

‘Mixture of outrage and resignation.’ Why USDA employees aren’t thrilled with KC move

By Kevin Hardy - June 23, 2019



The USDA’s decision to move hundreds of research jobs out of Washington to Kansas City has triggered a backlash among federal employees. Employees stood in silent protest during a meeting about the move to Kansas City.

For USDA researcher Andrew Crane-Droesch, a cross-country move from the nation’s capital to Kansas City is out of the question.

He’s among more than 550 federal workers whose jobs will be shipped from Washington, D.C., to the Kansas City area after the region won out in a competition between cities in 35 states.

This month’s announcement from U.S. Agriculture Secretary Sonny Perdue was a major victory for local economic developers who joined together in a rare bi-state effort to lure the agency to

the region. But for workers in the agency's Economic Research Service and National Institute of Food and Agriculture, the news has provoked a backlash.

Employees turned their backs on the agriculture secretary in silent protest as he announced the news in Washington. And now, as the feds examine potential sites on both sides of the state line, it remains unclear how many employees will actually follow the agency on its 1,000-mile move.

"It's a mixture of outrage and resignation," Cran-Droesch said of morale at his office. "Nobody wants to move — nothing against Kansas City."

The 38-year-old loves his work, which uses machine learning and big data to study the impact of climate change on U.S. agriculture. But he said he's too personally tied to D.C. to move halfway across the country to stay with the agency.

He doesn't want to stray far from his aging parents on the East Coast. His wife, a software engineer, has better career opportunities in the Washington area. And the couple is in the middle of adopting their second child.

"Number four, I have a deal-breaking preference to live in a walkable city," he said, "and I understand Kansas City is not there yet."

He certainly won't be the only one staying behind.

"Clearly when you move people from D.C. to Kansas City, the first thing you have to worry about is retention," said Dan Levine, who advises companies on relocations and economic development efforts at Oxford Economics, a global research firm. "I would expect a high amount of turnover on a move like that. And that might be something that they can for whatever reason tolerate."

A relocation of such magnitude is rare among federal agencies. But even in the constantly-evolving private sector, Levine said companies rarely force employees to move en masse across the country.

"It's far more common to open up a new office or a new facility as opposed to closing one plant and relocating employees somewhere else," he said. "That's unusual because it's so disruptive to the business. It's very unusual when you get into highly skilled jobs because turnover cost is so high."

While the exceptional move has raised eyebrows across the nation, some experts predict the USDA's transition to Kansas City could portend future agency departures from the pricey Washington, D.C., market.

"This is a new frontier of economic development," said John Boyd, principal of corporate site selection firm The Boyd Company in New Jersey.

He said some are pushing to move the National Weather Service to the coastal Southeast. And officials in both Utah and Nevada are hoping to be the next home of the Bureau of Land Management's headquarters.

Boyd said Republican rhetoric around "draining the swamp" in D.C. has fueled interest in decentralizing the federal government. Plus, many lawmakers and developers fear that projects like Amazon's HQ2 will only exacerbate wage pressure and the already-high cost of living in the Washington region. The tech giant plans to create 25,000 jobs in Northern Virginia, which real estate experts say is already pushing up housing prices.

"They're all telling us now that they're really feeling and hearing this chatter about these projects getting out of the beltway," Boyd said. "The national zeitgeist at the moment is one that is favoring relocating government agencies out of D.C."

And that's in line with the global trends of moving federal workers away from pricey capital cities, said Joseph Parilla, a fellow at the Brookings Institution's Metropolitan Policy Program who studies economic policies.

He pointed to two efforts in the United Kingdom that sought to move some government agencies out of London: In one instance, the government moved agency work to a relatively small city in Wales, losing much of the workforce in the process. But a move of more than 2,000 British Broadcasting Corporation jobs from London to the Manchester area, which boasts more than 2.5 million people, had much higher retention rates, Parilla said.

"This is completely anecdotal, but I think there's something to be said for the scale of the place you go to," he said. "And Kansas City makes a lot of sense."

Parilla expects to see more departures from Washington, but said they should be done with care: He said policymakers should seek to pair agencies with cities and states that already tout the appropriate expertise and talent — like placing agricultural work in the Midwest.

"There are some things that have to be in Washington, but I think there's a compelling strategy for moving agencies or parts of agencies that don't need to be in Washington, D.C. to communities that already have a clustering of certain capabilities," he said. "Hopefully, maybe Kansas City can serve as a model."

Does KC have the talent?

USDA's research positions reportedly pay between \$80,000 and \$100,000 per year — well above the Kansas City metro's average pay of \$50,200, according to the Bureau of Labor Statistics.

"From what I understand, there's a lot of statistics involved in those roles," said Jerry Hellebusch, president of local staffing firm Morgan Hunter Corporate Search. "I would assume a lot of jobs are going to require skills that your average person in the job market doesn't have."

If large numbers of vacancies emerge, they could put pressure on existing local employers, who already face an ultra-tight labor market — the Kansas City metro had an unemployment rate of 3 percent in April.

Low unemployment has forced salaries up across the area, Hellebusch said, with employers increasingly offering signing bonuses and counter offers to lure and keep the best talent.

Local firms can sometimes struggle to recruit talent from the coasts, but he said the area's relatively low cost of living and enviable quality of life oftentimes win over job prospects.

"When somebody hears they're getting transferred to Kansas City, they go, 'Where is that?'" he said. "And then when they get here, they love it and they don't want to leave."

'Huge move, huge transition'

Ahead of the USDA's decision, the Kansas City Area Development Council worked with leaders from both states to lure the agency to the area. Now, president and CEO Tim Cowden said the group is committed to helping federal employees and their families make the move to Kansas City.

"We understand and empathize with the families and the employees," Cowden said. "It's a huge move, it's a huge transition."

He noted that Kansas City is already home to some 35,000 federal workers, including employees at 12 various USDA agencies.

"This is a major regional center for the federal government," Cowden said. "They are coming to a community that understands the federal workforce, understands the challenges those families will have moving halfway across the United States."

Kimberly Young, president of the Kansas City Animal Health Corridor, said Kansas City touts a proven ability to attract top talent in the animal health and agricultural fields. She said the 13 land grant universities within a 300-mile radius will help fill any voids caused by USDA's move.

"They are producing the talent that will be needed," Young said. "These are very professional, sophisticated jobs. Kansas City has this talent."

USDA officials did not respond to questions about how many employees they expected to retain through the move. But in a June 13 news release announcing the transition, the ag secretary said the move would actually help recruit top talent with an expertise in agriculture.

But oftentimes, hiring highly educated workers — many of USDA's researchers tout doctorate degrees — requires a regional or national search, said Peter Mueser, a University of Missouri economics professor who studies labor markets.

“My guess would be that they’ll need to move to a national market,” he said. “When we hire at the University of Missouri, we go to a national market and we interview people all over the country. And I would assume they would do that, too.”

No move is strictly professional and Mueser said researchers’ ties to the D.C. area will complicate the USDA’s effort.

“They’re people with kids and families,” he said. “They don’t want to pull their kids out of school. In contrast, when you go out onto a national market you get people who are willing to move.”

Relocations ‘not done lightly’

It’s unclear if government workers will mirror the activity of their counterparts at private employers. But previous corporate relocations underline the high cost — both in terms of money and human capital — associated with long-distance moves.

“It’s not done lightly,” said George Pretty, an attorney with the Parker Poe law firm in Charlotte, North Carolina, who advises companies on relocations, acquisitions and reorganizations. “Because there are just so many people in various stages of their lives with school, with kids, with spouses at work. It’s a big adjustment for all corporations to make moves, but they do it when there’s a compelling need.”

In this case, Pretty believes it does make sense, as USDA officials have argued, to locate closer to the heart of America’s agricultural industry.

Still, he said only about 35 percent of employees generally stick with private sector employers on long-distance moves, though it’s hard to tell whether that average will translate to a federal workforce.

“But it generally means that this is going to be a blend of new jobs for local citizens and regional citizens and a mix of people transferring into the region with new skills,” he said.

Research from the Scottsdale, Arizona, corporate relocation firm Global Mobility Solutions shows about half of all employees follow their employers’ moves. About three quarters of senior executives will typically stay on board, but only 17 percent of non-managers stick with their employer through a relocation.

Over the last five years, GMS found, companies spent an average of nearly \$20,000 to relocate each employee who rented a home and about \$49,000 to move each employee who owned a home.

Cost saver, or costly?

The USDA has pointed to potential cost savings as a major driver behind its move. An agency cost-benefit analysis projects Kansas City's lower cost of living and lower real estate costs to save the agency \$300 million over 15 years.

But another analysis by the Milwaukee-based Agricultural and Applied Economics Association concluded that the move will actually cost taxpayers upward of \$182 million.

The economists and former USDA administrators who authored the report said the federal government overstated the cost of keeping the agencies in Washington and failed to consider the lost value of research from staffers who resign or move.

The association predicts as many as 50 to 75 percent of transferred employees will quit or retire in lieu of moving to Kansas City.

The group expects it will take years for the USDA to find replacements for the agency's highly educated workforce — potentially costing millions in lost research capabilities.

"To be frank, America's agricultural economy today faces serious challenges," AAEA president David Zilberman said in a news release. "This is the worst possible time to dismantle the USDA's capability to analyze agricultural markets, crop insurance, and trade policy."

USDA's two research agencies already have respective employee vacancy rates of 20 and 26 percent. And workers began leaving both research agencies in the spring when news of the relocation emerged. President Donald Trump has also proposed cutting funds for USDA's Economic Research Service.

As part of its employee relocation notice, USDA offered buyouts and early retirements to affected workers. But even as the administration looks to move some employees as soon as next month, members of Congress are working to halt the transfers altogether.

The agriculture budget crafted by the Democratic-controlled House includes language that would restrict the USDA from spending dollars from the ERS and NIFA budgets toward relocating the agencies outside of the Washington, D.C., area.

Lawmakers of both parties from Kansas and Missouri have signed onto an amendment that would strike this language from the budget bill. But even if the legislation passes the House, Sen. Roy Blunt, R-Missouri, a member of the Senate Appropriations Committee, said he's confident it won't pass the Senate.

"I don't think it'll be in the final bill, but we're paying attention to it," Blunt said. "I'm confident we'll be able to have good arguments as to why staying in Washington is not the best thing to do."