



Addressing the USDA's Rationale for Relocating and Realigning the Economic Research Service

In August 2018, the USDA [announced](#) it would relocate the Economic Research Service (ERS) outside of Washington, DC, and realign it from the Research, Education, and Economics (REE) mission area to the Office of the Chief Economist (OCE). The USDA cited three main reasons for the relocation: (i) "to improve USDA's ability to attract and retain highly qualified staff"; (ii) "to place these important USDA resources closer to many of its stakeholders"; and (iii) "to benefit the American taxpayers." The USDA asserts the realignment will "enhance the effectiveness of economic analysis at USDA."

This document is an examination of the USDA's reasons and assertions, compiling responses by the ERS stakeholder community. The reasons are generally found to be lacking in substance or evidence, or needing additional and independent study. Indeed, it remains unclear what problems the USDA seeks to address with their plans. The attrition rate amounts to an average of three more employees leaving ERS annually than would be the case if ERS's rate were the same as that of USDA, hardly a reason to help justify moving ERS's 260 employees to another location. The USDA provides no data to substantiate a recruitment challenge and is not releasing its cost-benefit analysis. The USDA does not cite problems with ERS being located in Washington, DC, or with the extensive system in place to reach its many audiences, many of the primary ones being in the nation's capital. Similarly, the USDA does not identify any problems with ERS being in REE.

In reality, the ERS is an effective and well-run agency. It is the #3-ranked agricultural economics research institution in the world, providing research, statistics, and analysis covering broad aspects of our food, agriculture, and the rural economy. It is also one of the 13 primary federal statistical agencies, thereby playing a bedrock role in evidence-based policymaking and, more broadly, US data infrastructure. It has been at the forefront of addressing the challenges facing the federal statistical agencies, including illustrating what can be achieved by linking data from different agencies.

The likely negative effects of the USDA plans seem far greater than any supposed problems or asserted benefits. Experts expect high attrition rates among ERS employees preferring to stay in or unable to move their households from the Washington area. The loss of staff in turn is expected to impinge upon ERS's ability to continue to produce the same quality, quantity, and breadth of reports, analyses, and statistics. It will likely take years for ERS to build back up to its current level of high-quality production and operations. The remote location of the majority of ERS staff is also expected to reduce ERS's influence on and relevance to evidence-based policymaking at USDA and nationally. Finally, the move of

ERS from the information-producing arm of USDA, REE, to the policy-supporting arm, OCE, raises the risk of ERS reports being perceived as less objective and neutral.

The USDA's rationale and plans are also questionable for their rapid, closed process and for not considering other resources or ERS challenges. The USDA announced its plans in August 2018 while Congress was away for its summer recess. To the best of the community's knowledge, they did not consult any stakeholders, agency leadership, or Congress and are proceeding in haste without a public comment process, an independent study, or congressional consideration.

Their approach is to be contrasted with other government reorganization efforts. For example, the White House proposed this summer, as part of its government reorganization plan, to move the Bureau of Labor Statistics from the Department of Labor to the Department of Commerce. Their plan followed a year of planning facilitated and overseen by the Office of Management and Budget, is to be considered over several years, and includes congressional consideration and public comment.

Consider also the Department of Transportation (DOT) proposal to move the Bureau of Transportation Statistics to the Office of the Under Secretary of Policy. The move is concerning to the federal statistical community for many of the reasons discussed here, but the process has been more open, with DOT commissioning a study by the National Academy of Public Administration during the many months between proposal and implementation.

USDA also seems to not have engaged the Office of Personnel Management (OPM) for the apparent recruitment and retention challenges they say ERS faces. Had USDA done so, they might have been informed of OPM's intent to introduce in October new authorities and systems for hiring economists, as discussed below. Further, USDA neglects to mention ERS's biggest challenge: Its budget has lost 19% in purchasing power due to inflation since FY09. Its staff size has shrunk from 388 in FY09 to 303 in March 2018. It's probable that such restricted funding has had an impact on ERS recruiting and retention.

The American Statistical Association and the broader community remain concerned about the USDA's plans for ERS. The alleged problems being addressed seem minor, nonexistent, or unsubstantiated. Similarly, any possible benefits are asserted without support. Meanwhile, the disruptions that would likely result to ERS work are clear and would have ramifications for at least the next decade.

For the sake of good government and evidence-based policymaking in the food, agriculture, and rural sectors, we again call for Congress to intervene and stop the USDA actions to relocate and realign the ERS until an independent cost-benefit analysis is conducted and made public.

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This is a working document intended to illustrate the community's attempts to understand the USDA's rationale for the move and realignment of ERS out of REE. Any comments can be sent to Steve Pierson, ASA director of science policy, at pierson@amstat.org.

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<p>Attrition: USDA says ERS employee attrition is a reason to relocate the agency</p>	<ol style="list-style-type: none">1. The ERS annual attrition rate is less than 1% higher than the whole of USDA for permanent employees for the last five years (FY13-FY17), according to data provided by the USDA to Senator Pat Roberts and Senator Debbie Stabenow.¹ With an average of 316 ERS employees for each of the past five years, the average number of permanent ERS employees leaving annually was 25: four to another federal agency; seven quitting federal service altogether; and 13 to retirement.² If the ERS average attrition rate were the same as that of the whole of USDA, an average of 22 employees would leave ERS annually. This is a minor difference in attrition.<ul style="list-style-type: none">○ The administration initially used attrition data that included interns or other nonpermanent employees to justify the move.³ With summer intern data included, ERS has a 4.5 percentage point greater annual average attrition rate than the rest of USDA for the past five years because of its active summer internship program.2. The ERS attrition rate could be slightly higher due in part to the high demand for economists and ERS's employees being recruited away to other opportunities.<ul style="list-style-type: none">○ OPM just called economists a "high-risk, mission-critical" occupation in need of a "new approach" for pay. They will issue their "first alternative pay system for economists in the federal government."⁴○ In October 2018, OPM authorized new direct hire appointing authorities for agencies to address "the most pressing hiring needs". Economist is at the top of the list⁵.
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¹ http://www.hagstromreport.com/assets/2018/2018_0924-USDA-PerdueNIFA-ERS-Response.pdf?utm_source=MadMimi&utm_medium=email&utm_content=The+Hagstrom+Report+%7C+Monday+09_24_2018&utm_campaign=20180924_m147316021_The+Hagstrom+Report+%7C+Monday+09_24_2018&utm_term=USDA+E2_80_94+Secretary+Perdue+response+to+Roberts+and+Stabenow

² <https://www.fedscope.opm.gov/>; ERS also lost an average of one employee per year to death.

³ http://www.amstat.org/asa/files/pdfs/pressreleases/2018-ASA_ERS_Statement-9-13-18.pdf

⁴ <https://www.govexec.com/pay-benefits/2018/10/trump-administration-create-new-pay-systems-some-federal-jobs/151952/>; <https://www.fedweek.com/fedweek/opm-plans-new-pay-system-for-economists-others-to-follow/>

⁵ <https://chcoc.gov/content/announcing-government-wide-direct-hire-appointing-authorities>

	<ol style="list-style-type: none"> 3. The ERS ranked in the top quartile of best places to work in the federal government for agency subcomponents in 2016 and 2017.⁶ It is the highest ranked USDA agency in this category, a ranking difficult to square with USDA saying the agency has attrition (and recruitment) problems. 4. USDA asserts another location with lower cost of living (and lower salaries) will ease attrition while providing no evidence their logic will solve the problem they identify. Lower salaries might fail to attract qualified economists, who have robust opportunities in the national job market. 5. Where do employees departing ERS but staying in federal service go? Anecdotally, it seems ERS economists often leave ERS for or are recruited by other parts of USDA in Washington, DC.⁷ This speaks to the role of ERS in recruiting useful analytical talent for the USDA as a whole.
<p>Recruitment: USDA states ERS has recruitment challenges that will be eased in another location</p>	<ol style="list-style-type: none"> 1. USDA has provided no data publicly to justify ERS has a recruitment problem or that it will be improved in another location. Former administrators and deputies have not confirmed ERS has unique recruitment challenges, other than needing to hire more economists than other agencies do. 2. Any recruitment challenges could be due to high demand for economists and other science, technology, engineering, and mathematics positions noted above. Statistician is also high on the list provided in the OPM list in their direct hiring authorities document. 3. ERS's apparent ability to avoid the recruiting challenges faced across the federal government may be due to several factors. As the #3-ranked institution in the world for agricultural economics research,⁸ ERS is a top agency for which to work. The opportunities for meaningful and impactful work also attract top talent. Further, Washington, DC is likely the largest concentration of agricultural economists in the world, with

⁶ <http://bestplacestowork.org/rankings/overall/sub>

⁷ Consider, for example, the current chief economist, the Farm Services Agency Director of the Economic and Policy Analysis Staff, many senior World Agricultural Outlook Board commodity analysts, current and recent Resources Assessment Division of the Natural Resource Conservation Service economists, recent chief economist of the Risk Management Agency, CIO of the Agricultural Research Service, and many economists in the OCE.

⁸ <https://ideas.repec.org/top/top.agr.html#institutions>

	<p>the other three top-four agricultural economics agencies in the world all located there.</p> <ol style="list-style-type: none"> 4. In spring 2018, the secretary announced telework days would be cut to one day per week. The telework cutback increased employees' commuting burden, which the department had cited as a deterrent to recruiting. The telework cutback also reduced employee flexibility in managing family commitments, which harmed the family-friendly approach ERS has successfully used in recruitment. The telework cutback also may increase rent costs because more staff must be housed onsite, reducing the potential for sharing space. By reversing the telework cutback, USDA can address the problems it alleges can only be solved by relocation. 5. The administration may not appreciate the hiring cycle for ERS. New PhDs are recruited between January and March each year, and then join the agency the following fall during the subsequent fiscal year. The job searches authorized have not been timed to this cycle. For the last three budget cycles, ERS was not permitted to meet the optimal recruitment period for PhD candidates, which is between January and March of each year.
<p>Cost savings</p>	<ol style="list-style-type: none"> 1. While there may be cost savings for cost of living and rent, administration after administration has explored such cost savings and ultimately left agencies in Washington, DC. USDA should be required to document the savings. Indeed, USDA backed off the claim in its August 9 press release that "there will be significant savings on employment costs and rent" to say in its September 20 letter to senators Roberts and Stabenow, "there will be potential for saving on employment and facility costs ..." 2. Many other costs should be considered, including relocation/moving costs, early retirement and other buyouts, lease termination costs, travel for staff in new location to Washington, DC, and for HQ staff to new location, and new staff recruitment. For example, it is likely staff in the new location will be required to travel more to effectively partner with World Agricultural Supply and Demand estimates, National Agricultural Statistics Service (NASS), Bureau of the Census, Congressional Research Service, OMB, the other 12 principal statistical agencies, and others. Travel costs to

	<p>Washington, DC, might also mean less travel to visit stakeholders in other parts of the country.</p> <ol style="list-style-type: none">3. USDA’s plan needs to consider impacts to the breadth, quality, and impact of the agency’s work due to attrition, lost in-person interactions, distance from key stakeholders, and other factors. In particular, since it is highly likely that a significant share of staff is expected to not relocate and recruiting highly talented staff is costly, the costs associated with recruiting new staff should not be underestimated.4. According to a September 2018 document responding to ERS employee questions, USDA conducted a cost-benefit analysis that is an “internal deliberative document that will not be published or issued to the public.”5. Congress, stakeholders, and taxpayers deserve an independent entity to do a full and transparent cost-benefit analysis to fully understand the costs, benefits, and other ramifications of the move, as well as the rationale. Any actions should also be delayed until the office of inspector general for the Agriculture Department has completed its probe of the legal basis for the USDA decision to move ERS and NIFA.⁹6. Congress has provided no funding for a move of ERS in their FY19 appropriations deliberations to date. How would USDA pay for their move? A likely offset for the cost of the move would be ERS programs. If ERS programs are the offset, USDA should explain how they will pay for the move and how this would impact ERS products.7. Cost savings on rent could be achieved by moving ERS into the USDA South Building once the long-term renovations are completed. Indeed, the FY19 budget request notes “the modernized building will accommodate an increased population.”¹⁰8. The GSA lease for ERS space runs through March 2026.¹¹ There is no reason for moving ERS for lease reasons and the process should be slowed to fully understand the rationale for moving ERS and the ramifications of doing so.
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⁹ <https://www.govexec.com/oversight/2018/11/agriculture-watchdog-investigating-secretarys-plan-move-offices-out-dc/152539/>

¹⁰ <https://www.dm.usda.gov/oo/sb-overview.htm> p. 12-9.

¹¹ https://www.gsa.gov/cdnstatic/FY14_Reg11_LDC02141_files.zip

<p>Proximity to stakeholders: The USDA says ERS needs to be closer to stakeholders</p>	<ol style="list-style-type: none">1. Many of ERS’s primary stakeholders are in Washington, DC, because its focus is on <i>national</i> statistics and research relevant to <i>national</i> policies. In particular, the top-tier customers of ERS are other parts of USDA, Congress, and other key policymakers. ERS has a reputation for providing objective economic indicators of agriculture and rural America, and it often does so in collaboration with key USDA partners such as NASS and the World Agricultural Outlook Board, which are largely located in Washington, DC.2. Moving ERS to a single location outside the national capital area will not bridge any supposed gaps between ERS and farmers, ranchers and agribusinesses, which are distributed broadly across the nation.3. Because national policy is made in Washington, DC, representatives of all ERS stakeholder groups have offices there. These include major farm and commodity organizations, the food industry, rural development interests, environmental groups, and those concerned with food and nutrition assistance. Instead of moving closer to stakeholders, the department would increase the distance between the agency and key stakeholder advocates attuned to federal matters.4. USDA has alleged specifically a problem with the current location in terms of interactions with stakeholders. Is USDA receiving criticism about where ERS is located? If there has been criticism, are there improvements that could be made through the current USDA system that includes an efficient and well-functioning extension service and land-grant universities? How would claimed problems of current location be rectified with another location, which might narrow the stakeholder interactions? The scores of organizations that signed a letter to Congress did not indicate any problem with interaction with ERS in Washington, DC.5. Farmers are one of many audiences of ERS research. ERS helps farmers understand the environment in which they are operating. The results of ERS analysis are widely used by the extension networks of the land grant universities and reach farmers through this important institution and a variety of other outlets such as producer groups and the agricultural media. ERS often plays a role in coordinating state-by-state and regional research that informs extension efforts.
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	<ol style="list-style-type: none">6. ERS provides the required economic research for every federal agency proposing to assess or repeal regulations. ERS provides the critical backstopping for regulatory analysis through both data development and longer-term analysis that supports short-run analysis within the agencies. This research also must be regarded as accurate and even-handed to withstand policy and legal challenges to the underlying regulations. This collaboration occurs in Washington, DC, where regulatory agencies are based.7. In addition to the Washington, DC, location as a logical location for a research agency with a national policy mission, location elsewhere may lead to an imbalance in the research portfolio toward the priorities of the issues facing the particular locale chosen. It is widely acknowledged that US agriculture and rural America are highly diverse across geographic space. If ERS researchers are interacting with researchers at nearby institutions, ERS researchers are likely to engage in research activities in which the applications and examples focus on agricultural or rural issues of importance at that particular locale, state, or region. This was the experience of a previous organization of ERS, where a large share of the staff was located at field stations around the land grants. The agendas of those staff often reflected the local issues that were of a lesser priority to an institution with a national policy focus. Hence, ERS leadership decided to end the field staff policy in Washington, DC, in the early 1980s.8. ERS is already ideally located because of the close collaboration across the principal statistical agencies, all located in the Washington, DC, area. ERS has a particularly close working relationship with its sister agency within REE, the National Agricultural Statistics Service (NASS). Among their many areas of interest, NASS and ERS staff meet regularly (at times daily) to collectively design, collect, and analyze critical data through the Agricultural Resource Management Survey. This same collaboration is critically important for the quinquennial census of agriculture. The proximity of staff facilitates these complex collaborations. Additionally, ERS has engaged in creative initiatives with other principal statistical agencies, namely the Census Bureau and National Center for Health Statistics, to produce timely new
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	<p>statistics. This collaboration is facilitated through the proximity of staff location within the Washington, DC, area.</p>
<p>Enhanced Effectiveness: USDA states ERS should be moved from Research, Education, and Economics to Office of the Chief Economist to “enhance the effectiveness of economic analysis at USDA”</p>	<ol style="list-style-type: none"> 1. USDA has not identified any problems with ERS aligned under Research, Education, and Economics and only makes the assertion the realignment will “enhance the effectiveness of economic analysis at USDA.” 2. Upon inquiry from Congress, USDA cited in its letter to Senators Roberts and Stabenow a 1999 National Academies’ report highlighting “some concerns” with ERS under REE and recommending realignment to OCE. Citing a 19-year-old report appears to be cherry picking. Congress, ERS stakeholders, and taxpayers deserve an up-to-date and independent analysis as noted above. 3. ERS has thrived under REE, achieving its #3 ranking worldwide as noted above. 4. ERS experts consult on a regular basis with the undersecretaries of each mission area and the chief economist to determine what their research and policy analysis needs are and to develop its annual work plan. Relocation to OCE may also compromise its ability to provide support to other mission areas. 5. REE was created by statute by Congress to strengthen and coordinate research to benefit all citizens of the United States. It provides independent research, analysis, and statistics respected widely throughout the US and the world. A role of OCE is to support the secretary’s policies. With ERS being in the secretary’s office, its objectivity and neutrality is potentially compromised in perception and possibly in reality. It is better to have ERS stay in the information-providing mission of USDA, where it is perceived solely as information providing—not possibly as USDA policy supporting—and where its work can be coordinated, leveraged, and supported by other REE entities. 6. As one of the 13 OMB-designated primary federal statistical agencies, ERS can best serve its mission and stakeholders by staying with NASS in REE—the USDA information-<i>providing</i> arm, rather than the policy-<i>supporting</i> OCE in the secretary’s office. The following guidance from the OMB and National Academies documents this point. We especially emphasize the requirement that a statistical agency must “avoid even

	<p>the appearance that its collection, analysis, and reporting processes might be manipulated for political purposes.” OMB Statistical Policy Director Number 1¹² states the following:</p> <p style="padding-left: 40px;">It is paramount that federal statistical agencies and recognized statistical units produce data that are impartial, clear, and complete and are readily perceived as such by the public. The objectivity of the information released to the public is maximized by making information available on an equitable, policy-neutral, transparent, timely, and punctual basis. Accordingly, federal statistical agencies and recognized statistical units must function in an environment that is clearly separate and autonomous from the other administrative, regulatory, law enforcement, or policy-making activities within their respective departments.</p> <p>Similarly, the National Academy of Science document¹³ for federal statistical agencies begins its independence principle section with the following two excerpts:</p> <ul style="list-style-type: none"> ○ The reason for a statistical agency to exist is to serve as a trustworthy source of objective, relevant, accurate, and timely information for decision-makers, analysts, and others—both inside and outside the government—to help them understand present conditions, draw comparisons with the past, and guide plans for the future. For these purposes, it is essential that a statistical agency be distinct from those parts of a department that carry out administrative, regulatory, law enforcement, or policymaking activities. It is also essential that a statistical agency have a widely acknowledged position of independence from political and other undue external influence in developing, producing, and disseminating statistics, together with the necessary authority to protect independence.
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¹² <https://www.gpo.gov/fdsys/pkg/FR-2014-12-02/pdf/2014-28326.pdf>

¹³ National Academies of Sciences, Engineering, and Medicine. 2017. *Principles and Practices for a Federal Statistical Agency*. Sixth Edition. Washington, DC: The National Academies Press. <https://doi.org/10.17226/24810>.

	<ul style="list-style-type: none">○ A statistical agency must be able to execute its mission without being subject to pressures to advance a political agenda. It must be impartial and avoid even the appearance that its collection, analysis, and reporting processes might be manipulated for political purposes or that individually identifiable data collected under a pledge of confidentiality might be turned over for non-statistical purposes. Independence from any undue outside influence is an essential element of credibility with data users and the public and of trust among data providers.
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