

Testimony of
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Before the Subcommittee on Agriculture, Rural Development, Food and Drug
Administration, and Related Agencies
Committee on Appropriations, U.S. House of Representatives
March 27, 2019

Mr. Chairman, Ranking Member, and Members of the Committee. Thank you for providing me the opportunity to testify before you today. Agriculture has always led the way in innovation and research, spurred by our networks of Land Grant Universities and nationwide Extension Services that partner with researchers throughout the Federal Government. The high-quality research and analysis provided by the Economic Research Service (ERS) and funded by the National Institute of Food Agriculture (NIFA) are critical contributors to solid, unbiased agricultural research.

USDA is committed to be the most effective, efficient, and customer-focused department in the entire federal government and as a result we have looked critically at the way we do business, with the goal of ensuring the best service possible for our customers, and for the taxpayers of the United States. In some cases, this has meant realigning some of our offices and functions to provide more streamlined and effective services with efficient use of taxpayers' dollars. As part of that Department wide evaluation, the Secretary assessed the ERS and NIFA mission functions, management operations, and operating costs within each agency. That review led to the August 2018 announcement to begin the process of relocating ERS and NIFA out of Washington, D.C. That announcement resulted in 136 Expressions of Interest (EOIs) from 35 states. USDA has retained Ernst & Young (EY), a leading provider of professional services with a dedicated Construction and Real Estate Advisory Services practice, to assist in the relocation efforts.

In August we also announced the intent to realign of ERS from the Research, Education, and Economics (REE) Mission Area to the Office of the Chief Economist (OCE). While the focus of this hearing today is on the proposal to relocate ERS and NIFA, we generally believe those opposing realignment appear to be conflating realignment with relocation for the purposes of

halting progress on relocation. USDA is committed to answering any continued questions about the proposal for realignment and appreciates the Committees bifurcation of the two issues in this hearing.

Improving mission function and program operations are the top priorities for USDA. We believe that by relocating certain functions outside of Washington, D.C. we will improve mission function in the long run. First, ERS and NIFA will be closer to the broad array of agency stakeholders who live and work outside of Washington D.C. providing additional access to hear and observe ground level issues. These stakeholders are farmers, rural communities, 4-H chapters, nutritionists, land grant and non-land grant universities, Historically Black Colleges and Universities (HBCU), and many others. There is not a one-size-fits-all stakeholder for these agencies or USDA, which is why 90 percent of USDA employees are located outside of the Washington D.C. area. By being closer to rural America, ERS will have a stronger pulse on upcoming policy issues and NIFA can be better adaptive to producer and research partner needs. We recognize that both NIFA and ERS also have many stakeholders in D.C. and are a valued resource across Congress, the Department, and throughout the science community. To that end, we have identified critical functions that will remain in the D.C. area to continue to fulfill these important roles and recently shared that information with employees.

Second, relocation will also improve our ability to attract and retain highly qualified staff with training and specific interests in agriculture, many of whom come from our land-grant universities. In both our economic research and our extramural research, hiring employees with agricultural backgrounds and ties to rural America will only benefit the agricultural and food research that is being conducted. Also, this experience is advantageous as we identify priority research areas that are directly impacting the agriculture and food industry. Furthermore, much of the recruited talent are newly out of Ph.D. and graduate programs and the well documented and empirically understood high cost of living and long commutes associated with Washington D.C. are limiting factors in taking these positions. USDA believes that more affordable housing will allow employees to live closer to their workplace, lower commute times, and improve their quality of life.

Third, the decision to relocate will benefit the American taxpayers, ultimately allowing for savings on employment and facility costs. This savings is not only part of an efficient federal government, it ultimately benefits our agency missions by putting more dollars back in programs and by allowing more employees to be retained in the long run, even in the face of tightening budgets.

Retaining and helping our current employees through this process is another top priority for us. The heart of any agency is its people. The talented employees at both ERS and NIFA provide our customers and stakeholders valued service and research every single day. We are proud of their continued commitment to our customers and programs during this time of uncertainty. Each of these permanent employees will have the opportunity to relocate to the new location and we hope that many do. However, we recognize that this announcement and this transition period is very difficult for them. We have established what some have called an ambitious timeline to limit that time of uncertainty for our employees and their families. We also have taken many steps to engage with our employees. First, USDA senior leadership is consistently engaged with employees at both agencies, including participation in all-employee meetings, answering employee questions in person and through Q&A, dedicating staff to conduct smaller more frequent touchpoints sharing consistent feedback and concerns with the Secretary's office. We also believe that the employees bring great value to the work of EY. Each agency has established employee-level committees that provide input on various factors so that matters important to them are heard and included in the analysis of a site recommendation. Additionally, all agency employees have had the opportunity to interact with the team from EY, directly providing feedback and insight into this process. We also expect that employees will participate in site visits of potential locations. Still, we recognize this process is challenging and personal. There are certainly those who believe we could do more, and we are open to hearing that feedback. Our goal is to provide as much information and engagement as possible and we are moving expeditiously to reach a site selection to end the period of uncertainty.

We would also like to address the many assumptions, misinformation, and general concerns communicated regarding the decision to relocate ERS and NIFA.

First, a key narrative from those with concerns about the proposal is the lack of a cost benefit analysis. USDA conducted preliminary cost-benefit analyses that evaluated facility costs, locality pay impact on employee cost, and estimated costs related to employee options on early retirement or voluntary separation. The agencies' present situation was compared against other similarly situated locations at USDA-owned facilities and review of GSA space that is outside of the Washington D.C. NIFA and ERS are both currently located in leased space in Washington D.C. Moreover, NIFA's lease is expiring and the agency 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. Due to the high cost of living in Washington D.C., the locality pay for this region is 28.22 percent above general GS pay tables. A determination was made that a new location with a lower cost of living resulting in a lower locality pay adjustment would provide overall savings. These savings would benefit the overall mission of these agencies by allowing more funds to be used to strategically hire additional employees or funds would be made available to support additional investments in research programs.

While this preliminary cost-benefit analysis informed the decision-making process, USDA recognizes that a complete cost benefit analysis, comparing all tangible and intangible benefits with any risk to the mission and other costs, must be completed based on an actual site recommendation. EY will be conducting this in-depth analysis that will be used when presenting a site recommendation. That is information that will be shared when it is available.

Second, we are aware there is concern that by relocating the agencies they will not remain an objective research source. We are confident that ERS and NIFA will both remain trusted, objective sources of information for the food and agricultural sector and ERS will maintain its status as a federal statistical agency. Our goal is that researchers provide analysis to foster policy development and fund emerging research issues, rather than analyzing current policy proposals or providing delayed response. Our federal researchers need the ability to be agile to address upcoming issues that will rise to the national level. USDA will have the ability to be more agile to respond to issues like farmer stress and mental health, organic research and extension development, and rural prosperity and hardship by relocating. Significant research needs, and

issue development occurs outside of Washington D.C. Moreover, USDA recognizes the value of our partnerships with land-grant and other university research institutions. 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. Additionally, we look to the Department of Health and Human Services Centers for Disease Control and Prevention as a clear example of a leading, respected, objective research agency that resides outside of Washington D.C.

Third, we are aware that there is concern that USDA did not initially conduct outreach to stakeholders when making this decision. We also recognize that, while operational decisions typically do not involve the same outreach that other policy matters undergo, there were missed opportunities to engage stakeholders during this process. However, we have heard that feedback and following the August announcement have consistently met with stakeholders, answered questions, participated in a stakeholder's webinar - absent an invitation - to proactively address concerns, and provided opportunity for feedback at REE listening sessions. These efforts have occurred at the Secretary, Deputy Secretary, Mission Area, Agency Leadership, and staff levels. USDA welcomes additional feedback and is committed to continued transparency in this process.

Last, we are aware that there is concern regarding attrition of our current employees. We cannot reiterate enough how much we value ERS and NIFA employees and the work that they do. Attrition during this transition period is something that we too are monitoring closely to ensure we are delivering our mission. We are prioritizing staffing to build in redundancy to ensure that critical programs and products continue to be administered without interruption. We plan for a rolling transition of staff to the new location along with focused hiring to fill any vacated essential positions at the new location to ensure as little disruption as possible. Currently, agencies are filling some positions based on their strategic hiring plans. The continued uncertainty is challenging for our employees, which is why the Secretary has urged expediency in the site selection process.

USDA is following a rigorous site selection process, with leadership from USDA, ERS, and NIFA involved. EY provides real estate advice to organizations across industries, including the federal government. After being retained, EY began the critical step of developing criteria to evaluate the

Expressions of Interest. As discussed, agency leadership and employee engagement during this process have been and will continue to be instrumental to ensure mission function will be maximized in a new location and employees and their families would have a strong quality of life. Due to the high volume of EOIs, EY created an initial subset of criteria focused on mission operations that include travel requirements, labor force statistics, and work hours compatible with all USDA office schedules to narrow the list from 136 to 67 EOIs. Then using the high-level criteria posted in the Federal Register (transportation logistics, workforce, community/quality of life, and capital and operating costs), EY is using an agency driven analysis to define the following weighted criteria to further evaluate the EOIs.

- Quality of Life: Subcategory examples include Diversity Index, Residential Housing Costs, Access to Healthcare, and Home and Community Safety Ranking.
- Costs (Capital and Operating): Subcategory examples include Cost of Living Adjustment, Commercial Real Estate Costs, Land Costs, and Wage Growth Rate.
- Workforce: Subcategory examples include Labor Force Growth Rate, Unemployment Rate, and the Labor Force Population.
- Logistics / IT Infrastructure: Subcategory examples include Lodging Availability, Proximity to Stakeholders, and Travel Time to / from DC.

We are expecting EY to deliver a short list based from the 67 EOIs by the end of March and teams led by EY conducting further qualitative analysis, site visits, and further negotiations with submitters through April. USDA hopes to have a final recommendation from EY in early May.

We fully believe that by relocating we can better carry out our mission, placing more dollars on research than overhead, and improving service to our customers. Moving forward we will continue to implement this process in the most transparent way possible and will continue to keep Congress apprised every step of the way. Thank you for the opportunity to present this testimony. We look forward to continued dialogue and answering the Committee's questions.