



For Immediate Release
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FACT SHEET

US Agricultural Prices in the 21st Century

Review Emphasizes Improving quality and clarifying purposes of NASS' price statistics.

Recommendations from the Council on Food, Agricultural and Resource Economics (C-FARE) panel of independent experts to enhance and strengthen the USDA NASS Prices Program

Key Findings

- **NASS needs a fresh vision for the prices program.**
- **Fundamental improvements are needed in the conceptual basis for prices and price indexes.**
- **NASS must address the responsibility that goes with heavy dependence on data and indexes from other agencies.**
- **To address these needs, NASS must commit to a stronger program of future-oriented research to support the operations program.**
- **Increased transparency is essential to all aspects of the Agricultural Prices Program.**

Common Themes and Selected Recommendations

The report lists 18 recommendations pertaining to all aspects of the prices statistics published by NASS, from statistical procedures and concepts, to sources and processing of data, to transparency of processes and products. Some specific recommendations are:

- **NASS Should Increase Transparency and Documentation of all Aspects of its Agricultural Prices Program** – Data users need easy access to understandable, up-to-date information on data sources, data collection methods, sampling methods, list completeness, processing and editing procedures, levels and sources of error, and data interpretation. This applies to both NASS data and data from external sources.
- **Successful implementation of most of the report's recommendations depends on strengthened research** – There is a strong perception that NASS' research capability has been diminished in recent decades. NASS should justify with documented research all substantial decisions about price collection procedures, use of internal versus external survey data, and index construction methods.
- **NASS Should Accept Full Responsibility for how it Uses, and Explains the Uses of, Data from other Agencies for Calculating Prices and Price Indexes** - NASS should establish an internal team that works on methodological and other issues related to use of external prices. As USDA's flagship statistical agency, NASS should assume leadership in coordinating communications between NASS and other agencies producing and using price data that flow to and from NASS.
- **NASS's responses to changes in agriculture and demands of modern statistical systems** – The Agricultural Prices Program was designed for an earlier time and uses, but the world has changed. Other programs of NASS are more visible and sensitive, and thus compete with the prices program for resources. Parity, though still legally mandated, is no longer the primary reason for having a prices

program. Changes in agricultural production and marketing methods challenge both the collection and uses of price data.

- **The importance of specificity in defining attributes of items for which prices are collected** - NASS defines commodities and input items with varying degrees of generality. This raises the possibility of reported price changes coming from changes in attribute mix rather than price changes for specific attributes of items priced.

The review panel recommended that NASS consider collecting and processing monthly prices received and prices paid so that they can be published early in the following month. The panel also recommended that NASS seek balance between quality improvement efforts and assuring consistency of price statistics series over time. The panel urged NASS to evaluate alternative price index formulations and revise the methodology used in construction of its indexes.

In addition to specific recommendations, the report contains a review of the objectives, uses and users of NASS price statistics, as well as a summary of current issues and challenges pertaining to agricultural prices.