



April 2022

EVIDENCE-BASED POLICY MAKING

USDA's Decision to Relocate Research Agencies to Kansas City Was Not Fully Consistent with an Evidence-Based Approach

Accessible Version

GAO Highlights

Highlights of [GAO-22-104540](#), a report to congressional requesters

Why GAO Did This Study

USDA is made up of several agencies, including the research agencies, ERS and NIFA. ERS reviews trends and emerging issues in food, agriculture, the environment, and rural America, while NIFA administers federal funding through formula and competitive grants, among other things.

In October 2019, USDA relocated most staff positions at ERS and NIFA from their headquarters in Washington, D.C. to Kansas City, Missouri. This decision was based on USDA's economic analysis. USDA stated the move would save taxpayers more than \$300 million over 15 years compared to remaining in the Washington, D.C. region.

GAO was asked to assess the analysis USDA used to support its decision to relocate ERS and NIFA to the Kansas City region. This report reviewed how USDA made its relocation decision, the underlying analyses, and the use of evidence in its decision-making.

GAO reviewed USDA's contracting documents and the deliverables provided by the contractor, interviewed USDA officials and contractor staff, and evaluated the economic analysis using criteria in [GAO-18-151SP](#).

GAO is not making any recommendations at this time because, among other reasons, the relocation has already taken place and OMB has since circulated comprehensive guidance on how to build and use quality evidence that, if effectively implemented, should address the weaknesses highlighted. USDA neither agreed nor disagreed with our findings but disagreed with the criteria we used to evaluate the agency's economic analysis. We stand by our analysis as discussed in the report.

View [GAO-22-104540](#). For more information, contact Lawrence L. Evans Jr., evansl@gao.gov or at 202-512-4802.

April 2022

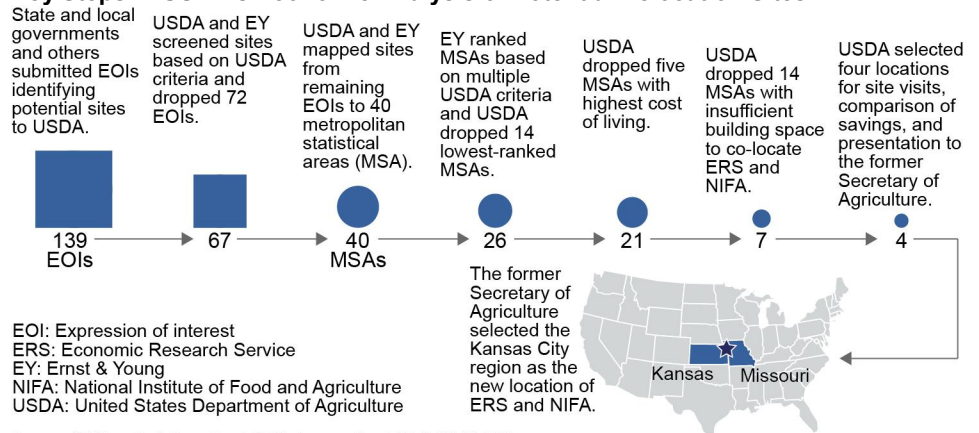
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USDA's Decision to Relocate Research Agencies to Kansas City Was Not Fully Consistent with an Evidence-Based Approach

What GAO Found

An economic analysis conducted by the U.S Department of Agriculture (USDA) with assistance from Ernst and Young was critical to informing USDA leadership about potential sites for relocating the National Institute of Food and Agriculture (NIFA) and the Economic Research Service (ERS) (see figure).

Key Steps in USDA's Economic Analysis of Potential Relocation Sites



Source: GAO analysis based on USDA documents. | GAO-22-104540

Text of Key Steps in USDA's Economic Analysis of Potential Relocation Sites

- State and local governments and others submitted EOIs identifying potential sites to USDA. 139 Expression of interests.
- USDA and EY screened sites based on USDA criteria and dropped 72 EOIs.
- USDA and EY mapped sites from remaining EOIs to 40 metropolitan statistical areas (MSA). 40 MSAs.
- Ernst and Young ranked MSAs based on multiple USDA criteria and USDA dropped 14 lowest-ranked MSAs. 26
- USDA dropped five MSAs with highest cost of living. 21.
- USDA dropped 14 MSAs with insufficient building space to co-locate ERS and NIFA. 7.
- USDA selected four locations for site visits, comparison of savings, and presentation to the former Secretary of Agriculture. 4.

The former Secretary of Agriculture selected the Kansas City region as the new location of ERS and NIFA.

Source: GAO analysis based on USDA documents. | GAO-22-104540

USDA's stated objectives for relocation were to improve its ability to attract and retain highly-qualified staff; place its resources closer to stakeholders and consumers; and reduce costs to taxpayers. However, GAO found that the economic analysis did not fully align with those objectives. For example, USDA used cost of living to screen out locations and then eliminated sites that did not have sufficient space to co-locate NIFA and ERS. However, some of the sites eliminated ranked highly in terms of USDA's stakeholder proximity and staff recruitment and retention objectives. In addition, USDA omitted critical costs and economic effects from its analysis of taxpayer savings, such as costs related to potential attrition or disruption of activities for a period of time, which may have contributed to an unreliable estimate of savings from relocation.

Overall, GAO found that USDA's development and usage of evidence had significant limitations. In addition to the methodological concerns highlighted above, key characteristics of a high-quality analysis were absent, including transparency around key methodological decisions and sensitivity analysis to assess the reasonableness of critical assumptions. According to Office of Management and Budget guidance on implementing the Foundations for Evidence-Based Policymaking Act of 2018, agencies should use evidence when making decisions related to agency operations. This evidence should be good quality and should be collected and analyzed in a transparent manner that involves stakeholders to maintain accountability and ensure that it is not tailored to generate specific findings. As a result of the weaknesses GAO found, USDA leadership may have made a relocation decision that was not the best choice to accomplish its stated objectives.

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Abbreviations

ASA	American Statistical Association
CBA	cost-benefit analysis
COLA	cost of living adjustment
EOI	expression of interest
ERS	Economic Research Service
MSA	metropolitan statistical area
NCR	National Capital Region
NIFA	National Institute of Food and Agriculture
OMB	Office of Management and Budget
OPM	Office of Personnel Management
USDA	U.S. Department of Agriculture

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April 19, 2022

Congressional Requesters

In October 2019, the U.S. Department of Agriculture (USDA) relocated most staff positions at the National Institute of Food and Agriculture (NIFA) and the Economic Research Service (ERS) from their headquarters in Washington, D.C. to Kansas City, MO.¹ To identify a relocation site, USDA solicited expressions of interest (EOIs) from state and local governments, industry, and other interested parties, and received proposals for 139 EOIs across 308 potential sites in 35 states. Between October 2018 and June 2019, USDA, with the assistance of Ernst & Young, evaluated and narrowed down potential locations for the new site.

According to USDA, the relocation is expected to save taxpayers more than \$300 million over the next 15 years. However, some USDA employees, several members of Congress, and others questioned how the relocation would affect the ability of the agencies to perform their functions and carry out their missions.

In light of the potential issues raised by ERS and NIFA's relocation, you asked us to review how USDA selected the Kansas City region as the new location for ERS and NIFA, including the analysis used to support this decision. In this report, we (1) describe the process USDA used to make the relocation decision, including the use of Ernst & Young as a contractor; (2) assess the analysis performed by USDA and Ernst & Young to inform USDA's decision of where to relocate NIFA and ERS; and (3) assess USDA's use of evidence to support the relocation decision.

To describe the process USDA used to make the relocation decision, including USDA and Ernst & Young's roles and responsibilities, the deliverables Ernst & Young agreed to provide, and USDA's process for ensuring that the contract requirements were met, we interviewed officials from USDA and Ernst & Young. We also reviewed the notice USDA

¹The Economic Research Service conducts economic research looking at trends and emerging issues in agriculture, food, the environment, and rural America to inform and enhance public and private decision-making. The National Institute of Food and Agriculture provides leadership and funding for programs that advance agriculture-related sciences.

published in the Federal Register soliciting expressions of interest for the firm to award the contract; USDA's combined synopsis/solicitation for a contractor; USDA's press releases with updates on the relocation site selection process; internal USDA memoranda detailing various relocation scenarios for ERS and NIFA; the contract between USDA and Ernst & Young; and the corresponding deliverables.

To assess the analysis performed by USDA and Ernst & Young, we interviewed officials from USDA and Ernst & Young. We also reviewed the analysis presented in USDA's June 2019 memorandum and all the underlying deliverables USDA received from Ernst & Young.² For the purposes of this report, we refer to the collection of analyses performed by Ernst & Young and the relevant underlying decisions made by USDA to narrow down potential sites and to compare costs at the four final locations to the status quo site as USDA's "economic analysis." To determine if these analyses fit the description of an "economic analysis," we used the definition stated in GAO's *Assessment Methodology for Economic Analysis*.³ We determined that the analysis performed by USDA was an economic analysis because it informed decision-makers (USDA leadership and the former Secretary of Agriculture) about the economic effects (costs and benefits) of an action (relocating ERS and NIFA to a new location). We evaluated USDA's economic analysis

²In this report, we refer to the publically released cost-benefit analysis as the June 2019 memorandum. See USDA, *NIFA and ERS Relocation: Cost Benefit Analysis*, June 13, 2019.

³An economic analysis is defined as an analysis that is intended to inform decision-makers and stakeholders about the economic effects of an action. Economic effects (hereafter also called "effects") commonly include costs, benefits, and/or economic transfers (for example, transfer payments). Action is defined to include a government law, rule, regulation, project, policy, or program. An action may be examined in the context of legislation, regulation, advocacy, agency operations, or in response to certain events (such as a natural disaster, for example). An economic analysis may be prospective, examining an action that could be taken, or retrospective, examining the outcome of an action that has already been taken. See GAO, *Assessment Methodology for Economic Analysis*, [GAO-18-151SP](#) (Washington, D.C.: Apr. 10, 2018).

according to the five key elements identified in GAO's assessment methodology.⁴

To assess USDA's use of evidence to support the relocation decision, we interviewed USDA officials. We also analyzed USDA documents to examine the extent to which USDA's economic analysis properly dealt with each of the five key elements included in GAO's *Assessment Methodology for Economic Analysis*. In addition, we reviewed our prior reports on government reorganization and evidence-based policymaking to assess the quality of evidence USDA used for its relocation decision.⁵ Finally, we used the principles laid out in Office of Management and Budget (OMB) guidance on evidence-based policymaking to evaluate the extent to which USDA's relocation decision reflected evidence-based policymaking.⁶ See app. I for additional information on our scope and methodology.

We conducted this performance audit from September 2020 to April 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

⁴[GAO-18-151SP](#). We developed this methodology by synthesizing economic concepts identified by consulting with experts on economic analysis and in federal and international agency guidance. Each key element consists of economic concepts that represent best practices. These key methodological elements are not intended to be exhaustive and to supplant or alter relevant federal and agency requirements for economic analysis. Our assessment methodology provides a framework for assessing the sufficiency of economic analyses.

⁵GAO, *Government Reorganization: Key Questions to Assess Agency Reform Efforts*, [GAO-18-427](#) (Washington, D.C.: June 13, 2018) and *Evidence-Based Policymaking: Selected Agencies Coordinate Activities, but Could Enhance Collaboration*, [GAO-20-119](#) (Washington, D.C.: Dec. 4, 2019).

⁶Office of Management and Budget, *Phase I Implementation of the Foundations for Evidence-Based Policymaking Act of 2018: Learning Agendas, Personnel, and Planning Guidance*, OMB Memorandum M-19-23 (Washington, D.C.: July 10, 2019) and *Evidence-Based Policymaking: Learning Agendas and Annual Evaluation Plans*, OMB Memorandum M-21-27 (Washington, D.C.: June 30, 2021).

Background

ERS and NIFA

ERS is a USDA research agency that reviews trends and emerging issues in food, agriculture, the environment, and rural America. ERS has an annual budget of about \$85 million and conducts economic and statistical analyses on agricultural commodities, trade and international agriculture, rural demography, agricultural marketing, food price forecasting, surveys of farm and crop production practices, farm and rural labor and income analysis, food safety and nutrition, natural resources, and the environment. NIFA is a USDA agency that administers approximately \$1.5 billion in federal funding annually through formula and competitive grants. NIFA also oversees a wide range of cooperative extension and education functions conducted in partnership with land-grant colleges and universities, and other institutions and organizations.

USDA's Relocation Decision

In response to former President Trump's initiative to move federal agency headquarters outside of Washington, D.C., in August 2018, the former Secretary of Agriculture announced his decision to relocate NIFA and ERS headquarters.⁷ According to USDA officials, after the former Secretary of Agriculture decided to relocate ERS and NIFA, the agency decided to conduct an analysis to help with site selection and also evaluate the costs and benefits of relocating to a new location outside the National Capital Region (NCR).⁸ USDA enlisted the help of a consultant to help with the analysis. After receiving bids for a contract, USDA chose

⁷Additional information on the initiative to move federal agency headquarters outside of Washington, D.C. can be found in Office of Management and Budget, *Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce*, OMB Memorandum M-17-22 (Washington, D.C.: April 12, 2017). At the time of the former Secretary's announcement in August 2018, USDA had not yet determined which staff, if any, at NIFA and ERS might remain in Washington, D.C. When USDA announced in June 2019 that ERS and NIFA would relocate to the Kansas City region, they indicated that 294 of NIFA's 315 positions would relocate and 253 of ERS's 329 positions would relocate, and the remainder would stay in the National Capital Region (NCR).

⁸The NCR consists of the District of Columbia, the surrounding counties within the states of Maryland and Virginia (Montgomery and Prince George's counties in Maryland; Arlington, Fairfax, Loudon, and Price William counties in Virginia) and the incorporated cities therein.

the consulting firm of Ernst & Young to assist with some research and analysis as it worked to identify appropriate new sites. According to USDA officials, in an effort to be transparent about the decision making process, USDA summarized its economic analysis and described several benefits and costs of relocating to the selected location in its June 2019 memorandum. USDA officials said that the agency was not required to conduct a formal cost-benefit analysis as part of its decision to relocate NIFA and ERS.⁹

According to its June 2019 memorandum and to press releases, USDA stated that the objectives for relocating ERS and NIFA outside of the NCR were the following:¹⁰

- To improve USDA's ability to attract and retain highly qualified staff, such as scientists and economists with training and interests in agriculture, many of whom come from land-grant universities. According to USDA officials, ERS and NIFA have experienced significant turnover in these positions and have faced challenges recruiting employees to the Washington, D.C. area, particularly given the high cost of living and long commutes.
- To place important USDA resources, such as staff, closer to many of the agency's stakeholders, most of whom do not live and work near the Washington, D.C. area.
- To benefit the American taxpayers. USDA officials said relocating ERS and NIFA would significantly reduce employment costs and rent, which would help them retain more employees over time, even in the face of tightening budgets.

⁹Cost-benefit analysis (CBA) in the federal rulemaking process is the systematic examination, estimation, and comparison of the potential economic costs and benefits resulting from the promulgation of a new rule. CBA is an important analysis, as comparing costs and benefits can be useful in determining whether or not a regulation is beneficial. Most federal regulatory agencies are directed by Executive Order 12866, as supplemented by Executive Order 13563, and Office of Management and Budget Circular A-4 in their performance of CBAs. See Exec. Order No. 12866, 58 Fed. Reg. 51735 (Sept. 30, 1993); Exec. Order No. 13563, 76 Fed. Reg. 3821 (Jan. 18, 2011); and Office of Management and Budget, *Regulatory Analysis*, OMB Circular No. A-4 (Washington, D.C.: Sept. 17, 2003).

¹⁰USDA, *NIFA and ERS Relocation: Cost Benefit Analysis*, June 13, 2019. This publicly released document produced by USDA is the agency's summary of the analysis completed by USDA with input from Ernst & Young. Ernst & Young did not complete a separate cost-benefit analysis.

Some agency employees, trade and research organizations, and others have questioned USDA's stated objectives, saying that the agency's rationale needed to be examined more closely. For example, the American Statistical Association (ASA), a professional association of statisticians, argued that it was unclear what problems USDA was looking to address through a relocation. ASA further stated in a public letter in response to USDA's relocation decision that USDA did not cite problems with ERS being located in Washington, D.C., or with the extensive system in place to reach its wide array of audiences, many located in the D.C. area. Other stakeholders raised concerns about employee attrition and the abilities of ERS and NIFA to continue to meet their missions after leaving the D.C. area.¹¹

USDA Made Key Decisions and Conducted the Economic Analysis with the Help of Ernst & Young

USDA Used a Competitive Process to Select a Contractor

USDA used a competitive process when it selected a contractor to assist it with identifying a new site for ERS and NIFA. Before consulting with a contractor, USDA published a notice in the Federal Register on August 15, 2018 requesting expressions of interest from state and local governments, as well as industry and academia, for potential sites to relocate ERS and NIFA. Following the request, USDA received 139 expressions of interest identifying 308 potential sites in 35 states.

In mid-September 2018, USDA issued a combined synopsis/solicitation for a contractor via Federal Business Opportunities.¹² The solicitation asked vendors to submit quotes no later than October 4, 2018. According to an internal memo provided to us by USDA, the agency received multiple quotes. USDA's Contracting Officer forwarded the quotes that met USDA's requirements to USDA's Senior Procurement Executive for further review and evaluation. According to USDA officials, USDA's Senior Procurement Executive and Assistant Secretary for Administration

¹¹GAO has ongoing work looking at the effects of the relocation on the missions of ERS and NIFA.

¹²Federal Business Opportunities is now part of the federal government website SAM.gov and is available under the section titled Contract Opportunities.

evaluated the proposals. Based on USDA's evaluation, USDA determined that the firm Ernst & Young submitted an acceptable quote and offered the best value and price for the requirements listed in the solicitation.

USDA invited Ernst & Young to provide an oral briefing to senior leadership to address the major issues that the vendor expected USDA to encounter during the site selection effort and to discuss how Ernst & Young would address those issues. Subsequently, USDA selected Ernst & Young for the site selection services contract.¹³

Ernst & Young Conducted Market Research and Provided Other Services to Carry Out Parts of USDA's Analysis

Under the terms of the contract, Ernst & Young was expected to conduct market research and other analysis to support USDA's economic analysis of potential new locations. As part of its work, Ernst & Young agreed to provide USDA 11 deliverables (see appendix II for a full list of documents provided). These included

- planning documents detailing the timeframes and specific deliverables;
- documentation containing information on the different MSAs under consideration;
- status report updates with monthly and periodic updates on the information Ernst & Young was gathering; and
- a communications strategy with details on how information about the site selection process would be communicated to various stakeholders.

According to USDA, Ernst & Young provided all deliverables on time and met USDA expectations as laid out in the contract.

USDA Monitored Ernst & Young's Progress during Regular Meetings and Provided Input and Feedback on Contract Deliverables

Over the course of the contract, from October 2018 through June 2019, members or representatives of USDA's leadership advisory group met

¹³Under the terms of the contract, USDA paid Ernst & Young more than \$330,000 in fees.

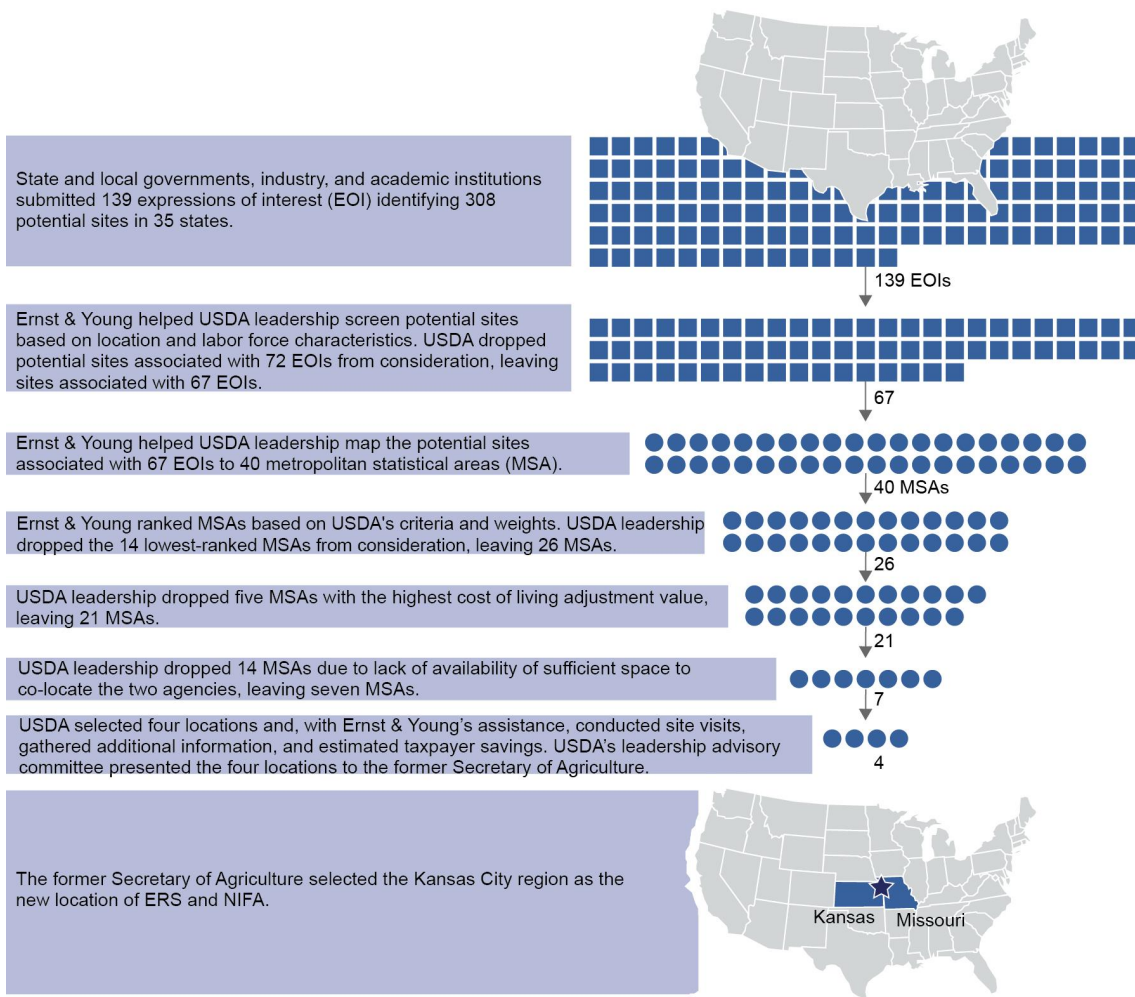
regularly with Ernst & Young and provided input and feedback on their analysis. USDA's leadership advisory group included the USDA Project Manager; Deputy Undersecretary for Research, Education, and Economics; Chief Economist; NIFA Director; ERS Administrator; Senior Advisors to the Secretary; Chief of Staff for the Under Secretary; Assistant Secretary for Administration; and OGC Counsel. According to Ernst & Young consultants, discussions and information gathering between USDA leadership and Ernst & Young consultants took place through six major avenues, including weekly project meetings, regular working sessions with USDA leadership, meetings to develop a communication strategy, at town hall listening sessions with employees, during site visits, and other briefings to USDA leadership. During these exchanges, Ernst & Young consultants updated USDA senior staff on the progress of the work and final deliverables.

USDA Made Principal Decisions and Designed the Economic Analysis, While Ernst & Young Executed Specific Parts of the Analysis

USDA's leadership advisory group made the principal decisions about the process for narrowing down the number of potential locations to compare to ERS and NIFA's status quo sites in Washington, D.C., with substantial input from Ernst & Young. According to USDA officials, USDA's leadership advisory group, with the help of Ernst & Young consultants, first evaluated the 139 EOIs, identifying 308 potential sites that state and local governments and others submitted. USDA narrowed down the number of sites by considering multiple factors, such as characteristics of the local labor force and whether the sites were located within two time zones of Washington, D.C. USDA excluded potential sites associated with 72 EOIs from further consideration and then mapped the potential sites associated with the remaining 67 EOIs to 40 metropolitan statistical areas (MSAs) (see figure 1).¹⁴

¹⁴Metropolitan and micropolitan statistical areas (metro and micro areas) are geographic entities delineated by OMB for use by federal statistical agencies in collecting, tabulating, and publishing Federal statistics. A metro area contains a core urban area of 50,000 or more population, and a micro area contains an urban core of at least 10,000 (but less than 50,000) population. Each metro or micro area consists of one or more counties and includes the counties containing the core urban area, as well as any adjacent counties that have a high degree of social and economic integration (as measured by commuting to work) with the urban core). See 2020 Standards for Delineating Core Based Statistical Areas, 86 Fed. Reg. 37770 (July 16, 2021); 2010 Standards for Delineating Metropolitan and Micropolitan Statistical Areas, 75 Fed. Reg. 37246 (June 28, 2010).

Figure 1: Key Steps in USDA’s Economic Analysis of Potential Relocation Sites



ERS: Economic Research Service
 NIFA: National Institute of Food and Agriculture
 USDA: United States Department of Agriculture
 Source: GAO analysis based on USDA documents. | GAO-22-104540

Text of Figure 2: Key Steps in USDA’s Economic Analysis of Potential Relocation Sites

- State and local governments, industry, and academic institutions submitted 139 expressions of interest (EOI) identifying 308 potential sites in 35 states. 139 EOIs.
- Ernst & Young helped USDA leadership screen potential sites based on location and labor force characteristics. USDA dropped potential

sites associated with 72 EOIs from consideration, leaving sites associated with 67 EOIs. 67.

- Ernst & Young helped USDA leadership map the potential sites associated with 67 EOIs to 40 metropolitan statistical areas (MSA). 40 MSAs.
- Ernst & Young ranked MSAs based on USDA's criteria and weights. USDA leadership dropped the 14 lowest-ranked MSAs from consideration, leaving 26 MSAs. 26.
- USDA leadership dropped five MSAs with the highest cost of living adjustment value, leaving 21 MSAs. 21.
- USDA leadership dropped 14 MSAs due to lack of availability of sufficient space to co-locate the two agencies, leaving seven MSAs. 7.
- USDA selected four locations and, with Ernst & Young's assistance, conducted site visits, gathered additional information, and estimated taxpayer savings. USDA's leadership advisory committee presented the four locations to the former Secretary of Agriculture. 4.

The former Secretary of Agriculture selected the Kansas City region as the new location of ERS and NIFA.

Source: GAO analysis based on USDA documents. | GAO-22-104540

USDA then asked Ernst & Young to further narrow down the set of MSAs using three main steps.

- USDA asked Ernst & Young to rank the 40 MSAs according to their capital and operating costs, workforce, logistics and information technology infrastructure, and community and quality of life characteristics.¹⁵ Ernst & Young identified specific indicators to measure each of these characteristics (see app. III). They scored the MSAs based on each indicator and then combined the scores to create an overall weighted average ranking. To calculate this overall

¹⁵Ernst & Young identified a number of indicators to measure each of these characteristics. For example, cost indicators included the cost-of-living adjustment (COLA), wage rate growth, and average flight costs. Workforce indicators included the percentage of population with a bachelor's degree, unemployment rate, and land-grant university proximity. Logistics and information technology infrastructure indicators included commercial real estate vacancy rate, quality of technology infrastructure, and access to a census research data center. Lastly, quality of life indicators included state public school rankings, average commute time, diversity index, and residential housing costs.

ranking, Ernst & Young weighted these scores using weights that USDA leadership developed with input from ERS and NIFA employees, ERS and NIFA Site Selection Advisory Committees, and USDA leadership to indicate the importance of each indicator.¹⁶ USDA leadership then eliminated the 14 lowest ranked MSAs from further consideration.

- USDA's leadership advisory group asked Ernst & Young to place the remaining 26 MSAs from their ranking model into three groups based on their cost-of-living adjustment (COLA) values.¹⁷ USDA's leadership advisory group then eliminated the five MSAs with the highest COLA values from further consideration.
- USDA decided to co-locate ERS and NIFA and asked Ernst & Young to determine which of the top 21 MSAs had sites that offered sufficient commercial office space to accommodate staff from both NIFA and ERS.

Ernst & Young performed these steps and produced a list of seven MSAs that had existing commercial buildings with sufficient space to house both agencies according to USDA requirements.

Finally, USDA asked Ernst & Young to assemble information on multiple characteristics of these seven MSAs, including their COLA values; unemployment rates and other labor market characteristics; housing costs and housing availability; proximity to airports; and other characteristics. They also asked Ernst & Young to assemble information on features of potential commercial building sites in these MSAs based on original EOI submissions and follow-up discussions. Based on this information, USDA selected four locations for site visits and additional

¹⁶The ERS and NIFA Site Selection Advisory Committees were composed of 5-10 employees from each of the agencies and included a combination of supervisors and staff representing different perspectives from across the agencies. Participation in the committees was voluntary and based upon self-nomination or nomination by other employees, with final selections made by agency leadership. The committees were charged to identify issues and concerns and propose solutions, which they would bring forward to the agency and Departmental leadership.

¹⁷Ernst & Young measured COLAs using data on the pay adjustment from the Office of Personnel Management's (OPM) 2019 General Schedule Locality Pay Map, which allows the General Schedule pay scale to be adjusted for the varying costs of living across different parts of the United States. USDA provided Ernst & Young with the following cut-off COLA values for this grouping: low-priority-MSAs with COLA values greater than 21.5 percent; medium-priority-MSAs with a COLA values between 15.5 percent and 21.5 percent; and high-priority-MSAs with COLA values less than 15.5 percent.

analysis: the Indianapolis, IN; Lafayette-West Lafayette, IN; and Kansas City, KS-MO MSAs, as well as Research Triangle, NC.

USDA's leadership advisory group also made the principal decisions about the process for comparing the four locations to ERS and NIFA's status quo sites in Washington, D.C., with substantial input from Ernst & Young.

- Staff from USDA, the General Services Administration, and Ernst & Young visited 16 commercial building sites across the four locations and examined several characteristics related to USDA's stated objectives, including proximity to key stakeholders, such as farmers and agricultural researchers; dual career services; diversity; and education.¹⁸
- In addition, USDA asked Ernst & Young to calculate the rental and staffing costs at each of the four locations based on ERS and NIFA's current employment levels. Ernst & Young estimated the net present values of savings on rental and staffing costs to USDA from the relocation over a period of 15 years.
- Finally, USDA asked Ernst & Young to analyze potential incentive packages for commercial building owners, such as property tax abatement and job creation credits, at each of the four locations.

The leadership advisory group presented information on all four locations to the former Secretary for consideration. Based on the maximum savings, the incentives offered to the property owners, and other factors listed above, the former Secretary of Agriculture made the final decision for relocating to the Kansas City region as the new headquarters for NIFA and ERS.

The former Secretary of Agriculture announced the decision to relocate ERS and NIFA to the Kansas City region in June 2019. At the same time, USDA released its June 2019 memorandum describing the benefits and costs of moving ERS and NIFA to the Kansas City region, including the results of its economic analysis, which was the basis of the former Secretary's selection.¹⁹

¹⁸Other factors considered included transportation and accessibility, hiring needs, relocation services and resources, and the opportunity for partnerships.

¹⁹USDA, *NIFA and ERS Relocation: Cost Benefit Analysis*, June 13, 2019.

USDA's Economic Analysis Did Not Fully Align with Its Stated Objectives and Excluded Critical Costs in its Estimate of Taxpayer Savings

USDA's Approach to Narrowing Down Potential MSAs for Relocation Did Not Fully Align with Its Stated Objectives

USDA's analytical steps for narrowing down MSAs to a final set of four alternatives were not consistent with its stated objectives of improving its ability to attract and retain highly-qualified staff; placing its resources closer to stakeholders; and reducing costs to taxpayers. USDA's approach hinged largely on cost-related factors, which limited its ability to balance all three of its relocation objectives. According to GAO's *Assessment Methodology for Economic Analysis*, an economic analysis should, among other things, have a scope designed to address its stated objectives, should justify all analytical choices, and should consider all relevant alternatives, including that of no action.²⁰ As discussed earlier, USDA used a three-step process to narrow down the list of MSAs from 40 to seven. The first step considered multiple characteristics intended to reflect USDA's stated objectives, but the second step relied solely on COLA values and the third step relied solely on the availability of commercial space to co-locate ERS and NIFA. To reiterate:

- First, USDA leadership eliminated 14 MSAs with the lowest weighted average rankings from Ernst & Young's model, which was developed using criteria selected by USDA to reflect and balance all of their stated objectives.
- Second, USDA leadership asked Ernst & Young to use only COLA values to divide the remaining 26 MSAs into groups based on cut-offs specified by USDA.²¹ Based on these groups, USDA leadership excluded the five MSAs with the highest COLA values from further consideration. The COLA indicator, as well as other cost-related factors, had already been incorporated and given a weight of almost

²⁰[GAO-18-151SP](#).

²¹Ernst & Young measured COLA using data on pay adjustment from OPM's 2019 General Schedule Locality Pay Map that allows the General Schedule Pay scale to be adjusted for the varying cost-of-living across different parts of the United States.

42 percent in Ernst & Young’s ranking model to align with its objective of reducing costs (see app. II).²²

- Third, from the remaining MSAs, USDA eliminated all but seven based on the availability of commercial office space large enough to co-locate ERS and NIFA. According to USDA officials, USDA was initially open to locating the two agencies at different locations and to considering locations without existing office space. However, USDA officials explained that at this point in the process, USDA decided that co-locating ERS and NIFA would be beneficial because sharing certain spaces, such as support facilities and conference space, would reduce costs. In addition, using existing office space would reduce the need for temporary space.²³

Table 1 shows the MSAs eliminated in each step and the short list of seven MSAs.

Table 1: USDA’s Selection of Metropolitan Statistical Areas: Elimination Steps

Metropolitan Statistical Area (MSA)	MSA excluded based on cost-of-living adjustment (COLA) value	MSA excluded based on commercial space availability	MSA on short list
Ames, IA	-	X	-
Atlanta-Sandy Springs-Roswell, GA	-	X	-
Austin-Round Rock, TX	-	X	-
Charlotte-Concord-Gastonia, NC-SC	-	X	-
Charlottesville, VA	-	X	-
Chicago-Naperville-Elgin, IL-IN-WI	X	-	-
Cleveland-Elyria, OH	-	X	-
College Station-Bryan, TX	-	-	X
Dallas-Fort Worth-Arlington, TX	X	-	-

²²USDA selected a weight of 30 percent for the capital and operating cost category, which Ernst & Young measured using indicators such as real estate costs, COLA values, consumer price index, and other indicators of costs. In addition, three other cost-related indicators, embedded within the overall “community and quality of life category,” were given a weight of about 4 percent each. These were the cost-of-living index, residential leasing costs, and a quality of life index (that in turn depended on purchasing power, affordability of housing, among other factors). For COLA values, Ernst & Young used data on pay adjustment from OPM’s 2019 General Schedule Locality Pay Map that allows the General Schedule Pay scale to be adjusted for the varying costs of living across different parts of the United States.

²³USDA did not provide any additional analysis to demonstrate how the costs of co-locating the agencies compared to the costs of locating them in two separate buildings, either in the same MSA or in two different MSAs.

Metropolitan Statistical Area (MSA)	MSA excluded based on cost-of-living adjustment (COLA) value	MSA excluded based on commercial space availability	MSA on short list
Des Moines-West Des Moines, IA	-	X	-
Durham-Chapel Hill, NC	-	-	X
Indianapolis-Carmel-Anderson, IN	-	-	X
Kansas City, MO-KS	-	-	X
Lafayette-West Lafayette, IN	-	-	X
Lansing-East Lansing, MI	-	X	-
Lincoln, NE	-	X	-
Madison, WI	-	-	X
Minneapolis-St. Paul-Bloomington, MN-WI	X	-	-
Omaha-Council Bluffs, NE-IA	-	X	-
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	X	-	-
Phoenix-Mesa-Scottsdale, AZ	-	X	-
Richmond, VA	-	X	-
Roanoke, VA	-	X	-
Scranton--Wilkes-Barre--Hazleton, PA	-	X	-
St. Louis, MO-IL	-	-	X
Washington-Arlington-Alexandria, DC-VA-MD-WV	X	-	-

Legend: X = yes; - = no.

Source: U.S. Department of Agriculture (USDA). | GAO-22-104540.

According to our discussions with USDA officials and our review of Ernst & Young’s deliverables, USDA did not assess how prioritizing MSAs with lower COLA values and available commercial space to co-locate ERS and NIFA affected its ability to balance all of its objectives. USDA officials told us that their approach was designed to produce a manageable number of MSAs for site visits and more in-depth analysis. However, this approach was not consistent with achieving and balancing all of its stated objectives and may have resulted in some relevant alternative MSAs being eliminated without adequate consideration. For example, our analysis found that:

- The top five MSAs based on balancing all of USDA’s objectives were excluded when USDA filtered MSAs based on their COLA values and availability of space.
- The MSAs that were excluded based solely on their COLA values had ranks ranging from two to 23.5 and had comparable ranks to the seven MSAs on USDA’s short list. In particular, the MSA that ranked second based on all combined MSA characteristics that balanced all of USDA’s stated objectives was eliminated due to its COLA value.

- Similarly, the MSAs excluded because they lacked sufficient space had ranks that ranged from one to 25.5 and had comparable ranks to the seven MSAs on USDA's short list. The MSA that had the highest rank based on all of the combined MSA characteristics was excluded from further consideration because it lacked available space to co-locate ERS and NIFA.

By prioritizing MSAs with lower COLA values and sufficient commercial space to co-locate ERS and NIFA, USDA may have limited its ability to achieve the relocation objective of attracting and retaining highly qualified staff and may have instead excluded MSAs with characteristics that would have made ERS and NIFA more appealing to existing and potential employees. Our analysis of USDA documents showed that the five MSAs that USDA excluded from further consideration based on higher COLA values performed relatively well on the workforce characteristics directly related to attracting and retaining highly-qualified staff, another key objective. For example, the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA performed the same or better than the Kansas City, MO-KS MSA – the MSA ultimately selected — on each one of these three characteristics (percentage of population with a bachelor's degree, proximity to a land grant university, and university graduates with agricultural degrees). In addition, according to the pre-relocation briefing documents that USDA provided to us, ERS employees discussed the risk of employees leaving the agency in response to a relocation based on past experience, among other things.²⁴ They estimated employee attrition rates between 65 and 75 percent at ERS if the agency moved outside commuting distance to the NCR.²⁵ USDA could have considered potential sites within the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA that were in commuting distance to the NCR had it not been eliminated based on its COLA value.²⁶

²⁴These documents contained an overview of various scenarios and associated factors of concern.

²⁵The National Capital Region (NCR) is a collection of sovereign jurisdictions, including cities, counties, states, and the District of Columbia. It encompasses not only Washington, D.C., but also the surrounding counties within the states of Maryland and Virginia (Montgomery and Prince George's counties in Maryland; Arlington, Fairfax, Loudon, and Prince William counties in Virginia) and the incorporated cities therein.

²⁶The Washington-Arlington-Alexandria, DC-VA-MD-WV MSA contains the NCR in addition to several other counties, such as Calvert and Charles Counties in Maryland; Clarke, Culpeper, Fauquier, Rappahannock County, Stafford, and Warren Counties in Virginia; and Jefferson County in West Virginia.

Academic studies we reviewed suggest that costs of living in MSAs reflect to some degree their desirability and peoples' willingness to pay to live in places with certain amenities.²⁷ They also suggest that cost-of-living differences across MSAs reflect differences in local labor demand and availability of jobs for high skill workers.²⁸ It follows that COLA values in the MSAs that USDA excluded may be high because an increasing number of people want to live in these MSAs due to their desirable amenities or more employment opportunities, among other things. In addition, our analysis of the indicators Ernst & Young used to construct the overall ranks of the MSAs suggests that COLA values are positively correlated with the annual number of university graduates and with labor force participation rates, as well as with the diversity index, quality of technology infrastructure, and information technology security and access to broadband indicators.²⁹

Similarly, USDA's focus on MSAs with lower COLA values and sufficient space to co-locate ERS and NIFA may not have aligned with its objective of placing important resources closer to USDA stakeholders. According to USDA, these stakeholders included agricultural producers and others in the agriculture industry, rural Americans, and land grant universities. While some of the characteristics USDA used to rank MSAs in the first

²⁷For example, two studies we reviewed suggest that people are willing to pay more to live in locations with milder winters, cooler summers, more sunshine, closer proximity to a coast, more hilliness, and cleaner air, and that costs of living are higher in locations with more of these amenities. See David Albouy and Bert Lue, "Driving to Opportunity: Local Rents, Wages, Commuting, and Sub-Metropolitan Quality-of-Life Measures," *Journal of Urban Economics*, vol. 89 (2015): 74–92; and David Albouy, Gabriel Ehrlich, and Yingyi Liu, "Housing Demand, Cost-of-Living Inequality, and the Affordability Crisis," National Bureau of Economic Research Working Paper 22816, November 2016; accessed from <http://www.nber.org/papers/w22816> on September 19, 2021. The second study also suggests that costs of living are higher in dense locations because those locations have more of the amenities that people value.

²⁸See Rebecca Diamond, "The Determinants and Welfare Implications of US Workers' Diverging Location Choices by Skill: 1980-2000," *American Economic Review*, vol. 106, no. 3 (2016): 479-524; and Enrico Moretti, "Real Wage Inequality," *American Economic Journal: Applied Economics*, vol. 5, no. 1 (2013): 65-103.

²⁹According to documents Ernst & Young provided to USDA, the diversity index measures the likelihood that two people chosen at random from the same area belong to different race or ethnic groups; the quality of technology infrastructure indicator provides a benchmark for states to assess their science and technology capabilities, as well as the broader ecosystem that contributes to job and wealth creation; and the information technology security and access to broadband indicator is the percentage of non-tribal residents that have access to three or more residential broadband internet providers with speeds greater than or equal to 25/3 Mbps for a given location.

step of its approach reflected proximity to some stakeholders, the second and third steps excluded MSAs based on their COLA values and lack of commercial space for co-location, and therefore were not designed to take this characteristic into account.³⁰ This approach may have led USDA to exclude MSAs that ranked highly in terms of USDA's stakeholder objective. For example, the MSA with the second highest overall ranking, which was excluded due to its COLA value, also had the highest score on the indicator of proximity to customers in farming, fishing, and agriculture. Another MSA with the highest score for proximity to USDA stakeholders was eliminated by the motivation to co-locate ERS and NIFA.

Moreover, USDA's focus on MSAs with lower COLA values and sufficient space co-locate ERS and NIFA may not have been beneficial in enhancing many of ERS and NIFA's strategic interagency partnerships. According to pre-relocation briefing documents that described various scenarios and their associated strengths, weaknesses, opportunities and threats, NIFA employees pointed out that relocation could lead to less effective engagement with partners and stakeholders when key expertise is not immediately available at agency headquarters, and when there are limited opportunities for face to face interactions with stakeholders in Washington, D.C.³¹ More specifically, the employees mentioned that keeping science leadership at NIFA headquarters instead of at the new location would have helped them maintain a strong science presence and engage with federal agencies, Congress, D.C.-based stakeholders, and customers.³² Even if USDA decided to move ERS and NIFA outside the NCR, it could have explored other potential sites within the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA that could have allowed more opportunities for such partnerships. However, USDA dropped the

³⁰For example, the overall rankings accounted for agricultural engagement, research university location, and civilian federal workforce. While the Kansas City, MO-KS MSA scored high relative to the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA on agricultural engagement, it scored lower on the other two indicators.

³¹USDA said that choosing a location based on sufficient space for co-location was based on cost-efficiencies, but USDA did not provide any documentation on underlying analysis or discussion on how those these cost efficiencies were evaluated against the objective of enhancing interagency partnerships.

³²NIFA employees also pointed out the advantage of having the Office of Grant and Financial Management in D.C. to continue effectively processing grants with fewer interruptions and also to maintain strong relationships with the Office of the General Counsel, the Office of Budget & Program Analysis, the Office of Management & Budget, and other offices related to compliance and legislative implementation.

Washington-Arlington-Alexandria, DC-VA-MD-WV MSA from further consideration based on its COLA value.

USDA Excluded Critical Costs and Economic Effects from Its Estimates of Savings to Taxpayers

USDA excluded several relocation costs from its analysis of taxpayer savings, which likely resulted in an unreliable estimate of savings from relocation. USDA estimated that moving ERS and NIFA to the Kansas City region would save American taxpayers 11.33 percent, or nearly \$300 million nominally, over a 15-year period in real estate and staffing costs compared to remaining in their status quo locations in Washington, D.C.³³

To estimate savings at each of the four alternative locations, USDA compared the real estate and staffing costs at each of these locations with those at the status quo site based on the existing employment levels. However, USDA's estimates did not include certain critical costs and economic effects associated with a relocation. Specifically, USDA's estimates did not include costs associated with expected employee attrition.³⁴ Such costs include the following:

- losses of human capital and institutional knowledge when new employees replace experienced employees;
- hiring and training costs of new employees to replace old employees;
- reduced productivity due to loss of experienced employees; and

³³See USDA, *NIFA and ERS Relocation: Cost Benefit Analysis*, June 13, 2019. They estimated the net present value of these savings to be about \$194 million dollars. The net present value of savings at the three alternate locations ranged from \$149 to \$193 million dollars. USDA and Ernst & Young estimated real estate costs using the average annual gross market asking rents per square foot based on the expressions of interest or as modified during the site visits, multiplied by the required square footage of 120,000 for both agencies. They estimated staffing costs for the status quo and locations using average NIFA and ERS FY2019 government salaries in accordance with FY2019 Office of Personnel Management (OPM) government salaries.

³⁴USDA was alerted to these costs by employees. For example, NIFA employees stated the threat of loss of institutional knowledge and also explained that that additional money will be needed for training of new staff/hires outside the NCR. They also mentioned the adverse effects on productivity for possibly two years due to loss of science personnel.

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- costs of disruptions to agency operations while full employment levels are reestablished.³⁵

USDA officials told us that while they expected some employee attrition, they based their savings estimates on full-employment levels for both ERS and NIFA to produce conservative estimates of physical relocation costs. For example, in pre-relocation briefing documents, ERS employees estimated employee attrition rates between 65 and 75 percent based on discussions with employees and experience with past relocations. However, USDA officials told us that USDA excluded attrition-related costs from their estimates of taxpayer savings because they assumed that employee attrition would be about the same for all four alternative locations, and thus attrition-related costs would be about the same. Based on that assumption, accounting for attrition-related costs would not have helped them select a new location for ERS and NIFA.

According to GAO's *Assessment Methodology for Economic Analysis*, an economic analysis is intended to inform decision-makers and stakeholders about the economic effects of an action, such as costs, benefits, or economic transfers.³⁶ While excluding attrition-related costs may not have changed how estimated taxpayer savings at the four alternative locations compared to each other, doing so may have affected the magnitude of all of the estimates. Specifically, USDA's estimates of the net present value of taxpayer savings over 15 years at the four alternative locations ranged from \$149 million to \$194 million. Accounting for attrition-related costs may have changed these estimates for all four locations and may have led to the reconsideration of alternative locations.

In addition, in pre-relocation briefing documents, NIFA employees pointed out that employee retention is usually location-dependent and would likely vary depending on the new location. According to GAO's *Assessment Methodology for Economic Analysis*, an economic analysis should justify that the scenario specified under each alternative considered represents the best assessment of what the state of the world would be like under that alternative.³⁷ However, USDA officials told us that USDA did not conduct any surveys to assess the extent to which ERS and NIFA employees would stay or leave the agencies based on where they were

³⁵Even without attrition, relocating ERS and NIFA may have disrupted activities or reduced productivity as employees adjusted to their new location.

³⁶[GAO-18-151SP](#).

³⁷[GAO-18-151SP](#).

relocated. Without assessing the extent to which employee attrition would vary across the four alternative locations, USDA could not ensure that its baseline estimates of taxpayer savings reliably reflected relative taxpayer savings at the four locations.

USDA also did not discuss other potential economic effects that are more difficult to quantify but are nonetheless important to consider. For example, neither USDA's June 2019 memorandum nor any of the deliverables compiled by Ernst & Young mention the following:

- potential secondary effects from disruption of activities and lower productivity, such as the effects of research not being published or grants not being processed in a timely manner;
- personal monetary and non-monetary effects of relocating on employees and their families;³⁸
- differences in potential effects on USDA employees who were allowed to stay in Washington, D.C., and others who were asked to relocate; and
- differences in potential effects on USDA employees who were able to relocate and others who could not due to personal commitments.

GAO's *Assessment Methodology for Economic Analysis* states that an economic analysis should quantify the important economic effects and where important economic effects cannot be quantified, the analysis should explain how they affect the comparison of alternatives. It should also consider important equity and distributional impacts.³⁹ However, USDA's analysis of taxpayer savings did not incorporate or discuss these economic effects of the relocation.

USDA's Relocation Decision Was Based on an Evidence-Building Approach that had Significant Limitations

We found that the evidence USDA used to support its decision to relocate ERS and NIFA to the Kansas City region was characterized by several

³⁸Personal monetary costs refer to costs potentially borne by the employees themselves because they were over and above the relocation expenses paid for by USDA.

³⁹[GAO-18-151SP](#).

limitations.⁴⁰ According to USDA's June 2019 memorandum, USDA used its economic analysis as evidence to support the decision to relocate ERS and NIFA to Kansas City.⁴¹ As described above, this analysis had several deficiencies, according to the criteria laid out in GAO's *Assessment Methodology for Economic Analysis*.⁴² Specifically, USDA excluded critical costs and economic effects from its analysis of savings to taxpayers and therefore did not fully inform decision-makers about all of the potential effects of the relocation.

In addition, USDA's economic analysis and evidence building lacked several elements of transparency that are critical for accountability. According to GAO's *Assessment Methodology for Economic Analysis*, for an analysis to be transparent, certain elements are required:⁴³

- A transparent analysis should include descriptions and justifications of the analytical choices and assumptions. However, USDA did not explain why it decided to narrow down MSAs based on COLA values and on availability of space, while at the same time discounting the rankings that were developed to balance all of USDA's stated objectives.
- A transparent analysis should entail an assessment of how plausible adjustments to each important analytical choice and assumption affect the estimates of the economic effects and the results of the

⁴⁰According to OMB, evidence can include quantitative or qualitative information and may be derived from a variety of sources. Evidence-building consists of a range of activities such as assessing existing evidence and identifying any need for additional evidence; determining which new evidence to generate, when, and how; generating that evidence; and using evidence in decision-making. See Office of Management and Budget, *Preparation, Submission, and Execution of the Budget*, OMB Circular No. A-11 (Washington, D.C.: August 2021) and *Phase I Implementation of the Foundations for Evidence-Based Policymaking Act of 2018: Learning Agendas, Personnel, and Planning Guidance*, OMB Memorandum M-19-23 (Washington, D.C.: July 10, 2019).

⁴¹USDA, *NIFA and ERS Relocation: Cost Benefit Analysis*, June 13, 2019. In this memo, USDA also mentioned that one of the benefits of moving to Kansas City was that the city offered the largest and most robust incentives package of the final four MSAs. The incentives package provided an additional potential savings of more than \$26 million dollars. USDA officials explained that this benefit accrued to the commercial building owners, but the owners of the building site that USDA ultimately leased have not received anything to date. However, USDA officials reported that the agency had not paid rent for two years at this site due to these potential incentives available to their lessor.

⁴²[GAO-18-151SP](#).

⁴³[GAO-18-151SP](#).

comparison of alternatives. USDA assumed that relocating ERS and NIFA to any of the four alternative locations would lead to similar employee attrition. However, based on our review of documents as well as discussions with USDA officials and Ernst & Young consultants, we found that USDA did not consider other plausible scenarios with different rates of employee attrition at each of the alternative locations. Had it done so, USDA could have made a more thorough comparison of alternative locations and therefore, a more informed assessment about which location better met its stated objectives.

- A transparent analysis should explain the implications of the key limitations in the data used and attempt to adequately quantify the impact of statistical variability of the key data elements underlying the estimates. However, USDA estimated the savings to taxpayers using the existing employment levels at USDA with the implicit assumption of zero move-related attrition. Though USDA was aware of potential move-related attrition, it did not perform any analysis to demonstrate how sensitive its estimate of savings was to different levels of attrition.⁴⁴

According to OMB guidance issued in 2021, federal evidence-building activities should be transparent in the planning, implementation, and completion phases to preserve accountability and help ensure that they are not tailored to generate specific findings.⁴⁵ OMB guidelines also highlight that an important benefit of transparency is that the public is able to assess the extent to which an agency's analytic results hinge on its specific analytic choices.⁴⁶

Lastly, USDA's evidence-building process did not effectively involve critical stakeholders. According to OMB, evidence-based decision-making should use high-quality evidence that incorporates stakeholder

⁴⁴USDA officials told us that they did not know the final decisions of all of the ERS and NIFA employees who were asked to relocate at the time USDA conducted its analysis. USDA had intended to update its analysis when it had more information. However, USDA did not update its analysis before deciding where to relocate ERS and NIFA.

⁴⁵See Office of Management and Budget, *Evidence-Based Policymaking: Learning Agendas and Annual Evaluation Plans*, OMB Memorandum M-21-27 (Washington, D.C.: June 30, 2021).

⁴⁶Office of Management and Budget, *Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies*, 67 Fed. Reg. 8451 (Feb. 22, 2002).

involvement.⁴⁷ Our prior work on agency reform practices has shown that it is important for agencies to directly and continuously involve their employees and employee unions in the decision-making process and develop a two-way communications strategy, and that doing so helps incorporate insights from a frontline perspective, as well as increases collaboration.⁴⁸

After USDA decided to relocate, ERS and NIFA each established a Site Selection Advisory Committee that coordinated employee input into the selection process. These committees were charged with identifying issues and concerns and with proposing solutions to bring to ERS, NIFA, and USDA leadership's attention. Each of the agencies held monthly meetings where information on the relocation process was presented to employees and questions were addressed by the agency leadership. The agencies also held smaller informal sessions where employees had the opportunity to ask questions, share ideas, and provide input to leadership. USDA officials told us that USDA's leadership was responsible for ensuring that employee input was incorporated into the decision-making process. However, USDA did not conduct any surveys to systematically collect employee input and information on how likely they were to relocate to one location versus another, and neither did the leadership compile any notes from the listening and discussion sessions. Moreover, USDA did not explain or demonstrate how it incorporated employee input and feedback into its site selection process.

Weaknesses in USDA's use of evidence and evidence-building approach, including insufficient transparency and stakeholder involvement, limited the ability of USDA leadership to ensure it was making an appropriately informed decision on relocating the two research agencies. As a result,

⁴⁷See Office of Management and Budget, *Evidence-Based Policymaking: Learning Agendas and Annual Evaluation Plans* OMB Memorandum M-21-27 (Washington, D.C.: June 30, 2021).

⁴⁸[GAO-18-427](#).

this decision may have had avoidable adverse effects on ERS and NIFA's operations in the years immediately following relocation.⁴⁹

We are not making any recommendations to USDA at this time to improve evidence building and usage for relocation decisions for three principal reasons. First, the action based on the decision-making process—the relocation—has already taken place. Second, according to USDA, the former Secretary of Agriculture was not required to conduct an analysis at the time he initiated and made the decision to relocate ERS and NIFA. Finally, OMB guidance circulated since then, if effectively implemented, should address the weaknesses we identified.

According to USDA, portions of ERS and NIFA relocated to the Kansas City region in September 2019 and USDA signed a lease for permanent office space in October 2019.⁵⁰ Furthermore, at the time the former Secretary of Agriculture initiated and made the decision to relocate ERS and NIFA, he was not required to conduct an analysis and base his relocation decision on such an analysis, according to USDA. While USDA had established policies and procedures for relocations and other organizational changes that require USDA to examine the rationale for such changes, as well as certain related costs, USDA officials told us that USDA determined that those policies and procedures were not applicable

⁴⁹Assessing the effects of the relocation on agency operations is outside the scope of this report and is being covered in a separate ongoing GAO engagement. Data shared by USDA showed that the two agencies lost a significant number of their staff following the relocation, potentially resulting in a loss of institutional knowledge and expertise. Nine months after the effective date of the relocation, ERS and NIFA each had about half the full-time permanent staff compared to prior to the announcement of the relocation. These outcomes demonstrate the potential for risks stemming from weaknesses in the evidence used for decision-making.

⁵⁰USDA, "Secretary Perdue Announces Lease for ERS and NIFA in Kansas City, MO," Press Release No. 0168.19, October 31, 2019, accessed December 8, 2021, <https://www.usda.gov/media/press-releases/2019/10/31/secretary-perdue-announces-lease-ers-and-nifa-kansas-city-mo>.

because the Office of the Secretary initiated the relocation of ERS and NIFA.⁵¹

However, after USDA completed its analysis, OMB circulated comprehensive guidance on how to use and build quality evidence in accordance with the Foundations for Evidence-Based Policymaking Act of 2018 (Evidence Act).⁵² OMB guidance to agencies on implementing the Evidence Act reiterates the need to make evidence-based decisions that are guided by the best available science and data, and to build and use this evidence in a way that upholds scientific integrity and is free from political considerations.⁵³ It also states that the Evidence Act provides a statutory framework to advance reliance on evidence and data to make decisions at all levels of government. Finally, it states that OMB expects heads of agencies, including Secretaries, Deputy Secretaries, and other senior leaders to engage in creating a culture of evidence in their agencies where all available evidence is used to make better program, operational, and other decisions, building of evidence where it is lacking, and explains that this is a key value proposition of the Evidence Act. Going forward, if effectively implemented, this guidance would help address the weaknesses we identified in USDA's decision-making.

⁵¹For USDA policies and procedures for organizational changes, see USDA Departmental Regulation DR 1010-001, Organization Planning, Review, and Approval (Jan. 4, 2018). According to USDA officials, the Office of the Secretary initiated the relocation pursuant to authorities granted under 5 U.S.C. § 301 and Reorganization Plan No. 2 of 1953. See Reorganization Plan No. 2 of 1953, 18 Fed. Reg. 3219 (June 5, 1953), *reprinted as amended* in 5 U.S.C. app. 1. In a USDA Inspector General report, USDA was reported as stating that (1) the Secretary initiated the relocation of ERS and NIFA based on OMB's comprehensive plan to reorganize Executive Branch departments and agencies and (2) Departmental Regulation 1010-001, which requires USDA to examine costs and benefits as part of a relocation decision, does not apply to an organizational change initiated by the Office of the Secretary. See USDA, Office of Inspector General, *USDA's Proposal to Reorganize and Relocate the Economic Research Service and the National Institute of Food and Agriculture*, Inspection Report 91801-0001-23 (Washington, D.C.: August 2019) for the USDA Inspector General report and Office Of Management and Budget M-17-22, *Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce*, OMB Memorandum M-17-22 (Washington, D.C.: April 12, 2017) for OMB's comprehensive plan to reorganize Executive Branch departments and agencies.

⁵²Pub. L. No. 115-435, 132 Stat. 5529 (2019).

⁵³See Office of Management and Budget, *Evidence-Based Policymaking: Learning Agendas and Annual Evaluation Plans*, OMB Memorandum M-21-27 (Washington, D.C.: June 30, 2021).

Agency Comments and Our Evaluation

We provided a draft of this report for review and comment to the Secretary of Agriculture. In its comments, reproduced in appendix IV, USDA neither agreed nor disagreed with our findings but disagreed with the criteria we used to evaluate the agency's economic analysis.

USDA objected to our use of the Evidence Act and OMB guidance for implementing the Evidence Act as criteria for assessing USDA's use of evidence in its relocation decision. USDA explained that the former Secretary made the relocation decision prior to the publication of OMB memoranda containing guidance for implementing the Evidence Act and expressed concerns that our findings could imply that USDA failed to comply with relevant guidance at the time the relocation decision was made. We agree that USDA was not required to comply with OMB guidance published after the relocation decision. However, we continue to believe that OMB guidance on implementing the Evidence Act is reasonable criteria for assessing the extent to which USDA's relocation decision was consistent with an evidence-based approach.

We reaffirm our position that weaknesses in USDA's use of evidence and evidence-building approach limited the ability of USDA leadership to ensure it was making an appropriately informed relocation decision and that this decision may have had avoidable adverse effects on ERS and NIFA's operations in the years immediately following relocation. We also reiterate that we are not making any recommendations, in part because the OMB circulated comprehensive guidance on how to use and build quality evidence in accordance with the Evidence Act after USDA completed its analysis and the former Secretary made the relocation decision.

In addition, USDA objected to the definition of "cost-benefit analysis" that we provided. USDA explained that providing the definition of "cost-benefit analysis" as used in the federal rule-making process may imply that USDA was required to conduct a cost-benefit analysis. However, we included this definition to provide additional information to readers who are not familiar with the concept of "cost-benefit analysis" and to clarify for those readers what USDA meant when it said that it was not required to conduct a formal cost-benefit analysis to decide where to relocate ERS and NIFA.

Finally, USDA objected to our use of GAO's Assessment Methodology for Economic Analysis as criteria for assessing their economic analysis. USDA expressed concerns that doing so implies that, as an executive branch agency, it must target its process to meet a legislative branch agency's standards for an economic analysis, which may not be in accord with the agency's authorities, policies, and other applicable government-wide guidance. We clarified that we developed our assessment methodology by synthesizing economic concepts identified through consulting with experts on economic analysis and reviewing federal and international agency guidance. Each key element consists of economic concepts that represent best practices. These key methodological elements are not intended to be exhaustive and to supplant or alter relevant federal and agency requirements for economic analysis. Our assessment methodology provides a framework for assessing the sufficiency of economic analyses, and as such, we believe that it is reasonable criteria for assessing USDA's economic analysis. Moreover, we do not believe that the lack of a statutory or regulatory requirement for USDA to conduct an economic analysis precludes the agency from following best practices when such an analysis is conducted.

USDA also provided technical comments, which we incorporated as appropriate.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until two days from the report date. At that time, we will send copies to the appropriate congressional committees, the Secretary of Agriculture, and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-4802 or Evansl@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix V.



Lawrance L. Evans, Jr.
Managing Director, Applied Research and Methods

List of Requesters

The Honorable Gerald E. Connolly
Chairman
Subcommittee on Government Operations
Committee on Oversight and Reform
House of Representatives

The Honorable Donald S. Beyer
House of Representatives

The Honorable Suzanne Bonamici
House of Representatives

The Honorable Mikie Sherrill
House of Representatives

The Honorable Paul D. Tonko
House of Representatives

The Honorable Jennifer Wexton
House of Representatives

Appendix I: Objectives, Scope, and Methodology

This report (1) describes the roles and responsibilities of the U.S. Department of Agriculture (USDA) and Ernst & Young in conducting the economic analysis, the deliverables Ernst & Young agreed to provide under the contract, and USDA's process for ensuring the contract requirements were met; (2) assesses the economic analysis performed by USDA and Ernst & Young to inform USDA's decision of where to relocate NIFA and ERS; and (3) assesses USDA's use of evidence to support the relocation decision.

To address the first objective, we reviewed the notice USDA published in the Federal Register soliciting expressions of interest for a contractor to assist with the economic analysis, as well as its award decision memo recommending the selection of Ernst & Young. To understand the roles and responsibilities of USDA and Ernst & Young in conducting the economic analysis, we reviewed the synopsis/solicitation for a contractor, reviewed USDA press releases that provided updates on the site selection process, obtained and reviewed internal USDA memoranda that detailed different relocation scenarios for ERS and NIFA, and interviewed officials from USDA and Ernst & Young. To describe the deliverables required under the contract and USDA's process for ensuring that the contract requirements were met, we reviewed the contract between USDA and Ernst & Young. We also obtained and reviewed the deliverables Ernst & Young provided to USDA. These included project plans, monthly briefing slides, presentations and analysis of the different MSAs under consideration and communication strategies. We compared the deliverables required under the contract to the documents Ernst & Young prepared for USDA over the course of the contract.

To address the second objective, we reviewed the analysis described in the June 2019 memo publicly released by USDA and all the deliverables Ernst & Young provided to USDA. We also reviewed other USDA memoranda and interviewed officials from USDA and Ernst & Young. We compared USDA's analysis to the description of an "economic analysis"

as stated in GAO's *Assessment Methodology for Economic Analysis*.¹ GAO defines an economic analysis as an analysis that is intended to inform decision-makers and stakeholders about the economic effects such as costs, benefits, and/or economic transfers of an action.² We determined that the analysis performed by USDA was an economic analysis because its analysis informed decision-makers (USDA leadership and the former Secretary of Agriculture) about the economic effects (costs and benefits) of an action (relocating ERS and NIFA to a new location).

We evaluated the economic analysis performed by USDA according to the five key elements identified in our assessment methodology. These five key elements are:

1. Objective and scope. The analysis states its objective and its scope is designed to address this objective.
2. Methodology. The analysis examines the effects of the action by comparing all relevant alternatives and identifies the important economic effects for each alternative considered.
3. Analysis of effects. The analysis quantifies and discusses the important economic effects across alternatives and the important equity and distributional impacts.
4. Transparency. The analysis describes and justifies the analytical choices, assumptions, and data used, as well as key limitations and how the statistical variability of the key data elements impacts the estimates.
5. Documentation. The analysis is clearly written and has a conclusion that is consistent with these results and cites all sources used and documents that it is based on the best available economic information.

¹[GAO-18-151SP](#). We developed this methodology by synthesizing economic concepts identified by consulting with experts on economic analysis and in federal and international agency guidance. Each key element consists of economic concepts that represent best practices. These key methodological elements are not intended to be exhaustive and to supplant or alter relevant federal and agency requirements for economic analysis. Our assessment methodology provides a framework for assessing the sufficiency of economic analyses.

²[GAO-18-151SP](#).

In addition, we reviewed academic literature to explore the relationship between cost of living and desirability of different locations. Finally, we also examined the extent to which the indicator for cost of living was correlated with other indicators used to rank MSAs.

To address the third objective, we analyzed the documents provided by USDA to examine the extent to which USDA's economic analysis properly dealt with each of the five key elements included in GAO's *Assessment Methodology for Economic Analysis*.³ We also interviewed officials from USDA and consultants from Ernst & Young to learn about any other analyses they may have used but did not document. In addition, we reviewed past GAO reports on government reorganization and evidence-based policymaking to serve as criteria for assessing the quality of evidence used by USDA for its relocation decision.⁴ Finally, to evaluate whether USDA's relocation decision reflected evidence-based policymaking, we used the principles laid out in OMB guidance on evidence-based policymaking.⁵

We conducted this performance audit from September 2020 to April 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

³[GAO-18-151SP](#).

⁴[GAO-18-427](#) and [GAO-20-119](#).

⁵Office of Management and Budget, *Phase I Implementation of the Foundations for Evidence-Based Policymaking Act of 2018: Learning Agendas, Personnel, and Planning Guidance*, OMB Memorandum M-19-23 (Washington, D.C.: July 10, 2019) and *Evidence-Based Policymaking: Learning Agendas and Annual Evaluation Plans*, OMB Memorandum M-21-27 (Washington, D.C.: June 30, 2021).

Appendix II: Description of Deliverables Ernst & Young Provided to U.S. Department of Agriculture

Table 2: List and Description of Ernst & Young Deliverables Agreed to Provide Under Its Contract with USDA

Deliverable	Description
1. Project Management Plan	Describes detailed timeline with milestones and deliverables, and project team structure for tasks, activities, and resources involved in the planning, analyzing, and stakeholder communication of the site selection process. Defines project team structure and governance, including the required USDA stakeholders, and USDA tasks and responsibilities in supporting the project.
2. Risk Management Plan	Identifies and addresses potential risk areas associated with the management and execution of the project. Uses a risk register to compile risks, probability and impact ratings, triggering events, mitigation strategies, and accountable owners to capture and manage risks. Addresses the risk register during regular meetings with USDA leadership and escalates risks requiring action.
3. Weekly and Monthly Status Reports	Captures progress toward the timeline and deliverables and issues and risks that need to be discussed with USDA leadership. Includes a status of funds section to validate the number of hours invoiced for payment will not exceed the number of hours worked performing the PWS.
4. Kick Off Meeting	Conducts a formal kick off meeting to initiate the project and mobilize the project team.
5. Site Selection Requirements Document	Describes overall site selection strategy, approach, goals, and objectives. Describes key decision-makers and stakeholders, both of whom will be part of the process. Includes complete list of location considerations (e.g., economic) and critical needs (e.g. proximity to public transportation) for inclusion in the site selection criteria. Lists of potential geographies/cities to be included as part of the analysis.
6. Location Selection Criteria	Outlines the five criteria and identifies their weight and importance levels.
7. Location Short List Assessment	Evaluates the long list of potential sites against criteria. Determines the short list of sites.
8. City Location Analysis Report	Details the analysis of each of the cities from the short list locations.
9. Location Study Report	Details the location assessment and methodology, results, and final recommendations on the short list location.
10. Executive Summary Recommendations Presentation	Includes the approach, results of the analysis and final recommendations.
11. Communication Plan	Describes plan to communicate the transition to new locations for NIFA and ERS.

Source: GAO analysis of U.S. Department of Agriculture (USDA) documents. | GAO-22-104540

Appendix III: Characteristics Used to Rank Metropolitan Statistical Areas

Table 3: Characteristics and Weights for the Economic Research Service (ERS) and the National Institute of Food and Agriculture (NIFA) Provided by USDA to Ernst & Young to Rank Metropolitan Statistical Areas

Metropolitan Area Characteristics	ERS Weight (percentage)	NIFA Weight (percentage)
Average gross cost for commercial real estate	6.82	6.52
Cost-of-living adjustment	6.82	6.52
Consumer Price Index	4.09	3.91
Wage rate growth	4.09	3.91
Average airline flight costs	5.45	6.52
Telecommunications costs	1.36	1.30
Average fit-out cost for commercial space	1.36	1.30
Subtotal – capital and operating costs	30	30
Percent of population with bachelor's degree	1.69	1.69
Labor force	2.25	2.25
Labor force growth rate	2.81	2.81
Unemployment rate	2.81	2.81
Proximity to land grant university	1.69	1.69
University graduates	2.81	2.81
University graduates with agricultural degrees by state	1.69	1.69
Percentage of jobs in relevant occupations ^a	2.25	2.25
Civilian federal workers by state	2.00	2.00
Subtotal – workforce	20	20
Airport hub status and passenger traffic	2.44	2.68
Commercial real estate vacancy rate	0.70	0.54
Business friendliness	1.05	1.07
Quality of technology infrastructure	2.44	2.68
Proximity to customers in farming, fishing, and agriculture	2.44	2.68
Information technology security and broadband access	2.44	2.68
Lodging availability	1.57	2.68
Census Research Data Center location	1.92	0.00
Subtotal – logistics and information technology infrastructure	15	15

**Appendix III: Characteristics Used to Rank
Metropolitan Statistical Areas**

Metropolitan Area Characteristics	ERS Weight (percentage)	NIFA Weight (percentage)
Cost-of-living index	3.57	3.57
Quality of life index	3.57	3.57
State public school ranking	3.57	3.57
Average commute time	2.86	2.86
Diversity index	3.57	3.57
Residential real estate market availability	3.57	3.57
Residential housing cost	3.57	3.57
Home and community safety ranking	2.14	2.14
Research university location	2.14	2.14
Agricultural engagement	2.86	2.86
Access to healthcare	3.57	3.57
Subtotal – quality of life	35	35
Total – all characteristics	100	100

Source: GAO analysis of information from the U.S. Department of Agriculture (USDA) and Ernst & Young. | GAO-22-104540

Notes: USDA provided Ernst & Young with four main categories of characteristics: capital and operating costs, workforce, logistics and information technology infrastructure, and community and quality of life characteristics. Ernst & Young identified specific indicators to measure each of these characteristics. USDA specified the overall weights for each of these four characteristics and also indicated the importance of each of the indicators underlying these characteristics to Ernst & Young. Ernst & Young used this information and the overall category weight provided by USDA to assign the weight for each of these indicators as shown in the table.

^aThe Bureau of Labor Statistics occupation code determined relevant by USDA include the following; Computer and Mathematical Occupations; Life, Physical, and Social Science Occupations; Community and Social Service Occupations; Education, Training, and Library Occupations; and Office and Administrative Support Occupations.

Appendix IV: Comments from the Department of Agriculture



United States
Department of
Agriculture

Research
Education
Economics

Office
of the Under
Secretary

Room 216W
Jamie L. Whitten Building
Washington, DC 20250-0110

March 18, 2022

Mr. Lawrence L. Evans, Jr
Managing Director, Applied Research & Methods
U.S. Government Accountability Office
441 G Street, NW
Washington, D.C. 20548

SUBJECT: Draft Report "Evidence-Based Policymaking: USDA's Decision to Relocate
Research Agencies to Kansas City was not Fully Consistent with an Evidence
Based Approach (GAO-22-104540SU)"

Dear Mr. Evans:

This letter responds to your request of February 7, 2022, for Department of Agriculture (USDA) review and comments on the above-referenced proposed Government Accountability Office (GAO) performance audit report ("GAO draft report") on the June 2019 USDA decision to relocate portions of the National Institute of Food and Agriculture (NIFA) and the Economic Research Service (ERS) to Kansas City. We appreciate the opportunity to provide comments given that because the relocation is complete and other factors, GAO is not making any recommendations in the GAO draft report.

GAO chooses to review this decision from the perspective of USDA's "economic analysis" of the decision and its compliance with of the Foundations of Evidence-Based Policymaking Act of 2018, Pub. L. 115-435 (which addresses use of evidence for policymaking and nowhere addresses office relocations) ("the Act"); Office of Management and Budget (OMB) guidance on implementation of the Act, OMB Memoranda M-19-23 (**July 10, 2019**) and M-21-27 **June 30, 2021**); and GAO's methodology for "economic analysis," GAO, *Assessment Methodology for Economic Analysis*, GAO-18-151SP (Washington, D.C. April 10, 2018).

First, as noted in the draft report, Secretary Sonny Perdue made the Kansas City location decision on **June 13, 2019**, and the decision reflected the authority of the Secretary to make internal management decisions related to the organization of USDA. This was an operational decision of Secretary Perdue, and neither a rule nor subject to any rulemaking process.

Accordingly, the GAO report reflects at best an inapplicable frame of analysis or at worst the *ex post facto* application of OMB guidance on the Act as a kind of "test case," guidance that GAO notes could address the weaknesses it finds in the USDA relocation decision in future such

**Appendix IV: Comments from the Department
of Agriculture**

Mr. Lawrence L. Evans, Jr
Page 2

decisions. Despite GAO's acknowledgment of its retrospective "test case," we object to the implication left to the reader that USDA failed to comply with extant, applicable guidance at the time the June 13, 2019, decision was made.¹

Further, as this decision does not involve a "rule" whatsoever, the citation to the definition of a "cost-benefit analysis" for purposes of the rulemaking process in footnote 8 is irrelevant to the relocation decision. However, it is inserted as if to contradict USDA's contention stated at the end of page 4 that USDA was not required to do a cost-benefit analysis for the relocation decision.

In any event, as the draft report notes, USDA did choose to conduct an assessment, with the assistance of Ernst & Young. See page 12, footnote 18 of GAO draft report. Your report finds that economic analysis did not follow GAO, *Assessment Methodology for Economic Analysis*, GAO-18-151SP (Washington, D.C. April 10, 2018).

GAO subjects USDA's relocation decision to its methods for conducting an "economic analysis" as if that is the standard that must be met for a positive GAO audit review outcome. As an Executive Branch agency, USDA objects to the implication that an agency, in making evidence-based decisions, must implicitly target its process to jump through the hoops of a Legislative Branch agency's mode of "economic analysis" that may not be in accord with agency authorities, policy, and other applicable governmentwide guidance.

Finally, USDA notes that although you include the time frame of events in your report, sentences or sections may be taken out of context. For that reason, USDA would prefer the report specify "Secretary Perdue" when the phrase "the Secretary" or "the Secretary of Agriculture" is used to refer to the former Secretary.

Thank you for allowing us to comment.

Sincerely,



Shefali Mehta
Deputy Under Secretary

¹We note that footnote 6 appears to have a typo in referring to August 2019 instead of August 2018.

Text of Appendix IV: Comments from the Department of Agriculture

March 18, 2022

Mr. Lawrance L. Evans, Jr

Managing Director, Applied Research & Methods

U.S. Government Accountability Office 441 G Street, NW

Washington, D.C. 20548

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**Appendix IV: Comments from the Department
of Agriculture**

Shefali Mehta

Deputy Under Secretary

Appendix V: GAO Contact and Staff Acknowledgments

GAO Contact

Lawrance L. Evans, Jr. at (202) 512-4802 or evansl@gao.gov

Staff Acknowledgments

In addition to the above contact, Courtney L. LaFountain (Assistant Director), Rachel Siegel (Analyst-in Charge), Namita Bhatia-Sabharwal, Dani Greene, Patrick Harner, and Marc Molino made key contributions to this report.

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