

NATIONAL AGRICULTURAL STATISTICS SERVICE

Statement of

R. Ronald Bosecker, Administrator
Before the Subcommittee on Agriculture, Rural Development, Food and Drug Administration
and Related Agencies

Mr. Chairman and members of the Committee, I appreciate the opportunity to submit a statement for this Committee's consideration in support of the fiscal year (FY) 2005 budget request for the National Agricultural Statistics Service (NASS). This agency administers the U.S. agricultural statistics program, created in USDA in 1863, and, beginning in 1997, conducts the U.S. Census of Agriculture, first collected in 1840. Both programs support the basic mission of NASS to provide timely, accurate, and useful statistics in service to U.S. agriculture.

The continual progression of American farms and ranches to make greater use of agricultural science and technology increases the need for more detailed information. The periodic surveys and censuses conducted by NASS contribute significantly to the overall information base for policy makers, agricultural producers, handlers, processors, wholesalers, retailers, and ultimately, consumers. Voids in relevant, timely, accurate data contribute to wasteful inefficiencies throughout the entire production and marketing system.

Official data collected by NASS are used for a variety of purposes. Absence or shortage of these data may result in a segment of agriculture having to operate with insufficient information; therefore, NASS strives to continuously produce relevant and timely reports, while at the same time reviewing priorities in order to consider emerging data needs. The Farm Security and Rural

Investment Act of 2002 created the need for several new data series. For example, NASS designed a new survey in cooperation with the Natural Resources Conservation Service (NRCS) and the Farm Service Agency (FSA) to collect information on land management and conservation practices. This assessment will be used by NRCS and FSA to report annual progress on the Farm Bill conservation program implementation. Additionally, the Act introduced several other new agricultural data needs and reinforced the importance of existing data series to ensure the continuation of farm security and rural investments. For example, counter-cyclical payments are determined in part by market year average prices determined by NASS. Each \$0.01 change in the average corn price can result in a change of more than \$80 million in counter-cyclical payments. Similarly, large payment changes also apply for the other program crops. These are only a few specific data needs required by the Act, but they clearly highlight the importance of a strong, reliable agriculture statistics program.

The NASS works cooperatively with each State Department of Agriculture throughout the year to provide commodity, environmental, economic, and demographic statistics for agriculture. This cooperative program, which began in 1917, has served the agricultural industry well and is often cited by others as an excellent model of successful State-Federal cooperation. This joint State-Federal program helps meet State and national data needs while minimizing overall costs by consolidating both staff and resources, eliminating duplication of effort, and reducing the reporting burden on the Nation's farm and ranch operators. The success of this partnership was demonstrated by NASS, through its State-Federal cooperation, during the planning, collection, and preliminary release of the 2002 Census of Agriculture. Improved quality, an 88 percent response rate, and professional customer service through the use of a toll-free telephone number

are direct results of the State-Federal partnership. NASS's 46 field offices, which cover all 50 States and Puerto Rico, provide statistical information that serves national, State, and local data needs.

NASS statistics contribute to providing fair markets where buyers and sellers alike have access to the same official statistics, at the same pre-announced time. This prevents markets from being unduly influenced by "inside" information which might unfairly affect market prices for the gain of an individual market participant. Empirical evidence indicates that an increase in information improves the efficiency of commodity markets. Information on the competitiveness of our Nation's agricultural industry has become increasingly important as producers rely more on the world market for their income.

Through new technology, the products produced in the United States are changing rapidly as producers continue to become more efficient. This also means that the agricultural statistics program must be dynamic and able to respond to the demand for coverage of newly emerging products and changing industries. For example, during FY 2003, NASS issued the *U.S. Broiler Industry Structure* report. This report provided a summary of the changes in the structure of the U.S. broiler industry from 1934 to present.

Not only are NASS statistical reports important to assess the current supply of and demand for agricultural commodities, but they are also extremely valuable to producers, agribusinesses, farm organizations, commodity groups, economists, public officials, and others who use the data for decision making. For example, a special report titled *Corn, Soybeans, and Wheat Sold Through*

Marketing Contracts 2001 Summary was released in February 2003. This report included information on marketing contracts at the U.S. and regional levels by Economic Sales Classes and by Farm Production Region and was developed to help identify changes in the structure of the Nation's grain and oilseed markets.

All reports issued by NASS's Agricultural Statistics Board are made available to the public at previously announced release times to ensure that everyone is given equal access to the information. NASS has been a leader among Federal agencies in providing electronic access to information. All of NASS's national statistical reports and data products, including graphics, are available on the Internet, as well as in printed form. Customers are able to electronically subscribe to NASS reports and can download any of these reports in a format easily accessible by standard software. A summary of NASS and other USDA statistical data are produced annually in USDA's *Agricultural Statistics*, available on the Internet through the NASS Home Page, on CD-ROM disc, or in hard copy. All of NASS's 46 field offices have Home Pages on the Internet, which provide access to special statistical reports and information on current local commodity conditions and production.

Beginning in FY 1997, NASS received funding to conduct the Census of Agriculture on a 5-year cycle. The transfer of the responsibility for the Census of Agriculture to USDA streamlines Federal agricultural data collection activities and has improved the efficiency, timeliness, and quality of the census data. Preliminary results of the 2002 Census of Agriculture were released on February 3, 2004. The preliminary release included selected demographic data at the National and State level and are available by request via CD-Rom, the NASS Website, or in

paper copy. The final National, State, and county level data are scheduled to be released on June 3, 2004. The 2002 Puerto Rico Census of Agriculture was also released on February 3, 2004.

Statistical research is conducted to improve methods and techniques used in collecting and processing agricultural data. This research is directed toward providing higher quality census and survey data with less burden to respondents, producing more accurate and timely statistics for data users, and increasing the efficiency of the entire process. For example, NASS has implemented statistical methodology to measure and adjust for the incompleteness of its list sampling frame. This allows for more complete coverage of farms traditionally difficult to identify during list building activities, mainly small and disadvantaged farm operations. The NASS statistical research program strives to improve methods and techniques for obtaining agricultural statistics with improved levels of accuracy. The growing diversity and specialization of the Nation's farm operations have greatly complicated procedures for producing accurate agricultural statistics. Developing new sampling and survey methodology, expanding modes of data collection including Internet contacts, and exploiting computer intensive processing technology enables NASS to keep pace with an increasingly complex agricultural industry. NASS is making considerable advancements in providing respondents the option of reporting via the Internet with the ultimate goal of giving the Nation's farmers and ranchers the opportunity to electronically respond to the 2007 Census of Agriculture.

The FY 2004 budget included \$4.8 million for agricultural estimates restoration and modernization. These funds provided a much needed foundation for quality improvements in forecasts and estimates and are greatly appreciated. The 2004 funds are being used to improve

the precision level from commodity surveys conducted by NASS. The majority of the funding is being allocated to increased sample sizes and the data collection activities of local interviewers throughout the Nation.

Major Activities of the National Agricultural Statistics Service (NASS)

The primary activity of NASS is to provide reliable data for decision making based on unbiased surveys each year, and the Census of Agriculture every 5 years, to meet the current data needs of the agricultural industry. Farmers, ranchers, and agribusinesses voluntarily respond to a series of nationwide surveys about crops, livestock, prices, chemical use and other agricultural activities each year. Periodic surveys are conducted during the growing season to measure the impact of weather, pests, and other factors on crop production. Many crop surveys are supplemented by actual field observations in which various plant counts and measurements are made.

Administrative data from other State and USDA agencies, as well as data on imports and exports, are thoroughly analyzed and utilized as appropriate. NASS prepares estimates for over 120 crops and 45 livestock items which are published annually in over 400 separate reports.

The Census of Agriculture provides national, State, and county data for the United States on the agricultural economy every 5 years. The Census of Agriculture is the only source for this information on a local level which is extremely important to the agricultural community.

Detailed information at the county level helps agricultural organizations, suppliers, handlers, processors, and wholesalers and retailers better plan their operations. Important demographic

information supplied by the Census of Agriculture also provides a very valuable data base for developing public policy for rural areas.

Approximately sixty-five percent of NASS's staff are located in the 46 field offices; 23 of these offices are collocated with State Departments of Agriculture or land-grant universities. NASS's State Statistical Offices issue approximately 9,000 different reports each year and maintain Internet Home Pages to electronically provide their State information to the public.

NASS has developed a broad environmental statistics program under the Department's water quality and food safety programs. Until 1991, there was a serious void in the availability of reliable pesticide usage data. Therefore, beginning in 1991 NASS cooperated with other USDA agencies, the Environmental Protection Agency (EPA), and the Food and Drug Administration, to implement comprehensive chemical usage surveys that collect data on certain crops in specified States. NASS data allows EPA to use actual chemical data from scientific surveys, rather than worst case scenarios, in the quantitative usage analysis for a chemical product's risk assessment. Beginning in FY 1997, NASS also instituted survey programs to acquire more information on Integrated Pest Management (IPM), additional farm pesticide uses, and post-harvest application of pesticides and other chemicals applied to commodities after leaving the farm. These programs have resulted in significant new chemical use data, which are important additions to the data base. Surveys conducted in cooperation with the Economic Research Service (ERS) also collect detailed economic and farming practice information to analyze the productivity and the profitability of different levels of chemical use. American farms and ranches manage nearly half the land mass in the United States, underscoring the value of

complete and accurate statistics on chemical use and farming practices to effectively address public concerns about the environmental effects of agricultural production. Through funding provided by this Committee in FY 2003, data on the status of the farm economy will now be expanded to the State level for 15 major agricultural States.

NASS conducts a number of special surveys as well as provides consulting services for many USDA agencies, other Federal or State agencies, universities, and agricultural organizations on a cost-reimbursable basis. Consulting services include assistance with survey methodology, questionnaire and sample design, information resource management, and statistical analysis. NASS has been very active in assisting USDA agencies in programs that monitor nutrition, food safety, environmental quality, and customer satisfaction. In cooperation with State Departments of Agriculture, land-grant universities, and industry groups, NASS conducted 148 special surveys in FY 2003 covering a wide range of issues such as farm injury, nursery and horticulture, farm finance, fruits and nuts, vegetables, and cropping practices. All results from these reimbursable efforts are publicly available to benefit all of agriculture.

NASS provides technical assistance and training to improve agricultural survey programs in other countries in cooperation with other government agencies on a cost-reimbursable basis. NASS's international programs focus on developing and emerging market countries in Asia, Africa, Central and South America, and Eastern Europe. Accurate information is essential for the orderly marketing of farm products. NASS works directly with countries by assisting in the application of modern statistical methodology, including sample survey techniques. This past year, NASS provided assistance to Brazil, China, Ecuador, El Salvador, Ethiopia, Kazakhstan,

Mexico, Russia, South Africa, and the Ukraine. In addition, NASS conducted training programs in the U.S. for 168 visitors representing 27 countries. These assistance and training activities promote better quality data and improved access to data from other countries.

NASS annually seeks input on improvements and priorities from the public through the Secretary of Agriculture's Advisory Committee on Agriculture Statistics, displays at major commodity meetings, data user meetings with representatives from agribusinesses and commodity groups, special briefings for agricultural leaders during the release of major reports, and through numerous individual contacts. As a result of these activities, the agency has made adjustments to its agricultural statistics program, published reports, and expanded electronic access capabilities to better meet the statistical needs of customers and stakeholders.

FY 2005 Plans

The FY 2005 budget request is for \$137,594,000. This is a net increase of \$9,433,000 from FY 2004.

The FY 2005 request includes increases for the continuation of restoration and modernization of NASS's core survey and estimation program (\$7,045,000); improvement in the statistical integrity and standardization of the data collection and processing activities of the Locality Based Agricultural County Estimates/Small Area estimation program (\$2,500,000); collaborative Presidential and Departmental eGovernment initiatives (\$785,000); funding for increased pay costs (\$1,812,000) and funding to recognize employee performance (\$465,000). The request

also includes a decrease due to the cyclical activities associated with the Census of Agriculture program (-\$3,174,000).

An increase of \$7,045,000 and 10 staff years are requested to fund phase II of the restoration and modernization of NASS's core survey and estimation program. This increase will be directed at continuing to restore and modernize the core survey and estimation program for NASS to meet the needs of data users at an improved level of precision for State, regional, and national estimates. The program covers most agricultural commodities produced in the U.S., as well as economic, environmental, and demographic data. Funding in FY 2004 is primarily being used to restore sample sizes for greater statistical defensibility. These changes are designed to increase precision at the State and regional levels to promote the NASS goal for FY 2004 of reaching precision target levels at least 60 percent of the time for major survey indications. The additional funding requested in FY 2005 will allow continued improvements and provide the necessary resources to reach precision target levels an estimated 77 percent of time.

An increase of \$2,500,000 and 4 staff years are requested to provide for data acquisition for the annual integrated Locality Based Agricultural County Estimates/Small Area estimation program. Local area statistics are one of the most requested NASS data sets, and are widely used by private industry, Federal, State and local governments and universities. This funding supports the NASS goal to incrementally improve survey precision for small area statistics. Proper follow-up data collection activities and redesign of survey systems will improve the critical annual county-level data. The Risk Management Agency (RMA) uses these statistics in indemnity calculations

for Group Risk Plans and the Group Risk Revenue Plans as part of the risk rating process. This affects premium levels paid by producers. The FSA uses county estimates to weight posted county prices to national loan deficiency payments, and as an input to assist producers to update their base acreage and yields as directed by the 2002 Farm Bill. In addition, financial institutions, agriculture input suppliers, agricultural marketing firms, and transportation utilize county level data to make informed business decisions.

An increase of \$785,000 for collaborative eGovernment efforts is requested to support Presidential and Departmental eGovernment initiatives. Specifically, the funding will support NASS's share of the USDA Presidential initiatives, the continued development of the USDA Enterprise Architecture, and the USDA Enablers initiative. Without this funding, NASS's efforts to increase the percentage of questionnaires available via the Internet will be negatively impacted.

A net decrease of \$2,610,000 and 7 staff-years is requested for the Census of Agriculture. The Census of Agriculture budget request is for \$22,520,000. This includes a cyclical program cost decrease of \$3,174,000, partially offset by \$564,000 for employee compensation. The available funding includes monies to finalize analysis, summary, and dissemination of the 2002 Census of Agriculture. The reduction reflects the decrease in staffing and activity levels to be realized due to the cyclical nature of the 5-year census program and the postponement of the Census of Horticultural Specialties. Historically the Census of Horticultural Specialties has been conducted every 10 years, but due to the dynamic growth of this industry, NASS was planning to measure this component of agriculture every 5 years. Competing funding priorities have precluded this

accelerated schedule. The annual program covering selected horticultural commodities will continue to be available.

This concludes my statement, Mr. Chairman. Thank you for the opportunity to submit this for the record.