



United States Department of Agriculture

Office of the Secretary
Washington, D.C. 20250

SEP 20 2018

The Honorable Pat Roberts
Chairman
Committee on Agriculture, Nutrition, and Forestry
United States Senate
328A Russell Senate Office Building
Washington, D.C. 20510

The Honorable Debbie Stabenow
Ranking Member
Committee on Agriculture, Nutrition, and Forestry
United States Senate
328A Russell Senate Office Building
Washington, D.C. 20510

Dear Chairman Roberts and Ranking Member Stabenow:

Thank you for your letter of September 7, 2018, in response to the U.S. Department of Agriculture's (USDA) plan to realign the Economic Research Service (ERS) within USDA's Office of the Chief Economist (OCE) and relocate portions of ERS and the National Institute of Food and Agriculture (NIFA) outside of the National Capital Region. I also greatly appreciated the opportunity to speak with each of you prior to making this announcement.

USDA values the high-quality research and analysis provided by ERS and funded by NIFA. We are confident that ERS will remain a trusted and objective source of information for the food and agricultural sector and provide policy relevant analyses with better coordination within OCE. Moreover, I recognize the value of our partnerships with land-grant and other university research institutions. I was more than impressed when I visited both Kansas State and Michigan State, along with the multiple other institutions I have visited during my tenure as Secretary. NIFA will continue to fund leading edge research as USDA's extramural research arm, and we believe will ultimately grow even stronger partnerships with universities and the extension community by being primarily located outside of the National Capital Region.

USDA has offices throughout the country. Currently, 91 percent of USDA's approximately 108,000 employees work outside of the Washington, D.C. region. However, I do recognize that both NIFA and ERS have many stakeholders in D.C. and are a valued resource across Congress, the Department, and throughout the science community. We are committed to retaining the necessary staff from each Agency in the D.C. area to continue to fulfill these important roles. We continue to work with our teams in each Agency and stakeholders to identify the key positions that will continue to carry out those D.C.-centric activities.

We look forward to receiving expressions of interest from across the country for locations to house both ERS and NIFA. We have included key criteria to determine the optimal location(s) for ERS and NIFA as outlined in the Federal Register announcement to initiate this process that was posted on Tuesday, August 14, 2018, at <https://www.federalregister.gov/documents/2018/08/15/2018-17555/notice-of-request-for-expression-of-interest-for-potential-sites-for-headquarters-office-locations>. After hearing from stakeholders, we announced a 30-day extension of the deadline and will now be accepting responses through October 15 (<https://www.federalregister.gov/documents/2018/09/13/2018-19877/extension-of-period-to-submit-expression-of-interest-for-potential-sites-for-headquarters-office>).

Regarding your specific questions, I will provide a brief response here, but I would be happy to meet with you in person to discuss these issues in more depth.

1. What are the goals of this proposed reorganization and relocation?

In our efforts to ensure USDA is the most efficient, most effective, most customer-focused Department in the Federal government, I have been evaluating current operations across the Department. Regarding these specific agencies, NIFA must relocate, as its lease is expiring, and ERS is located in one of the most expensive leased facilities within the Department.

By exploring options for locating most of ERS and NIFA outside of D.C., we believe we can offer more flexibility to our current and future workforce, while also delivering maximum value to our direct stakeholders and more broadly to U.S. taxpayers. We believe we may not be attracting key talent to certain agricultural research positions in both ERS and NIFA because of the high cost of living and long commute lengths in the National Capital Region. Additionally, both agencies have a higher attrition rate than USDA department wide. Specifically, we believe that this decision will:

- Place these important USDA resources closer to stakeholders who live and work outside the D.C. area;
- Benefit the American taxpayers. There will be potential for savings on employment and facility costs, which will allow more employees to be retained in the long run, even in the face of tightening budgets; and
- Improve our ability to attract and retain highly qualified staff with training and interests in agriculture, many of whom come from our land-grant universities.

2. Have stakeholders raised concerns about the current organization and location of ERS and NIFA? If so, what are the concerns?

We believe realigning ERS under OCE and relocating staff from both NIFA and ERS outside of the National Capital Region area will improve stakeholder engagement. Directly to the first point, the National Research Council convened a panel of the National Academy of Sciences to examine the research program of ERS following the 1994 reorganization. That report, published in 1999, entitled, "Sowing Seeds of Change: Informing Public Policy in the Economic Research Service of USDA," highlighted some concerns with an ERS aligned under the Research, Education, and Economics mission area and ultimately recommended that ERS should be realigned under OCE.

3. What benefits does USDA believe will be generated from this reorganization? Does USDA foresee any potential negatives or downsides associated with it?

As stated above, I believe this will help ensure USDA is the most efficient, most effective, most customer-focused Department in the Federal government. As I considered the relocation option, I examined whether ERS' and NIFA's work can ONLY be done if they entirely were in the National Capital Region or if there are benefits of being partially or wholly outside of the region. Additionally, we believe that realigning and placing the economist teams under one umbrella will maximize the impact of ERS research. Lastly, by having our economists closer to our stakeholders, they will have a pulse on emerging issues that will impact the national agricultural economy that cannot be identified solely within the beltway.

Again, I do recognize that both NIFA and ERS have many stakeholders in D.C. and are a valued resource across Congress, the Department, and throughout the science community. We believe portions of both ERS and NIFA should remain to continue to fulfill key roles and D.C. centric functions.

Overall, I have no doubt that the long-run viability of both ERS and NIFA will be strengthened

even in the face of diminishing budgets by significantly reducing rent and living costs allowing us to maintain robust NIFA and ERS programs of work focused by being closer to our primary stakeholders we serve.

4. Please describe any alternatives to this reorganization and relocation that were considered by USDA.

NIFA and ERS are uniquely situated because both agencies are currently located in leased space in Washington D.C. NIFA's lease is expiring and it must be relocated. ERS and others at Patriots Plaza have reported consistent issues with their space, including water damage and other facility issues. As a result, it was appropriate to consider facility options for both agencies. During the decision-making process, we are reviewing multiple options that include USDA-owned space currently available and review of GSA space.

5. USDA has stated that this reorganization and relocation will save resources. Please provide any cost benefit analysis that USDA used to support the statement of saving resources.

Our main monetary savings from a relocation will be realized due to lower staff locality pay adjustments and future facility cost savings in areas outside of the National Capital Region as compared to D.C. The estimated savings will be continually reviewed and evaluated upon receipt of the submissions from localities that express interest.

6. USDA stated that one reason for relocating NIFA and ERS employees outside the national capital region is because of the difficulty recruiting and retaining NIFA and ERS employees to the Washington, D.C. region given the high cost of living and long commutes. What evidence did USDA rely on in reaching that conclusion?

The high cost of living and long commutes of Washington D.C. are well documented and empirically understood, and a new location with more affordable housing will allow employees to live closer to their workplace, lower commute times, and improve their quality of life.

Specifically, we examined attrition rates for ERS and NIFA employees compared to USDA department wide. In any scenario examined, attrition rates are higher than USDA.

- Based on USDA internal data, ERS attrition for all employees over the past 5 years (including interns) equals 16.25 percent versus USDA attrition for all employees over the past 5 years (including interns but not including Forest Service) equals 11.83 percent.
- ERS attrition for permanent employees over the past 5 years (excluding interns) totals 7.88 percent versus USDA attrition for all permanent employees over the past 5 years (excluding interns and Forest Service) totals 6.95 percent.
- Based on USDA internal data, NIFA attrition for all employees over the past 5 years (including interns) equals 14.92 percent versus USDA attrition for all employees over the past 5 years (including interns but not including Forest Service) equals 11.83 percent.
- NIFA attrition for permanent employees over the past 5 years (excluding interns) totals 8.62 percent versus USDA attrition for all permanent employees over the past 5 years (excluding interns and Forest Service) totals 6.95 percent.

7. **What is the Department's plan for ensuring program continuity and efficiency of administering grants through NIFA and the issuance of the critical reports and research produced by ERS?**

Maintaining all Agency operations is and will be a priority during this transition. We will prioritize staffing to build in redundancy to ensure that critical programs and products continue to be administered without interruption. We also plan for a rolling transition of staff along with focused hiring to fill any vacated essential positions at the new location(s) to ensure as little disruption as possible.

8. **It is important that USDA is prepared to address any attrition from the relocation.**

I agree it is critical that we prepare to address any attrition during transition and the relocation. It is important to limit the window of uncertainty for our employees, which is why I have instituted what some believe to be an aggressive timeline.

- **What plans does USDA have to manage its workforce to mitigate and remedy any loss in skills that would result from this proposal?** We hope many of our experienced staff will remain on board and are working to answer employee questions and provide updates to them through this transition process. As we move forward, I will work closely with my senior leadership team to quickly identify key vacancies and fill those positions with the most talented and capable research experts we can find.
- **Following the relocation, what percent of NIFA's and ERS's current workforce would USDA rehire?** We do recognize that some current ERS and NIFA staff may choose not to relocate at the new location(s). Since there are many considerations employees and their families will review when making decisions to relocate, there is no clear data at this time on what staff losses may be. However, I fully intend to keep NIFA and ERS at their current staffing levels, subject to any changes in our appropriations levels.
- **How long does USDA anticipate it will take it to hire new personnel to address the resulting attrition?** We are planning a rolling staffing transition, and I will work with senior leadership to hire new personnel in the new location(s). Until we know our current employee decisions and the new location(s), it is impossible to provide an exact timeline, but we expect a focused hiring effort from June through December 2019.
- **Please provide the current hiring plans for NIFA and ERS.** I am consistently evaluating hiring practices to provide the best customer service to our stakeholders; therefore, our hiring plans are a pre-decisional, evolving, deliberative internal tool for personnel and management decisions.

9. **What is the current timeline for all steps in this proposal?** Currently, we expect to identify the new location(s) by January 2019 and open the new office(s) in the summer of 2019. We hope that this timeline provides enough notice to employees to allow families to make considerations regarding spousal employment and to accommodate our employees with school-aged children. As stated above, we did extend the deadline to submit Expressions of Interest (EOI) for 30 days to ensure all interested parties have ample time to submit proposals. We still anticipate maintaining our timeline to attempt to limit the period of uncertainty for our employees. Again, to avoid as much work disruptions as possible, we anticipate a rolling transition from D.C. to the new location.

10. **7 USC 6971 requires the Secretary to delegate to the Under Secretary of Agriculture for Research, Education, and Economics (REE) the functions and duties of the Department related to economics and research. 7 USC 7014(b)(6) makes permanent the role of the Under Secretary for REE. What legal authority is USDA using to reorganize ERS so that it reports to the Chief Economist, instead of being the economics research function granted by law to be the responsibility of the Under Secretary for REE?**

7 U.S.C. 7104(b)(6) does not make the position of the Under Secretary for Research, Education, and Economics (REE) permanent. It excepts USDA's REE mission area from the termination of the reorganization authority contained in the Department of Agriculture Reorganization Act. The Secretary thus continues to have the freedom to delegate to, and redelegate from, the Under Secretary for REE authorities provided to Secretary by law. Additionally, the Secretary retains authority under Reorganization Plan No. 2 of 1953 to reorganize the Department. Just as functions previously have been delegated to OCE that are arguably "economic," by definition, certain functions related to ERS will now be delegated to OCE. Further, even with respect to research, not all "research" functions are delegated to the Under Secretary for REE. The Forest Service, for example, retains a large research function. Further, all of USDA research by Department policy is under the supervision of the Under Secretary for REE through the Science Council. *See* Departmental Regulation 1043-055, "Permanent Establishment of the U.S. Department of Agriculture Science Council,"

<https://www.ocio.usda.gov/sites/default/files/docs/2012/DR%201043-055%20Permanent%20Establishment%20of%20the%20US%20Department%20of%20Agriculture%20Science%20Council.pdf>. In this respect, the authorities to be shifted to the oversight of OCE are no different, and a dotted line of oversight will be retained by the Under Secretary for REE.

11. **We have heard concerns from stakeholders that placing the economic research function under the Office of the Chief Economist may diminish the scientific integrity of the economic analysis conducted by ERS. There are also concerns that locating NIFA at or near entities applying for grants may introduce a conflict of interest—real or perceived—into NIFA's grant awarding process. How will USDA protect against any such conflict of interest concerns? How will USDA protect the scientific integrity and independence of ERS?**

USDA is a science-based Agency, and compliance with all relevant scientific integrity directives is and will continue to be a priority. As we consider new locations, all necessary steps will take place to maintain ERS' status as a Federal Statistical Agency. The EOI was explicit that any new location shall meet all requirements for data integrity and technology, and the Agency will continue to be responsible for adhering to applicable OMB directives. Additionally, ERS will continue to be led by a career SES employee who will report to a career SES employee rather than the politically appointed Undersecretary of REE. Regarding NIFA, we too are taking the potential for a conflict of interest very seriously and have worked under guidance of USDA's Office of the General Counsel throughout to ensure the integrity of this process. USDA employees are held to high ethical standards, and we will continue to ensure ERS and NIFA carry out their respective programs with no conflicts of interest and upholding the requirements for scientific integrity and independence.

12. What kind of stakeholder input did the Department conduct before announcing this proposal? Why is USDA not seeking comment from the public on this proposal before deciding to implement it?

We are consistently reviewing operations and working with stakeholders on all matters. This is an internal operational decision that we typically do not solicit for public comment, similarly to our decision to create the Farm Production and Conservation Mission area. With that said, we are actively meeting with stakeholders and welcome feedback as we go forward.

Again, thank you for your letter. I have been encouraged by the bipartisan interest and support of this decision. I also appreciate the oversight function your committee executes and look forward to continuing to work with you and your colleagues to be careful stewards of taxpayer resources, maintain our commitment to scientific integrity, and be responsive to the stakeholders who engage with these important agencies. If you have any questions, please have a member of your staff contact our Office of Congressional Relations at (202) 720-7095.

Sincerely,

A handwritten signature in blue ink that reads "Sonny Perdue". The signature is fluid and cursive, with the first name "Sonny" and last name "Perdue" clearly distinguishable.

Sonny Perdue
Secretary