

LAB CONSOLIDATION PODCAST

Becky: Hello! Welcome to this podcast by the Office of Inspector General for the U.S. Environmental Protection Agency. My name is Becky Klingler, and joining me today is Gloria Taylor-Upshaw, the project manager for this assignment in the OIG's Office of Audit Efficiency Directorate.

Gloria: Hi, Becky. I'm excited to be here today!

Becky: Gloria, you and your team recently took a look at the EPA's efforts to consolidate its laboratory space. Before we talk about your work, can you tell us a little bit about the EPA's labs?

Gloria: The EPA's labs provide research, science, and technical support that the Agency needs to protect human health and the environment, which is EPA's mission. The EPA has dozens of lab facilities located across the country. For example, it has a National Exposure Research Laboratory with locations in North Carolina, Ohio, and Nevada; and it also has a National Vehicle and Fuel Emissions Laboratory in Michigan, among many other labs.

Becky: Why would the EPA want to consolidate its labs?

Gloria: In 2007, the EPA administrator—who was Stephen Johnson at that time—requested that the Agency evaluate its laboratory enterprise. What the Agency found during the evaluation process was that, if it consolidated or co-located some of its lab space, it could reduce the Agency's laboratory footprint from 34 to 26 facilities and it could cut its physical space by 380 thousand gross square feet. By taking these actions the EPA determined that it could realize approximately 409 million in avoided costs and savings over 30 years.

Becky: Wow. So what exactly did your team examine?

Gloria: Our objective was to determine whether the EPA's consolidation efforts were within cost and on schedule. We specifically looked at three consolidation efforts: one in Athens, Georgia; one in Corvallis, Oregon; and one in Ann Arbor, Michigan. We chose those three efforts because information about their costs and schedules was included in EPA's fiscal year 2020 congressional budget justification.

Becky: And what did you find?

Gloria: One of our key findings was that EPA did not document its key decisions. Staff in EPA's Office of Mission Support told us that they used the EPA's Acquisition System to maintain, document, and track changes for its consolidation efforts. But when we reviewed the documents in the Acquisition System, we couldn't find any that explained why or how decisions regarding the projects were made. For example, the Corvallis consolidation effort initially only involved two facilities, but the scope of the project changed to include a third facility. However, the Acquisition System didn't provide insight into why this decision was made or how cost estimates were calculated for this significant change.

Becky: Is there guidance that such decisions be documented?

Gloria: Yes. The United States Government Accountability Office's Cost Estimating and Assessment Guide says that poorly documented estimates can cause a program's credibility to suffer because the documentation cannot explain the rationale for underlying cost elements. The EPA should create and maintain documentation for management decisions and cost estimates to show that they are accurate, complete, and of high quality.

Becky: What else did you discover during your fieldwork?

Gloria: We also found that EPA was not sufficiently tracking or planning the laboratory consolidation efforts. For example, there was no master plan for the Ann Arbor Consolidation. In addition, the Agency did not track changes to project costs and schedules. We found that the main reason EPA failed to sufficiently track and plan these efforts is that

the Agency does not have procedures governing how consolidation efforts should be managed.

Becky: And were there any repercussions as a result?

Gloria: Yes. EPA spent over 2 million on the Ann Arbor consolidation effort without a master plan. Because the EPA never established a master plan, we don't know whether that project was on time and within cost. But for the Corvallis and Athens consolidation efforts, the EPA incurred about 8 million in the cost overruns, as of February 2020. In addition, both projects ran behind schedule: about one year behind for Athens and two years behind for Corvallis.

Becky: How can the Agency prevent these problems in the future?

Gloria: We recommended that the Agency develop and implement procedures that detail how future consolidation efforts should be planned and managed, including requirements for developing master plans, tracking costs and schedule estimates. The Agency agreed with our recommendation and proposed acceptable corrective actions to resolve our concerns.

Becky: Thank you so much for sharing your time and expertise with us today, Gloria. And thank you to our listeners for joining us. For more information about this and other OIG work, you can find all our reports on our website at [www dot epa dot gov slash oig](http://www.epa.gov/oig).