



United States Department of Agriculture Graduate School Privatization Issue

Action Proposed:

The Obama Transition Team at the US Department of Agriculture (USDA) should immediately review, provide input and suggestions to the pending decision at the Department regarding the future of the USDA Graduate School (USDA/GS). This action should be coordinated through the Office of the Secretary and the General Counsel of the USDA. The current Farm Bill passed by Congress and signed into law by President Bush this year requires USDA/GS to become a non government and not a non appropriated fund entity of the government by September 2009. The latest balance sheet of USDA/GS reported CASH and like item value of about \$36 million dollars and a total asset value of about \$57 million dollars. The Administrative Board of the USDA/GS is scheduled to meet in mid- November to possibly approve a recommendation to the USDA Secretary. The Secretary may quickly execute a decision document to initiate actions that may be impossible to alter or reverse after January 20, 2009. If the proposed decision document and the actual execution to transfer ownership of USDA/GS mandates actions that may not be consistent with the best interest and goals of the Obama Administration, the Obama Administration and its appointed Secretary of Agriculture will have to bear the consequences of this decision and the possible resulting media attack.

Background

The USDA/GS is a Non Appropriated Fund Instrumentality (NAFI) of the U.S. Government. As such, it is considered to be a government entity funded by tuition from students who are mostly Federal employees. The USDA/GS Administrative board members are appointed by the Secretary of Agriculture and the USDA/GS top executives are provided office spaces within Federal buildings. USDA/GS employees are provided Federal employee like ID badges and enjoy similar access to Federal buildings especially within USDA. A political appointee Under Secretary of USDA serves as chairman of the board of the Administrative Board and the USDA political appointee CFO serves as the chair of the Personnel and Finance Committee. The political appointee General Counsel of the USDA also serves as the legal advisor to the Administrative Board. The USDA/GS provide very highly specialized skill sets training to non executive level employees in financial management, procurement, human resources, project management and other related areas. It enjoys annual revenue of about \$70 million dollars and has been very profitable in recent years. It claims a student body of over 200,000 a year worldwide and a thousand strong faculty/contract instructors. It has recently entered into the distant learning and open enrollment market with substantial investments made in state of the arts capital equipments at its Washington DC headquarters. The USDA/GS provided advisors to governments in Africa, Middle East and the Pacific Region.

The USDA/GS was founded in 1921 by then Agriculture Secretary Henry Wallace to provide independent source of training within the Department in the areas of agriculture



related economics, statistics, science, etc. Enrollment grew steadily and swelled in the early sixties after correspondence courses were introduced. The USDA/GS began offering overseas programs about twenty years ago and became one of the grantees of the Fullbright Program. About ten years ago, the USDA/GS established coast to coast presence after it took over the Office of Personnel Management (OPM) National Independent Study Programs and some other OPM related educational activities. Recently it successfully launched a distant learning program through deployment of current technology and some serious capital investments. The USDA/GS enjoys partnership and alliances with many degree granting institutions such as Georgetown University, John Hopkins University, Etc.

Issues

Given its very unusual organization character and its relationship with USDA, the asset ownership question is much undefined. During this pending “privation” process, any legal interpretation differences or execution missteps can quickly balloon into an unwelcome scandal as the Obama Administration settles in. Additionally, as the current top political leadership at USDA prepares for exit within sixty plus days, important decisions affecting the future of USDA may not enjoy the full vetting process normally required in a non transition period. Furthermore, during a very compressed transition overshadowed by national and global financial crisis, plus the size and complexities of USDA seemingly small and inconsequential issues such as the USDA/GS privatization can easily be crowded out into a benign neglect state.

History has demonstrated over and over again that most issues that came back to bite always started with what appears to be a small and insignificant decision being deprived of proper attention amidst a very crowded radar screen.