

The Committees on Economic Statistics and Government Relations,
of the American Economic Association
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November 29, 2018

The Honorable Robert Aderholt, Chair,
Appropriations Subcommittee on Agriculture,
Rural Development, Food and Drug
Administration, and Related Agencies
United States House of Representatives
Washington, DC 20515

The Honorable John Hoeven, Chair
Appropriations Subcommittee on Agriculture,
Rural Development, Food and Drug
Administration and Related Agencies
United States Senate
Washington, DC 20510

The Honorable Sanford Bishop, Ranking Member
Appropriations Subcommittee on Agriculture,
Rural Development, Food and Drug
Administration, and Related Agencies
United States House of Representatives
Washington, DC 20515

The Honorable Jeff Merkley, Ranking Member
Appropriations Subcommittee on Agriculture,
Rural Development, Food and Drug
Administration and Related Agencies
United States Senate
Washington, DC 20510

Dear Chairs Hoeven and Aderholt and Ranking Members Bishop and Merkley:

We are writing to you on behalf of the American Economic Association (AEA) Committee on Economic Statistics. With 20,000 members, the AEA is the primary professional association of economists in the United States from academia, government and the private sector.

We offer our perspective on, and express our strong support for, the critical Federal data sources that inform and strengthen our nation's world-leading economic, educational, democratic and civic institutions and successes, including the USDA's Economic Research Service (ERS). ERS data and research findings are valued by AEA members who use them in formulating and conducting their own applied research and decision making.

We write to express our concern that the plans announced in August 2018 to place ERS in the Secretary's Office of the USDA rather than in the Department's Research and Education Mission Area, and to relocate most ERS employees outside of the national capitol area, challenge several principles and practices for statistical agencies.

The AEA has developed and adopted a set of Principles of Economic Measurement (copy attached). This document as well as the 6th Edition of *Principles and Practices for a Federal Statistical Agency* (a report of the National Academy of Sciences' Committee on National Statistics (CNSTAT)) serve as guidelines for the activities and governance of the 13 Principal Statistical Agencies of the U.S., one of

which is ERS. We are specifically concerned that the proposed realignment conflicts with the principles outlined in these documents in three primary ways:

1. The AEA Principles of Economics Measurement state: “Economic measurement is complicated and consequential. Statistical agencies require adequate resources to ensure the quality of economic statistics; to invest in new ways to measure our changing economy; and to protect the privacy and confidentiality of households and businesses, whose answers to government surveys and provision of administrative information are the basis of economic statistics.” Relocating the ERS will require substantial resources and will likely result in the loss of a number of professional staff. If replacements are hard to find outside of the Washington DC employment area, and funds are devoted to relocation, neither staff nor financial resources may be adequate for ERS’ on-going, high-quality economic measurement responsibilities.
2. CNSTAT asserts that “coordination and collaboration with other statistical agencies [is]critical for the effective, principled operation of a statistical agency.” Such coordination and collaboration require a lot of face-to-face contact and hands-on teamwork -- interactions that would be difficult and expensive to accomplish if ERS is located outside of the DC area where the other 12 Principal Statistical Agencies are located. In addition, CNSTAT best practices require that a credible statistical agency have “an active research program” and “commit to quality and professional standards,” which includes leadership by individuals possessing, in this case, expertise in the economic and statistical disciplines practiced by ERS.
3. Finally, CNSTAT Principle #4 states that “to be credible, trustworthy, and unhindered in its mission, a statistical agency must maintain a position of independence from undue external influences...[and] avoid *even the appearance* that its collection, analysis, or dissemination processes might be manipulated for political or partisan purposes...” and that “a Federal statistical agency [must] have the necessary authority to protect independence.” The current separation of ERS from the Secretary’s Office and the protection afforded it by the Office of the Under Secretary for Research and Education, are important in assuring the agency’s independence. The proposed realignment would diminish that assurance.

We hope that these observations are useful to you and your Committee members. Please let us know if the American Economic Association can be of assistance to you in any other way.

Sincerely,

John C. Haltiwanger, Chair
American Economic Association
Committee on Economic Statistics, and
Professor, Department of Economics,
University of Maryland

Phillip L. Swagel, Chair
American Economic Association
Committee on Government Relations,
and Professor, School of Public Policy,
University of Maryland

(This letter was endorsed by the AEA Committees on Economic Statistics and Government Relations. Members of these Committees who are government employees are recused from this endorsement.)

NOTE: An identical letter was also sent to the Chairs and Ranking Members of the House and Senate Agricultural Authorizing Committees