability is constantly affected by such factors as unpredictable weather and

growing conditions, disease and pest outbreaks, and market uncertainty.

ERS provides research, data, and analysis to help producers better manage the multiple risk factors inherent in agricultural production. Fundamental to the long-term viability of an agricultural producer is his or her ability to manage an efficient operation that realizes a profit. While factors such as market conditions, weather, and plant and animal pests and diseases play roles, it is the efficiency of farm or ranch production systems that ensure economic viability of each operation. In simplest terms, this means producing the right products at low enough costs to realize a profit at market prices. The long-range function of USDA is to help farmers and ranchers achieve this goal.

ERS Key Outcome: Enhanced understanding by policymakers, regulators, program managers, and others shaping public debate of economic issues affecting the competitiveness and economic sustainability of the rural and farm economies, including factors related to performance, structure, and adjustments by the people and sector to various economic forces over time.

OBJECTIVE 2.1: EXPAND DOMESTIC MARKET OPPORTUNITIES

Technological progress is increasingly pushing the market for agricultural products in new directions. Biobased technologies promise new opportunities for energy, industrial, and pharmacological markets for U.S. farmers. For example, agriculture is the source of: clean-burning fuel and industrial ethanol, a variety of specialty chemicals, soy-based inks, home heating and diesel fuel, industrial adhesives, biopolymers, and films, all derived from plants rather than from petroleum and other mined raw materials. In addition to the emergence of new markets for products made from agricultural materials, new markets are emerging for environmental activities and products that mitigate environmental concerns, such as offsetting greenhouse gas emissions through carbon sequestration and other farming and ranching activities. Key priorities for USDA will be development and implementation of a model procurement program for biobased products, promotion of the government-wide use of biobased products, research to support development of new markets and products, and collaborating with government officials to support these activities through USDA policies and programs, energy policy and other legislation.

ERS Performance Criteria

- 2.1.1** Increase the understanding of the dynamic and complex economic, policy, and technological factors affecting farm and rural economic growth.
- 2.1.2** Increase the understanding of the demand for biofuels and its affect on the food and agricultural sector.

ERS Actionable Strategies

- Provide timely and accurate information and analysis of key commodity markets.
- Conduct economic research on the effects on agricultural commodity markets of new food and nonfood uses, new agricultural products, alternative fuels, and new processes and other technologies.
- Conduct economic research on commodity and livestock markets of the increased demand for biofuels.
- Conduct research on how agricultural commodity, livestock and food markets might be affected by the increased demand for biofuels.

OBJECTIVE 2.2: PROVIDE ANALYSIS TO ENHANCE THE EFFICIENCY OF DOMESTIC AGRICULTURAL PRODUCTION AND MARKETING SYSTEMS

Fundamental to the long-term viability of an agricultural producer is the ability to manage an efficient and profitable operation. USDA activities make this possible through programs that develop and transfer to producers the technology, production practices, and business and marketing tools and information that are the center pieces for an efficient and economically sustainable agricultural sector.

The annual Agricultural Resources Management Survey (ARMS) jointly sponsored with the National Agricultural Statistics Service (NASS) is USDA's primary vehicle for obtaining information on a broad range of issues about the farm sector financial conditions and agricultural resource use. The ARMS provides the most definitive, annual description of the rapidly changing structure of the nation's farms. The survey shows that large farms account for a growing proportion of agricultural production, and that production and marketing agreements with agri-businesses are an important element of structural change. The ARMS provides an annual measure of the effect agri-business has on farm income through such contracts. Without the ARMS, important measures such as farm income, farm operator income, and farm household income would not be available. This program also provides the critical information to analyze the effect government programs, such as loan deficiency payments, are having on net farm income by size and type of farm. Equally important, ARMS data can be used to evaluate the possible effects of alternative government policies and programs such as formulating indices, cost estimates, and farm economic indicators. Data from the ARMS survey are the foundation for the body of research that has led to the recognition on the part of decision-makers of the diversity of the farm sector and the differential impact of alternative policies and programs across the farm sector and among farm families.

ERS Performance Criteria

- 2.2.1** Increased understanding of factors contributing to and explaining farms sector incomes, changes in wealth, and the use of credit.
- 2.2.2** Enhance the annual Agricultural Resource Management Survey, and provide timely release of data and

analyses on the status of farmers' finances, production practices, use of natural resources, and household economic well-being.

- 2.2.3** Increase understanding of factors influencing the growth in agricultural output and the efficient use of farm inputs and natural resources.

ERS Actionable Strategies

- Conduct economic research on the effects on agricultural commodity markets of new food and nonfood uses, new agricultural products, alternative fuels, organic agriculture, and new processes and other technologies.
- Conduct research in the adoption of genetically modified crops that will provide a basis for assessing the adoption of alternative agricultural products when they emerge in the marketplace.
- Conduct research on the sources of new technology, the roles of public and private research institutions, and the incentives for expanding scientific knowledge..
- Provide accurate and useful information on the roles played by small and beginning farmers and ranchers on U.S. agriculture, and on the factors affecting the financial performance and continued viability of such operations.

OBJECTIVE 2.3: PROVIDE ECONOMIC ANALYSIS OF RISK AND FINANCIAL MANAGEMENT TO FARMERS AND RANCHERS

Agricultural producers are subject to a wide array of natural, financial and market risks. Like other business owners, agricultural producers use a

variety of tools to manage these risks, including crop insurance, non-insured crop disaster assistance, credit and direct payments. USDA works diligently to provide financial tools to producers. The Department strives to provide prompt and equitable assistance, direct income payments, disaster assistance and marketing assistance loans to farmers, ranchers and eligible landowners. This assistance helps maintain economic stability in the agricultural sector. When natural disasters strike, USDA reacts quickly to help affected producers recover from losses and restore their lands to pre-disaster productivity levels. Additionally, the Department partners with commercial lenders to guarantee farm ownership and operating loans, and makes direct loans to producers to purchase properties or finance farm expenses. USDA provides agricultural credit to beginning farmers and ranchers, and those producers who traditionally have difficulty obtaining commercial credit. USDA also provides necessary capital to producers to help them recover from emergencies.

The U.S. production system has to be dynamic to respond to ever changing political, economic, technological, environmental, and consumer-driven market forces. Agricultural production and marketability is constantly affected by such factors as unpredictable weather and growing conditions, disease and pest outbreaks, and market uncertainty. ERS provides research, data, and analysis to help producers better manage the multiple risk factors inherent in agricultural production. Fundamental to the long-term viability of an agricultural producer is his or her ability to manage an efficient operation that realizes a profit. While factors such as market conditions, weather, and plant and animal pests and diseases play roles, it is the efficiency of farm or ranch production systems that ensure economic viability of

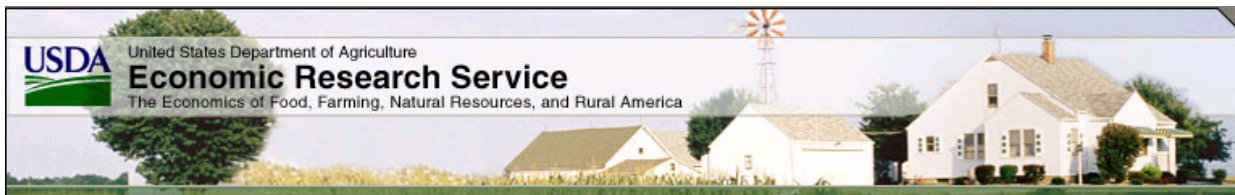
each operation. In simplest terms, this means producing the right products at low enough costs to realize a profit at market prices. The long-range function of USDA is to help farmers and ranchers achieve this goal.

ERS Performance Criteria

2.3.1 Provide timely and accurate statistics and economic analysis of economic conditions affecting major crop and livestock commodities for producers participating in risk-management programs.

ERS Actionable Strategies

- Provide timely and accurate information on production costs and farm business and farm household financial outcomes to help assess risk and returns to alternative enterprise and management decisions in agricultural production.
- Provide analyses of the benefits and costs of significant agricultural and environmental policies to better understand the effects of alternative production management systems on environmental quality and agricultural competitiveness.
- Conduct analyses of significant emerging biologically based technologies to assess their potential impact on markets, trade and agricultural policy.
- Provide economic research and analysis to help producers, processors, and distributors address changing consumer needs, tastes, and preferences, risk, new economic opportunities such as expansion of a bio-based economy, and agricultural changes in the structure of agricultural markets.



Strategic Goal 3: Support Increased Economic Opportunities and Improved Quality of Life in Rural America

Economic opportunities and the quality of life enjoyed by people living in rural communities depend on their capacity to take advantage of available resources and to adjust to changing circumstances. Both the resources and the knowledge and skills to effectively use them vary across the country. Nationally, agriculture accounts for less than 7 percent of total rural employment, although it continues to be a major employer in some regions, particularly the Midwest. Other areas, historically dependent on agriculture, now have more diverse economies, including manufacturing and recreational services. Farm households themselves rely more on the local economy, as farm business income plays an increasingly smaller role in determining the well-being of farm households.

ERS promotes the well-being of rural America through research and analysis to better understand the economic, demographic, environmental, and social forces affecting rural regions and communities and uses that knowledge to encourage strategies that build on local assets. In collaboration with other USDA agencies, ERS research helps provide rural residents and community and business leaders with the knowledge and skills to help their communities thrive in the global economy.

The well-being of rural communities and the people that live and work there, depends on the social, environmental, and economic health of those communities and their residents. A measure

of that health is the degree to which families and individuals are able to meet basic needs, including food, clothing, housing, education, and health, as well as manage their resources of money, time, and human capital. ERS conducts research to better understand the factors affecting change in rural areas, new economic opportunities such as growth of a bio-based economy, and the consequences of those changes for strategies to promote continued community and family well-being.

ERS Key Outcome: Enhanced understanding by policy officials and others shaping public debate of issues affecting rural America. New understanding includes a more comprehensive assessment of how business and family resources are used to adjust to circumstances that affect farm organization and performance, and household economic well-being.

OBJECTIVE 3.2: EXPAND ECONOMIC OPPORTUNITIES IN RURAL AMERICA BY BRINGING ECONOMIC INSIGHTS INTO PUBLIC AND PRIVATE DECISION MAKING

A robust, sustainable local economy is a major factor for creating stronger communities, and fostering a desirable social and natural environment. A strong economy provides qualified residents access to employment and a tax base to support

community services, such as education, recreation, youth, and cultural programs. Understanding the dynamics of a strong local economy and the policy and programs that promote strength is important to success. ERS's social science research program assists decision-makers in determining how economic vitality may be encouraged and maintained.

ERS Performance Criteria

3.2.1 Increased level of understanding of the dynamics of economic growth in rural areas and assessment of changing rural opportunities, well-being, and economic behavior.

3.2.2 Identifiable insights into the sources of employment in nonmetro areas.

ERS Actionable Strategies

- Develop a comprehensive and integrated base of information about rural economic

and social conditions that can be used by Federal policymakers for strategic planning, policy development, and program assessment.

- Identify how investment in education and technology, employment opportunities and job training, Federal policies, and demographic trends affect rural America's capacity to prosper in the global marketplace..
- Assess the impacts of bioenergy development on rural communities. Research will assess the extent to which there is an association between ethanol plant location and population or employment change in rural communities. Locating plants in sparsely settled areas increases employment opportunities. Research will examine the location of plants, what determines location, and potential economic benefits.



Strategic Goal 4: Enhance Protection and Safety of the Nation's Agriculture and Food Supply

For the Nation to have high quality, affordable, and safe food, the production system must be protected at each step from production to consumption. Crop and livestock production systems must be protected from the affects of diseases whether domestic or exotic in origin. The food supply must be protected during production, processing and preparation from contamination by organisms that cause disease in humans. ERS provides economic research and analysis to producers, manufacturers, consumers, and regulatory agencies to support their efforts to provide and consume safe food. Our research provides information on the role of economic and incentives and regulatory actions in private and public strategies reduce the risk of foodborne illness. Our research enables evaluation of the costs and benefits of efforts to protect the food system from natural and man-made health risks.

Many insect, disease, and weed pests of food, fiber, and nursery crops, and many nonnative animal pests and diseases pose threats to U.S. agricultural production and exports. Examples include Mediterranean fruit fly (Medfly), citrus canker, Asian longhorn beetle, Foot-and-Mouth Disease, Karnal bunt wheat fungus, Exotic Newcastle Disease of poultry, and Leafy Spurge, each of which highlights a concern about economic or environmental losses. Trade is essential to the U.S. agricultural sector, but increased movement of people and products across international borders creates new risks of introducing invasive species that can damage food and fiber production. Of necessity, the public sector must lead efforts to reduce economic risks

to U.S. agriculture from invasive species. There is a need to assess public polices to manage these pests, while preserving economic gains from trade and travel.

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

OBJECTIVE 4.1: PROVIDE ECONOMIC RESEARCH AND ANALYSIS OF PUBLIC AND PRIVATE EFFORTS TO REDUCE THE INCIDENCE OF FOODBORNE ILLNESSES RELATED TO MEAT, POULTRY, AND FRESH PRODUCE IN THE US

ERS research is designed to support food safety decision-making in the public sector and to enhance the efficiency and effectiveness of public food safety policies and programs. The program focuses on valuing societal benefits of reducing and preventing illnesses caused by microbial pathogens; assessing the costs of alternative food safety policies; assessing industry incentives to enhance food safety through new technologies and supply chain linkages; evaluating regulatory options and change; and exploring linkages between food safety and international trade.

ERS Performance Criteria

- 4.2.1** Determine factors affecting food safety in the meat, poultry, and fresh produce sectors.
- 4.2.2** Understand economic costs of food-borne pathogens.

ERS Actionable Strategies

- Conduct food safety economics research with the goal of providing a science-based, epidemiological approach to valuing food safety that is valuable to industry and policy makers.
- Work with Federal food safety agency partners to evaluate available foodborne illness data related to meat, poultry, egg products and fresh produce so as to develop more accurate measures of the effectiveness of regulatory strategies in reducing preventable foodborne illness.
- Conduct research on consumer awareness and evaluation of food safety risks to support education and outreach efforts to improve biosecurity, food safety, and food security.

OBJECTIVE 4.2: SUPPORT EFFORTS TO REDUCE THE NUMBER AND SEVERITY OF AGRICULTURAL PEST AND DISEASE OUTBREAKS THROUGH ECONOMIC ANALYSIS OF CONTROL STRATEGIES

USDA is the primary provider of science-based information on the nature of the diseases of livestock and crops. The Department develops methods to detect current and emerging diseases, provide control measures including vaccines and environmental practices. In addition, it provides information on pathogen-host interaction so novel

approaches can be developed for disease control. Models are used to understand the spread and economic impact of diseases and pests and to provide regulatory agencies with the science-based information needed to regulate the production system to minimize the impact and spread of disease. ERS provides expert information to the Department and agencies within the Department on the impacts of diseases on domestic and in international trade. ERS is a primary source of information on the economic impact of pests that affect the food system and conducts research on the economics of new methods to prevent the introduction of exotic pests and to control invasive pests.

ERS Performance Criteria

- 4.2.1** Increase the net economic benefits from USDA funds allocated to the management of invasive species.
- 4.2.2** Enhance understanding of factors contributing to increased agricultural trade.

ERS Actionable Strategies

- Develop research to better understand the economics of trade and invasive species. In particular, how do policies that reduce risk of exposure to new pests through trade restrictions affect commodity prices, U.S. trade, and overall economic welfare?
- Integrate information from biological, epidemiological, and other sciences into economic models to develop credible and concrete bioeconomic risk assessments that will help public agencies allocate resources among programs that exclude, monitor, and control invasive species.
- Provide assessments of policies designed to exclude, monitor, and control invasive pests with regard to the economic efficiency of different prevention and

control strategies for invasive species management and develop decision tools to enhance policy implementation.

- Explore in an objective and systematic manner who the stakeholders and other actors are in invasive species regulation, how they relate to one another and the public sector, what motivates each to act (or fail to act) in particular ways, and what incentives might encourage behavior that enhances program effectiveness.



Strategic Goal 5: Improve the Nation's Nutrition and Health

USDA policies and programs seek to ensure that all Americans have access to a healthy, nutritious, and affordable food supply, regardless of income. Excessive food consumption has led to an epidemic of obesity and increased risks of major chronic health problems (such as cardiovascular disease and diabetes). Four of the top ten causes of death in the United States -- heart disease, cancer, stroke, and diabetes -- are associated with diets too high in calories, total fat, saturated fat, and cholesterol or too low in dietary fiber. Improving the diet quality of Americans (particularly of the young) through better and more informed food choices is essential to improving the Nation's nutrition and health.

Despite the abundance and affordability of our food supply, food insecurity can be found in America. In 2005, 89 percent of U.S. households were food secure throughout the entire year. The remaining households (11.0 percent) were food insecure at least some time during that year, meaning that they did not have access by all household members at all times to enough food for an active, healthy life. In the 3.9 percent of households with very low food security, eating patterns of one or more household members were disrupted and their food intake was reduced at times during the year because the household lacked money and other resources for food. Improving access to healthy and nutritious food for low-income Americans remains a challenge for USDA.

USDA activities promote America's health through food and nutrition education, guidance

and promotion to the general public and to targeted groups. ERS provides research and economic analysis to inform policies that motivate Americans to use this information to improve their diets and physical activity patterns. We conduct research and analysis to support decision making on policies and programs to improve knowledge about public health, provide education and outreach efforts to promote better diets, and to reach children early and ensure access to healthy food.

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

OBJECTIVE 5.1: PROVIDE ECONOMIC RESEARCH AND ANALYSIS OF PUBLIC AND PRIVATE EFFORTS TO ENSURE ACCESS TO NUTRITIOUS FOOD

USDA agencies provide research to help improve the nutritional value of the U.S. food supply. New technologies and innovative production practices developed and disseminated by REE agencies

enhance the health-promoting properties of food products, and increase accessibility and acceptance of more nutritious foods. ERS provides baseline data on food consumption and the quality of American's diets, provides research and analysis to explain the barriers to participation in USDA nutrition assistance programs, and supports efforts to encourage participation in these programs by eligible Americans.

ERS Performance Criteria

- 5.1.1** Increase share of consumers familiar with Government nutrition information.
- 5.1.2** Larger share of eligibles participating in nutrition assistance programs.

ERS Actionable Strategies

- Provide economic analysis of the food marketing system to understand factors affecting the affordability of food for American consumers.
- Provide enhanced annual estimates of the quantity of food available for human consumption and measures of disappearance and loss in the food system.

OBJECTIVE 5.2: PROVIDE ECONOMIC RESEARCH AND ANALYSIS OF OPTIONS TO PROMOTE HEALTHIER EATING HABITS AND LIFESTYLES

ERS conducts research and analysis to better understand the determinants of eating habits and lifestyles, and how healthier eating habits and lifestyles can be achieved through education and outreach. Our research improves the understanding of nutrient requirements at all stages of the life cycle and the relationship between diet and health. We analyze the effects of nutrition education on food choices and dietary

intakes, and evaluate policies and programs to assist citizens in achieving a healthy diet.

ERS Performance Criteria

- 5.2.1** Improved understanding of socio-economic factors and information in affecting the share of U.S. consumers following USDA nutrition guidelines.
- 5.2.2** Identification of the role of economic and behavioral factors that affect obesity and overweight in the U.S.

ERS Actionable Strategies

- Provide economic analysis of how people make food choices, including demands for more healthful, more nutritious, and safer food, and of the determinants of those choices, including prices, income, education, and socio-economic characteristics.
- Conduct analysis of the benefits and costs of policies to change behavior to improve diet and health, including nutrition education, labeling, advertising, and regulation.

OBJECTIVE 5.3: IMPROVE FOOD PROGRAM MANAGEMENT AND CUSTOMER SERVICE THROUGH ECONOMIC EVALUATIONS OF USDA'S NUTRITION ASSISTANCE PROGRAMS

ERS research and analysis enhances understanding of the economic outcomes of nutrition assistance programs. We conduct research on the prevalence food insecurity in America. We provide research and analysis to ensure the effective stewardship of funds used to deliver USDA's nutrition assistance programs.

ERS Performance Criteria

- 5.3.1 Increased understanding of the economic, demographic, and programmatic factors that affect the decision by eligibles participating in food assistance programs.
- 5.3.2 Greater understanding of the determinants and the prevalence of food insecurity in the U.S.
- 5.3.3 Greater understanding of the role of administrative practices, macroeconomic, and caseload influences on the cost per client of nutrition assistance program delivery.

ERS Actionable Strategies

- Conduct evaluation and economic analysis of the impacts of the Nation's domestic nutrition assistance programs, including the Food Stamp Program; the Special Supplemental Nutrition Program, for Women, Infants, and Children; the School Lunch Program; and the Child Nutrition Programs.
- Evaluate the dietary and nutritional outcomes of USDA's nutrition assistance programs.
- Conduct research on food program targeting and delivery to gauge the success of programs aimed at needy, at-risk population groups and to identify program gaps and overlaps.
- Conduct 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.



Strategic Goal 6:

Protect and Enhance the Nation's Natural Resource Base and Environment

The management of our natural resources, both public and private, often seems to be a continued balancing out between sometimes contrary and competing concerns. While this is often the case, particularly in the short-term, longer-term management strategies combined with adequate knowledge of complex natural systems can yield maximum sustainable benefits from our resources that can satisfy most competing concerns.

Agricultural production systems affect more than just market outcomes. They also alter and consume our inherited natural resources and profoundly affect the level of environmental quality we enjoy, for good or ill. Increased understanding is needed of the interaction among natural resources, environmental quality, and agricultural production and consumption so that negative outcomes can be avoided and positive ones reinforced. We need research to evaluate the social welfare implications of resource conservation and environmental policies and programs designed to improve agriculture's environmental performance. USDA and other federal agencies design and implement a variety of important programs aimed at conserving soil, safeguarding water quality, promoting appropriate technology, protecting national borders from biological invasions and otherwise assuring harmony between agricultural activities and the natural environment. ERS conducts research that informs decisions about how these programs are designed and implemented, and provides arms-length, analytically-based input on how well on-the-ground programs are performing.

ERS Key Outcome: Enhanced understanding by policymakers, regulators, program managers, and organizations shaping public debate of economic issues related to development of Federal farm, natural resource, and rural policies and programs to protect and maintain the environment while improving agricultural competitiveness and economic growth.

OBJECTIVE 6.1: PROVIDE ECONOMIC INTELLIGENCE, RESEARCH AND ANALYSIS TO INFORM AGRICULTURAL RESOURCE AND CONSERVATION POLICIES

A healthy agricultural and rural environment is one in which individuals and organizations, and other interested stakeholders, have defined and are working toward an acceptable balance of economic growth, environmental protection and social activities. Watersheds vary widely, depending on their resource conditions and the values and management objectives of their residents. Specific resource concerns that can be addressed best through a watershed approach include water quality and quantity, and wetlands, and other habitat improvement issues. In the next five years, USDA will measure the success of its efforts to improve watershed health by reductions in the potential for losses of sediment, and nutrients from agricultural operations. Objectives for sediment and nutrient reduction are indicators

of the general trend in managing potential agricultural challenges to water quality. As new data on the effects of conservation become available, these objectives may be replaced with more comprehensive indicators of improved watershed health.

There is a need to assess the economic and environmental effects of resource-conserving production management systems to better enable producers to meet both economic and environmental goals.

ERS Performance Criteria

6.1.1 Increased knowledge of economic forces affecting the quality and sustainability of the nation's agricultural resources.

ERS Actionable Strategies

- Evaluate impacts of agriculture and resource conservation policy on working lands and retired land at both national, and where possible, watershed scales. Analyze the implications of alternative conservation and resource policy designs on producer incentives, prices, economic efficiency and the environment.
- Investigate regional differences in producer responses, incomes and environmental effects to various policy designs. This work area directly informs the design of resource conservation policies and programs for their implementation.
- Evaluate outcomes and indicators reflecting the impact of environmental regulations. Perform research addressing how agriculture and the consumers of agricultural products may be affected by environmental regulations. Assess the environmental outcomes of producer decisions under alternative regulatory scenarios and consider how they are

measured and evaluated in an economic and policy context.

- Provide better understanding of the dynamics of land use change associated with agricultural production. Monitor major land uses through collection, reconciliation, and estimation of major land uses, analysis of flows of land into and out of uses.
- Explore critical relationships between land values and farm/commodity support program and conservation programs. Also consider influence of nonagricultural policies and factors such as urbanization, tax policies and technical change, as well as the environmental effects of induced land use and land management change.
- Examine bioenergy production impacts on natural resources and the environment. Increased corn production affects land use and other natural resources. Research will address how crop, livestock, and poultry sectors respond to increased demand for biofuels over the next decade; the implications for environmental quality and services; different regional responses; and implications for conservation policies.

OBJECTIVE 6.2: PROVIDE ECONOMIC RESEARCH AND ANALYSIS TO SUPPORT PUBLIC AND PRIVATE EFFORTS TO IMPROVE MANAGEMENT OF PRIVATE LANDS AND ECOSYSTEMS

High-quality soils support the efficient production of crops for food, fiber and energy. They also provide for the efficient cycling of nutrients and pesticides, help sequester carbon, and contribute to improved water and air quality and wildlife habitat. Soil-quality management focuses on

maximizing its function for both agricultural and environmental benefits. Intensively used soils, such as for production of annual crops, are most vulnerable to degradation and damage. By reducing erosion and increasing the organic content of soil, the quality of working cropland is improved. Two-thirds of the Nation's land belongs to farmers, ranchers and other private landowners. USDA provides technical and financial assistance to landowners and land managers to conserve, maintain and improve natural resources on the Nation's private lands. These outcomes help the Nation meet society's demand for improved environmental quality and ultimately benefit society at large.

ERS Performance Criteria

6.2.1 Provide information for policy-makers and landowners regarding potential impacts of conservation policy and other policy forces on natural resource management and use and the implication for sustainable environments.

ERS Actionable Strategies

- Provide more accessible summaries of the current state of cropping practices employed on U.S. cropland using data from the Agricultural Resource Management Survey.
- Characterize changes in land management and shifts in agricultural land use—particularly the movement of land into and out of crop production—and the economic and environmental effects of these changes, including impacts on carbon sequestration, soil erosion, biodiversity, and nutrient management. Determine what economic and policy factors prompt shifts between crop production and other land uses.

- Provide an assessment of the extent and spread of contracting and other structural changes in production agriculture and outline the basic economics underlying why farmers and processors have made these changes. Summarize evidence on the environmental and economic effects of contracting and highlight emerging policy issues created by expanded contract use and structural change, including impacts on animal waste management.
- Monitor and evaluate agricultural production systems and technology adoption. Perform research on significant technology and production system adoption – including the role of farm structure and agricultural policy alternatives in affecting adoption decisions, and the effects of adoption on environmental outcomes.



Management Initiatives

OVERVIEW OF MANAGEMENT INITIATIVES

USDA is working to strengthen its management through vigorous execution of the President's Management Agenda. Better management will result in more efficient program operations that will continue to maintain high-level of customer service and more effective stewardship of taxpayer funds.

USDA expects to:

- Ensure an efficient, high-performing, diverse workforce, aligned with mission priorities and working cooperatively with partners and the private sector;
- Enhance internal controls, data integrity, and financial management information and sustain unqualified audit opinion;
- Reduce spending and burden on citizens, partners and employees by simplifying access to the Department's information. This enhancement is added by implementing business processes and information technology to make services available electronically;
- Link budget decisions and program priorities more closely with program performance and consider the full cost of programs;
- Transform IT enterprise infrastructure to be cost effective and ubiquitous across all agencies and geographic regions; and
- Improve research and development investments by using objective criteria.

A brief summary of ERS' plans follows.

IMPROVE HUMAN CAPITAL MANAGEMENT

The President has identified as a priority using the strategic management of human capital to create a high-performing workforce that is more citizen-centered and results-oriented. ERS is working with the other 3 REE agencies to develop a Human Capital Plan in line with the Department's Plan and the President's Management Agenda. The Plan will focus on strategic workforce planning and maximizing employee performance while meeting the challenges of developing a workforce for the future (technologically competent, responsive, and effective workforce), providing customer service and business skills, and supporting a broader scope of program responsibilities. The Plan will provide the framework to support new and innovative human resource solutions for today's business needs of our customers and to meet tomorrow's challenges. The human capital strategies in the Plan will help ensure the ERS has a well-trained workforce to provide fair, effective, and efficient management in implementing economic research and analysis responsive to stakeholders and customers.

ERS' plans include:

- Maintaining the links with Departmental and mission area human capital and annual performance plans;

- Integrating the human capital impacts of such Presidential initiatives as competitive sourcing and eGovernment;
- Using workforce planning and hiring flexibilities to recruit, retain and reward employees while developing a high-performing and accountable workforce;
- Ensuring employment opportunities for all members of the workforce, while implementing programs targeted towards critical occupations with projected skill gaps and underrepresented groups; and
- Ensuring the timely resolution of program and employment civil rights complaints.

IMPROVE FINANCIAL MANAGEMENT

Effectively managing the use of taxpayer dollars is a fundamental Federal responsibility. ERS intends to ensure that all funds spent are accounted for properly to taxpayers, Congress and the Government Accountability Office. ERS financial operations support the Office of the Chief Financial Officer (OCFO) as it works to improve financial management, in partnership with the Chief Financial Officers of USDA agencies, as a core attribute of the Department's operating culture. Through efforts to improve financial management, USDA received its first unqualified opinion on its 2002 financial audit. It also received clean opinions in each subsequent audit. OCFO is working closely with USDA agencies to eliminate all material weaknesses.

OCFO will lead efforts to improve management information by helping USDA's agencies craft and access useful, timely information. This information includes monthly financial reports, on-line access to real-time information and program cost reporting. By enhancing the integrity of financial and administrative data, the

Department will protect corporate assets and conserve scarce resources.

USDA's plans include:

- Maintain an unqualified opinion on the Department's financial statements;
- Eliminate all material weaknesses and inconsistencies in financial processes;
- Evaluate opportunities to reduce expenses in Department-wide financial processes and solutions, public/private partnerships, and competitive sourcing;
- Modernize outdated core and feeder financial systems that are no longer on a supported architecture;
- Move the Department to a single core financial system from three core financial systems, no longer supported by the vendor;
- Improve financial reporting processes and procedures;
- Provide transparency and accountability to administrative costs; and
- Increase the use of financial information in day-to-day decision making and budget formulation.

EXPAND ELECTRONIC GOVERNMENT

USDA launched a Department-wide effort in 2001 to improve the methods through which its agencies collectively executed its broad mission objectives. The Department's strategies, published in USDA's eGovernment Strategic Plan in 2002, focus on improving the delivery of its information and services and reducing costs. The plan calls for USDA to:

- Provide customers with single points of access to information and services;

- Simplify and unify business processes spanning multiple agencies;
- Establish information and service-delivery standards; and
- Consolidate redundant information technology services and systems through use of shared USDA or Government solutions.

ERS plans and initiatives include:

- Updating the ERS eGovernment Tactical Plan on a regular basis;
- Implementing the 24 eGovernment Initiatives which have been categorized into 5 major categories as outlined in the ERS eGovernment Tactical Plan;
- Supporting the launch and refinement of agency specific eGovernment Programs which align with the Departmental eGovernment strategic efforts and enterprisewide collaborative solutions. This will help us to focus on improving mission execution and developing better business capabilities rather than on cutting-edge technology and avoiding redundant approaches and additional costs, and;
- Evaluating agency-specific environments for implementing eGovernment by allowing the agencies to anticipate and plan for the future by thinking beyond current capabilities and old business models.

USDA will continue to refine and implement its strategies, emphasizing major cross-agency business functions, such as loans, grants and supply-chain management.

BUDGET AND PERFORMANCE INTEGRATION

ERS continues to improve how it integrates performance information into its budget decisions. Beginning with the FY 2005 President's Budget, the Agency integrated budget with performance throughout the budget formulation process. This integration includes the use of OMB's Program Assessment Rating Tools (PART). PART is used to assess and improve program performance so that the Federal Government can achieve better results. Budget priorities are aligned with USDA's strategic goals and desired outcomes. The Agency continues to work to improve its performance information annually.

ERS's plans include:

- Continue using performance information during all stages of the budget formulation process;
- Systematically evaluating programs and integrating the results of those evaluations into the budget decision-making process, and;
- Aligning the budget with the strategic plans to keep the focus on results and effective management.

IMPLEMENT COMPETITIVE SOURCING

USDA plans to implement competitive sourcing reasonably and rationally to achieve significant cost savings, improved performance and better align its workforce to its mission. This initiative is aimed at improving organizations through efficient and effective competition between public and private sources. The Department will continue to simplify and improve the procedures for evaluating sources. It will also better publicize the activities subject to competition to maximize the benefits of this initiative.

ENHANCE RESEARCH AND DEVELOPMENT CRITERIA

This program initiative calls on Federal Government agencies to apply a framework using three criteria –relevance, quality and performance—to research. This involves ensuring that programs are relevant to clearly articulated goals and objectives, of high quality, and productive. ERS has moved forward aggressively to integrate this framework by developing new processes for assessing the performance of the ERS economic research and analysis program. A key component of evaluating Agency performance in these areas is program evaluation conducted by panels of external experts on a cyclical basis. The portfolio reviews will provide the Agency with rigorous feedback regarding both past performance and recommendations to improve future portfolio performance. The overall product will provide ERS managers with a starting point for monitoring Agency performance throughout the year, incorporate results into decision making, and present opportunities to measure costs, as well as results.



Appendix A: Program Evaluations

ERS used several tools in developing this Strategic Plan, including:

The 2005-2010 USDA Strategic Plan,

- Portfolio Review Score,
- The National Research, Education, Extension, and Economics Advisory Board,
- Internal Management Studies and Performance Measurement Systems.

The following table highlights some of these tools as they relate to USDA's strategic goals and management initiatives.

Program Evaluations Used to Develop the Strategic Plan				
Goal	Evaluations/ Analyses	Brief Description	What Was The Effect	Date
All Goals	Review of the Relevance and Adequacy of the Research, Education and Economics (REE) agencies' budget	As required by law, annually the National Research, Education, Extension, and Economics Advisory Board reviews the relevance, priority, and adequacy of REE funding. The Board then sends the results to the Secretary in a letter.	Influenced budget decisions.	Annually
	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. 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.	Annually
	OMB Program Performance Assessment using the Program Assessment Rating Tool (PART)	A PART review was conducted as part of the 2007 budget process.	Structured OMB Review as part of the budget process to help determine program effectiveness.	2005

APPENDIX A

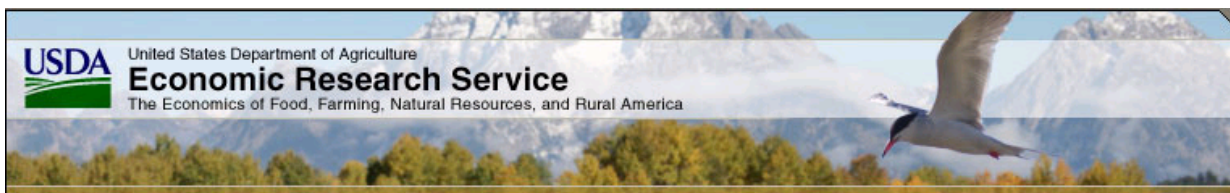
Future Program Evaluations and Other Analyses				
Goal	Evaluations/ Analyses	General Scope	Methodology	Timetable
All Goals	OMB Program Performance Assessment using the Program Assessment Rating Tool (PART)	PART is used to assess the management and results of selected programs.	ERS and OMB staff develop responses to a series of questions assessing program management and performance.	Every 5 years.
	American Customer Satisfaction Index (ACSI) Rating	ACSI is used to assess the satisfaction of private and other external customers with the relevance, usefulness and accessibility of ERS research, data and analysis.	The relevance and usefulness of ERS research, analysis, data products and services is determined through a survey of agency customers using the ACSI.	Every 3 years.



Appendix B: Cross-Cutting Programs

ERS' work often cuts across jurisdictional lines within USDA, with other Federal agencies, and with State, local, and private partners. This table lists the primary partnerships that will enable ERS to reach the outcomes in this Strategic Plan. Please note that for the purposes of this table, it is assumed that all USDA Departmental Offices support all strategic goals and management initiatives.

Cross-Cutting Programs		
Goal	USDA Primary Agencies	External Organizations
Goal 1	Foreign Agricultural Service, Office of the Chief Economist	US Trade Representatives Office, International Trade Commission, U.S. Census Bureau
Goal 2	Farm Service Agency, Risk Management Agency, Agricultural Marketing Service, National Agricultural Statistics Service, Agricultural Research Service, Cooperative State Research Education, and Extension Service	U.S. Census Bureau, Bureau of Economic Analysis
Goal 3	Rural Development	U.S. Census Bureau
Goal 4	Food Safety and Inspection Service, Agricultural Research Service, Cooperative State Research Education, and Extension Service, Animal and Plant Health Inspection Service	Centers for Disease Control and Prevention, Food and Drug Administration, Department of Homeland Security
Goal 5	Food and Nutrition Service, Agricultural Research Service, Cooperative State Research Education, and Extension Service	Bureau of Labor Statistics, U.S. Census Bureau, Food and Drug Administration, Department of Labor, Health and Human Services
Goal 6	Natural Resources Conservation Service, Farm Service Agency	Environmental Protection Agency



Appendix C: Strategic Consultations

ERS stakeholders are its customers and partners, its staff, cooperators, and contractors. The ultimate beneficiaries of ERS's program are the American people, whose well-being is improved by well informed public and private decision making.

ERS has identified its customers to be policy makers and key institutions that routinely make or influence public policy and program decisions. ERS shapes its program and products principally to serve these key decision makers: USDA and White House policy officials and program managers; the U.S. Congress; other Federal agencies; State and local government officials; and domestic and international commodity, environmental, agribusiness, consumer, and other groups interested in public policy issues.

We regularly consult with external groups, customers, policy experts, industry and consumer groups about the effectiveness of our programs. While many of the consultations were not conducted expressly for this Strategic Plan, they have had a deep influence on the development of this Strategic Plan.

Strategic Consultations			
Goal	Date	Who	Purpose
Goal 1	Ongoing	Food and Agricultural Organization, Organization for Economic Cooperation and Development, other international organizations	Discuss and review critical research issues affecting international trade and develop appropriate databases for research and dissemination.
Goal 5	Annually	Food and Nutrition Service, Health and Human Services, University researchers, and non-governmental organizations	Host an annual priority setting conference for ERS's Food Assistance and Nutrition Research Program to develop goals and objectives for our extramural research program.
All Goals	Ongoing	Producers, producer groups and associations, land grant colleges and universities, state and Local Governments and other Federal Agencies	Discuss any proposed new programs or evaluations of existing programs and share information and provide input on program delivery and outreach.
	Quarterly	National Agriculture, Research, Education, Economics, and Extension Advisory Board	Advise the USDA and its land-grant university partners on research, extension, education and economic policies, priorities, and on the effectiveness of those policies and priorities.
	Annually	USDA Agricultural Outlook Forum	Discuss developments in global agricultural markets and exchange information with customers.
	Ongoing	Outside organizations such as professional societies, associations and non-governmental organizations	Maintain numerous partnerships with outside entities, covering a range of topics.
	Ongoing	OMB Performance Assessment using the Program Assessment Rating Tool (PART)	OMB Review as part of the budget process to help determine program effectiveness.