

**Governmentwide  
Relocation  
Advisory Board  
*Findings and  
Recommendations***

**Submission Date: September 15, 2005**



**U.S. General Services Administration**

## EXECUTIVE SUMMARY

### **BACKGROUND**

On July 9, 2004, the General Services Administration (GSA) filed a Charter in Congress to establish a Governmentwide Relocation Advisory Board (GRAB) hereinafter also referred to as the Board under the Federal Advisory Committee Act (FACA; Public Law 92-463). A number of factors motivated GSA's Office of Governmentwide Policy (OGP) to convene the Board:

1. Since 1996, GSA has gathered, analyzed, and reported travel data as required by Public Law 103-329, dated September 30, 1994, and codified in Title 5 of the United States Code, § 5707(c). With a greater or lesser degree of success, agencies have complied with GSA's request for travel and transportation data, but the quality of the results has been poor. GSA published its first travel report, *Federal Travel and Relocation*, in October 1998; it covered FY 1996 data. GSA conducted subsequent surveys (1998, 2000, and 2002) but did not publish the results because data quantity was lacking and quality remained poor.
2. Based upon the work of a Relocation Best Practices Committee, convened by GSA in 2003 to identify best practices from both the public and private sectors, OGP has published proposed regulations to incorporate many of the Committee's recommendations in November 2004. However, a number of best practices required Congressional action, and GSA found that Federal relocation data was unavailable to build a business case to support desired changes.
3. During the last three years, Government relocation expenses and expense-tracking practices have come under scrutiny by Congress. Specifically, Senator Charles Grassley (R-Iowa), Chairman of the Senate Finance Committee, requested cost data to assess whether Government relocation costs are higher than necessary. Because several agencies were unable to provide the information he had requested or provided incomplete or inaccurate data, the Senator asked GSA and the Office of Management and Budget (OMB) to step up efforts to identify relocation costs and to take action to encourage better relocation data collection and program management across the Federal Government.

The mission of the Board has been to review current policies promulgated through the FTR for relocation and associated processes, reimbursements and allowances for Federal relocating employees. Title 5 of the United States Code (USC), Subchapter II, §§ 5721 through 5739, provides the basis for the Federal Travel Regulation (FTR). Section 5738 establishes authority for the GSA to prescribe regulations necessary to implement the subchapter. Chapter 302 of the FTR codifies Federal civilian relocation policies.

The Government provides worldwide relocation assistance to approximately 28,000 Federal civilian employees each year under various relocation rules and regulations at an estimated cost

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of more than \$800 million. Although figures do not exist on the number of relocations directly impacted by the FTR, the vast majority of the estimated 28,000 annual relocations will be directly impacted by Board recommendations adopted by GSA. The Board also believes that its work will impact Federal relocation programs not directly controlled by the FTR. In addition, thousands of private sector relocations reimbursed through Government contracts may also be similarly impacted.

Although the \$800 million annual relocation cost is a very small percentage of the Executive Branch's \$3.4 trillion budget, the relocation function is critical for ensuring that Government personnel are positioned appropriately to administer Government programs and services successfully. The work of the Board provides Government a unique opportunity to adopt many successful private sector practices and acquire systems and reporting tools to improve the management of the relocation function within Government. The Report also establishes a framework for the Government to continue to improve the management process over time.

The Board also takes note that, as reported in the BDR Report issued in February 2005, the Government's average cost to relocate an employee appears to be less than the private sector's average cost. In addition, according to a survey conducted by the Board of recent Government transferees, a substantial number of transferees appear to be satisfied with the reimbursements and basic services received during their relocations. Further, in comparing FY2003 white-collar change-of-station and new hire data for the Federal civilian workforce against the number of funded relocations initiated in FY2003, it is clear that the Government uses considerable discretion on when to fund reassignments.

Despite shortcomings in data management and reporting and the existence of cumbersome and outdated policies, the Board acknowledges and commends the Government for the number of successful relocations completed each year and notes that many well-run relocation programs exist at the Agency level that are staffed by knowledgeable and dedicated Federal employees.

Overarching goals of the Board included:

- To identify opportunities to streamline Federal Government relocation processes with an aim toward more efficient and effective employee transfers;
- To seek ways to improve agencies' abilities to monitor and manage relocation expenditures and adherence to policies;
- To recommend changes to the FTR to create regulations that correspond with corporate best practices, as appropriate; and
- To identify areas in which the Government could/should reduce administrative burden, management and process variability, and costs of managing relocations.

To those ends, the Board established five subcommittees to focus on selected aspects of the Government relocation experience:

- Administration and Management
- Budget Tracking and Data
- Relocation Reimbursement
- Residence Transaction
- Transportation and Storage

All sub-committee work-groups included representatives from Government agencies, private-sector corporate relocation departments, relocation industry associations, and/or relocation industry service providers.

In covering the five topics, the full report, which follows, does not, in many cases, distinguish between strategic and tactical recommendations. In this Executive Summary, however, we have structured our discussion to give weight to strategic considerations, as these will drive many of the tactical recommendations detailed in the full report.

### **RELOCATION PHILOSOPHY AND GUIDING PRINCIPLES**

No published theme or philosophy currently guides the Government in promulgating relocation regulations or in conducting day-to-day operations at the Agency level. Moreover, the Board acknowledged that it could not address every relocation issue in the depth necessary to resolve them. As a result, recommendations may require modification after publication of the Board's final report, and the final work product that shapes the Federal relocation program may not necessarily conform to the balanced program envisioned by the Board.

The Board concluded that establishing a relocation philosophy and set of guiding principles would facilitate the Board in its deliberations. In addition, with so many agencies involved with managing relocations, absent such guidance from the Board, an additional risk existed that agencies may misinterpret the Board's intent. Consequently, the Board developed a relocation philosophy and guiding principles to assist the Board in its deliberations on the recommendations and to provide subsequent guidance to the Federal relocation program community on the Board's intent.

Chief among the premises of the philosophy and guiding principles is the notion that a successful relocation depends on the good-faith efforts of all parties in the relocation process; that is, the transferee, the relocation program staff and the transferee's new manager. A second key premise is that a relocation should be completed cost-efficiently and in the shortest time practical to allow the transferee to be settled in the new location and focused on the new assignment. The Board recommends that GSA, on behalf of the Federal relocation program community, assume ownership of the philosophy statement and guiding principles as adopted by the Board and to modify them through the use of the Formal Consultation Mechanism (see recommendation AM-10) as may be required over time.

## **RELOCATION MANAGEMENT**

The most dramatic change the Board advocates is an initiative designed to engage Federal agencies in taking a more active role in constructing and then managing a Governmentwide relocation program, as opposed to today's inconsistent and disparate management methods and processes. This initiative incorporates the following strategic themes, each of which we discuss in greater detail, along with tactical recommendations, in the full report. We also emphasize that implementation of these strategic initiatives, along with many of the tactical recommendations enumerated in the full report, will yield greater cost control, which will translate into lower costs.

### **Theme 1: The Role of GSA and Creation of a Formal Consultation Mechanism**

Perhaps the most important recommendation is creation of what the Board terms a "Formal Consultation Mechanism," a group of selected relocation management professionals that will work with GSA to begin the march toward implementing the many changes required to achieve a Governmentwide relocation program. The Board believes that GSA must lead the Federal Government's initiative to improve relocation management Governmentwide. To that end, the Board recommends that GSA convene such a group and organize it as a mechanism for communication and formal consultation with GSA and within the Federal relocation community.

### **Theme 2: Relocation's Role in Recruiting, Developing and Retaining Human Capital**

The Federal Government's relocation program is part of a broader human capital strategy to hire and retain the right people, in the right place, at the right time. As such, Government must ensure integration of all the programs that affect human capital strategy – including relocation.

Why is it important to include a human capital perspective in GSA's relocation program? The answer is implicit in the kind of "commodity" being moved. Under the GSA relocation program, agencies are not moving office supplies, building materials, or computer hardware from point A to point B; rather, they are moving people (i.e., their human capital) and their possessions. The Board's research indicates that, as agencies incur the substantial costs of relocating employees, no central vision, and no answer to the question "Why are we doing this?" has been expressly articulated.

The Government can do a better job of articulating viewpoints and guidelines for making the best use of its resources in planning for and relocating employees. The human capital topic is broad; it starts with "the buck stops here"; that is, who should manage and be responsible for the overall management of the relocation function in agencies? As the Board looked at this topic, it identified linkages to many other issues, such as:

- Staffing and training issues relating to the make-up of the relocation program workforce;
- The need for ongoing communication with employees about career development, career mobility, and related issues;
- Social considerations and impact of flat versus tiered policies;
- Importance of safeguarding personal information;
- Impact of decisions on posting job vacancies with and without relocation benefits;

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- Human element of pilot programs; and
- Effectiveness of employment service agreements.

In short, human capital is everywhere in the relocation program, and the theme deserves explicit discussion and emphasis. To that end, the Board provides several recommendations designed to promote and strengthen the relationship between human capital considerations and a Governmentwide relocation program. For example, as the President’s advisor on human capital, the Office of Personnel Management (OPM; specifically, the Division for Human Capital Leadership and Merit System Accountability) should facilitate Governmentwide discussion of the human capital implications of relocation policies among agency Human Capital Officers. This should include formal discussions with the Chief Human Capital Officers Council. Moreover, as part of their human capital strategies, the Board urges agencies to include in their relocation program mission statements an explicit statement of the human capital viewpoint and accompanying policies and guidance for making the best use of its resources in planning for and relocating employees.

A significant outcome of GSA’s convening of the GRAB is a greater understanding of the role of OPM and the relationship between human capital and relocation. A fundamental shift recommended by the Board is greater involvement by OPM in the human capital aspects of Governmentwide relocation management.

### **Theme 3: Strategic Policies**

The Board emphasizes the need for the Government to make strategic decisions in its approach to relocation management. Specifically, recommendations within the full report focus on development of strategic policies designed to enhance relocation management and reporting Governmentwide and within departments, agencies, and bureaus.

Beyond this, the Board has emphasized the need for GSA to promulgate these policies and seek to identify means and methods to achieve agency implementation. The goal must be to stay current with industry and Government best practices (i.e., optimized relocation program practices among the Executive Branch) and to find ways to achieve prudent and responsive changes when events dictate the need to change. Relocation programs, unlike other benefit programs, should have an “ebb and flow” to them that changes with the human capital and relocation environment. To the extent possible, the Federal Government must try to reduce unnecessary restrictions dictated by outdated legislation. Moreover, in light of expected major changes in the Federal workforce, strategic relocation policies should be connected to an agency’s detailed workforce plans for recruitment, succession planning, and leadership development.

### **Theme 4: Sourcing (Contracting)**

Government agencies may contract relocation services from relocation management companies, household goods movers, mortgage lenders, expense-tracking and tax calculation contractors and other vendors through GSA procurement schedules or by contracting independently. Yet, in all service areas, the Board notes that no standard “yardsticks” exist to enable direct comparison of

qualitative, financial and administrative impacts of the various contracting and service options. Therefore, agencies cannot gauge relocation program and vendor effectiveness. To that end, the Board recommends that the Government identify or create performance standards for relocation services and apply those to evaluate current vendors and negotiate for services.

Additionally, the Board recognizes that contracting options may help to contain program costs, particularly for home-sale services and household goods shipment contracted by agencies with relatively high relocation volumes (organizations that move more than 500 employees per year). The Board believes that agencies, particularly those with lesser volumes, can and should increase their purchasing power through pooling and consolidating both volumes and service requests to ensure the Government gets the best value services for the price paid.

Moreover, the Board believes that contracting for some services rather than maintaining in-house expertise and resources to perform those functions, such as home-sale assistance and tax gross-up calculation, may better serve the Government's interests. Therefore, the Board recommends that agencies outsource those services unless they can provide cost-justification for providing those services in-house.

### **Theme 5: Communication**

The Board identifies numerous communication needs and ways to improve communication across the Government. Above, we noted the need for creation of a Formal Consultation Mechanism. This group should not only communicate with GSA but also serve as a means of providing information on policies, programs, and best practices within members' respective organizations and across the Federal Government. A tactical recommendation is for GSA to rewrite the Federal Travel Regulation to be more reader-friendly.

One means of communication is for GSA, working with its Formal Consultation Mechanism, to conduct surveys periodically to gather relocation information. These surveys should contribute to further improvements in relocation management, but the findings should also be shared with the Federal relocation and human capital communities.

To achieve improved communication of policies, the Board recommends that written policies and procedures address the needs of agency officials who administer the relocation program, agency supervisors who manage functions that are dependent on relocated employees, and relocating employees themselves.

### **Theme 6: Education**

No specific education, qualification, or training requirements for Federal relocation specialists exist in the Federal Government, other than those generally required for grade/level of work under the General Schedule or under an agency's accepted classification system. The Government does not always recognize that relocation is a "human capital" investment. More often than not, many involved with the relocation process view relocation in terms of budget object classes, filling slots, number crunching, expense items, moving furniture, etc.

Consequently, the Board has concluded that relocation managers and their staff within the Federal Government do not receive adequate opportunities for training.

Typically, employees learn their technical skills through on-the-job training, supplemented, to some extent, by formal training. Training (Federal-specific and general industry) is available from a variety of Federal and private sources, including GSA travel, transportation, and relocation classroom training and conference workshops. In addition, professional certifications are attainable from industry associations.

In the full report, the Board documents educational needs and recommends ways to enhance communication and training, both of which are essential to improving relocation Governmentwide. This will require that GSA and representative agencies of the relocation program community, in consultation with OPM (which is responsible for Federal training policy), develop a needs-based, common body of knowledge and training-curriculum outline (e.g., combination of law, FTR provisions, related relocation industry materials, etc.) for Federal relocation specialists.

### **Theme 7: Systems, Data, and Reporting**

Generally, Government agencies do not operate their relocation programs in a well-integrated data environment nor do they typically use relocation cost-management software. A significant and far-reaching strategic initiative on which the Board focused was cost-management software acquisition by agencies to better manage their relocation programs. Having a cost management system will greatly improve each agency's management of its relocation processes and access to its data. In turn, access to data will greatly improve an agency's (and the Government's) ability to assess the impact of policy changes, to spot trends that may need to be addressed to control costs, to see the relocation program as a whole, and to identify and address operational and process issues early. To ensure successful tracking and reporting, the Board further recommends that GSA assume the leadership necessary to define a core set of relocation data elements for reporting by agencies and departments and to align systems and ensure consistent, standardized collection of data. These strategic shifts in the management of relocation Governmentwide will ultimately improve operating efficiency, management reporting and management oversight and will "pay off" in numerous areas, such as process workflow and tax allowance calculation, to name a couple.

### **Theme 8: Relocation Home-Sale Program Management**

Among relocation program benefits and entitlements, the sale of the former residence is typically the single most costly and complex transaction. This report details home-sale program best practices within the private and public sectors and identifies that significant cost savings can be achieved by:

1. Promoting use of comprehensive home-sale programs, including amended, appraised and buyer value option transactions by emulating private-sector practices.

2. Specifying situations or types of transactions for which agencies may authorize use of direct reimbursement for home-sale expenses in lieu of comprehensive home-sale programs.
3. Using tools such as cost calculators to analyze costs and benefits of home-sale and other policy initiatives to assess trends and identify areas for improved program performance.
4. Recognizing the potential cost savings and improved services to transferees through home-purchase assistance.

**Theme 9: Total Program Approach**

Most importantly, the Board believes that a well-designed and well-managed relocation program consists of inter-related components that fit together to form a complex mechanism. Various components bolster or provide the foundation for others and, as such, cause and effect relationships exist among many policies and processes. The Board emphasizes that the Government should not view recommendations as separate, stand-alone suggestions. Rather, the Government must recognize that recommendations are components of a single, integrated solution, a Governmentwide relocation program.

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## LIST OF ACRONYMS

AMSA	American Moving and Storage Association
BOC	Budget Object Class
BDR	Budget Data Request
BVO	Buyer Value Option
CFO	Chief Financial Officer
CFR	Code of Federal Regulations
CHAMP	Centralized Household Goods Traffic Management Program
CHCO	Chief Human Capital Officer
CONUS	Continental United States (i.e., 48 contiguous states and DC)
COOP	Continuity of Operations
COS	Change of Station
CRC	Cost Reimbursable Contractor
CRP	Certified Relocation Professional (professional designation)
CSRS	Civil Service Retirement System
cwt	100-weight (shipping term)
DoD	Department of Defense
DOS	Department of State
DOT	Department of Transportation
EHRI	Enterprise Human Resources Integration
FACA	Federal Advisory Committee Act
FEMA	Federal Emergency Management Agency
FERS	Federal Employee Retirement System
FETRA	Federal Employee Travel Reform Act
FOIA	Freedom of Information Act
FTR	Federal Travel Regulation
FY	Fiscal Year
GHS	Guaranteed Home Sale
GRAB	Governmentwide Relocation Advisory Board (or the Board)
GSA	General Services Administration
GSBCA	General Services Board of Contract Appeals
HHG	Household Goods
HHT	Househunting (as in Househunting Travel Reimbursement)
HTOS	Household Goods Tender of Service

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IE	Incidental Expenses
IFF	Industrial Funding Fee
IRS	Internal Revenue Service
JFMIP	Joint Federal Management Improvement Program
JFTR	Joint Federal Travel Regulations
JTR	Joint Travel Regulations
LM&IE	Lodging, Meals & Incidental Expenses
M&IE	Meals & Incidental Expenses
MEA	Miscellaneous Expense Allowance
MMS	Move Management Service
MOSAIC	Multi-purpose Occupational Systems Analysis Inventory Close-ended
MOU	Memorandum of Understanding
NADA	National Automobile Dealers Association
OCONUS	Outside the Continental United States (i.e., 48 contiguous states and DC)
OGP	Office of Governmentwide Policy
OMB	Office of Management and Budget
ONR	Official Notification of Relocation
OPF	Official Personnel Folder
OPM	Office of Personnel Management
PCS	Permanent Change of Station
POV	Privately Owned Vehicle
RBPC	Relocation Best Practices Committee
RFI	Request for Information
RFP	Request for Proposal
RTO	Responsible Transportation Officer
SDDC	Military Surface Deployment and Distribution Command (formerly MTMC)
TDRS	Transportation, Delivery & Relocation Services Schedule
TDY	Temporary Duty
TQSE	Temporary Quarters Subsistence Expense
TRIP	Travel & Relocation Information Profile
TSP	Transportation Service Provider
U.S.	United States

USC  
USG

United States Code  
United States Government

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# 1. INTRODUCTION

## 1.1 Background

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Despite shortcomings in data management and reporting and the existence of cumbersome and outdated policies, the Board acknowledges and commends the Government for the number of successful relocations completed each year and notes that there are many well-run relocation programs at the Agency level staffed by knowledgeable and dedicated Federal employees.

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- To seek ways to improve agencies' abilities to monitor and manage relocation expenditures and adherence to policies;
- To recommend changes to the FTR to create regulations that correspond with corporate best practices, as appropriate; and
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- Budget Tracking and Data
- Relocation Reimbursement
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All sub-committee work-groups included representatives from Government agencies, private-sector corporate relocation departments, relocation industry associations, and/or relocation industry service providers.

Through the review, the Board has recommended improvements for better management of Governmentwide relocation. The Board has also provided advice regarding best practices for a Governmentwide relocation program.

## **1.2 Data Collection to Support Findings**

Four recent data-gathering initiatives spurred by Senate Finance Committee queries and the Board offer insights into Federal civilian relocation volumes, budgets, transferee demographics and relocation program administration:

1. OMB Budget Data Request (BDR) 04-45: Issued by OMB in August 2004, BDR 04-45 sought to obtain insight into department and agency budget data submissions and to probe the extent to which Federal organizations are able to identify and report relocation costs and metrics relative to policy usage. Although some of the 154 agency responses to the BDR were lacking critical metrics, overall, the BDR database represents the most complete picture of Federal relocation budgets and volumes available at this time. Through extrapolation, OMB filled some gaps in the data to identify transfer activity and expenditure estimates noted later in this section.

BDR responses verify that only a few agencies/bureaus initiate the vast majority of Government transfers; in fact, 15 agencies account for approximately 60% of Federal civilian transfers. Therefore, by initiating program improvements within a small percentage of agencies, the Government should achieve improved management and cost control for the majority of its relocating employees. Perhaps most importantly, BDR responses provide valuable insights into the way in which Government organizations budget for this cost area and how/whether they track expenditures. These insights provide the foundation for several GRAB recommendations.

2. GRAB Agency Survey: Conducted by GSA on behalf of the Board from May 15, 2005, through June 15, 2005, this electronic survey gathered qualitative and quantitative data

relative to agencies' use of and perceptions regarding relocation programs, policies and processes. Survey questions targeted specific issues identified by the Board through discussions and research. Survey results based on 123 responses reveal significant diversity among agencies in administrative approaches for core functions, but also many commonalities among agencies in their perceptions of policies and programs. The Board examined these results and applied the findings in formulating and reaching consensus on its recommendations. (See **Attachment 1-1.**)

3. GRAB Transferee Survey: Also online and conducted concurrently with the GRAB Agency Survey, this survey gathered demographic information as well as qualitative and quantitative insights regarding Federal employees' firsthand relocation experiences. The Board developed questions specific to target issues identified through discussions and research. In shaping recommendations, the Board reviewed responses from the 984 transferees who participated to gauge Federal employees' satisfaction with current relocation policies and programs. (See **Attachment 1-2.**)
4. Worldwide ERC/Raffa Home-Sale Data Analysis: In January 2005, the Board conducted a survey of home-sale costs and performance metrics for Federal transferees' homes that closed during FY04 (October 1, 2003, through September 30, 2004). Relocation Management Companies (RMC's) that were contracted to manage Federal Government home-sale programs during that period submitted data in aggregate for all home-sale transactions for their Government clients. RMC's provided data to Raffa, an independent audit firm contracted by the Worldwide Employee Relocation Council (ERC). Raffa analyzed data from 5,712 home-sale transactions and compared data with comparable private-sector metrics collected through a Worldwide ERC survey. The analysis indicates that if the Government embraced the home-sale programs and practices that private-sector organizations typically use and achieved similar success in assisting transferees to find buyers for their homes that it could obtain home-sale services up to 20% lower in cost. The Board applied these findings in developing recommendations specific to home-sale policies and programs.

Additionally, the Board conducted extensive research to collect information from several sources, including interviews with industry subject-matter experts, position papers from interested parties, publications, industry surveys, and relocation service provider databases. Some sources are included among the attachments to this report.

### **1.3 Profile of Federal Civilian Relocation**

Federal civilian employment data provides context for understanding relocation's role within agencies/departments specifically and the Federal Government as a whole. Following is a "snapshot in time" of Federal civilian employment data, as of September 2004, which indicates that 97% of the Federal Government's 1.86 million employees were stationed in the U.S (Table 1-A).

**Table 1-A: Federal Civilian Employment by Cabinet-Level Department  
(September 2004)**

<b>Department</b>	<b>United States</b>	<b>U.S. Territories</b>	<b>Foreign Countries</b>	<b>Unspecified</b>	<b>All</b>	<b>Dept. as % of Total Employment</b>
Department of Defense	614,407	4,062	33,867	62	652,398	35.14%
Department of Agriculture	111,095	751	186	52	112,084	6.04%
Department of Commerce	37,572	72	211	12	37,867	2.04%
Department of Justice	102,373	485	48	0	102,906	5.54%
Department of Labor	15,775	39	0	0	15,814	0.85%
Department of Energy	15,013	0	10	0	15,023	0.81%
Department of Education	4,575	8	1	0	4,584	0.25%
Department of Health & Human Services	63,332	134	110	5	63,581	3.42%
Department of Homeland Security	159,022	2,928	835	159	162,944	8.78%
Department of Housing & Urban Development	10,136	82	0	0	10,218	0.55%
Department of Interior	77,260	329	10	1	77,600	4.18%
Department of State	13,117	4	10,918	1	24,040	1.29%
Department of Transportation	56,834	286	62	17	57,199	3.08%
Department of Treasury	109,781	528	50	253	110,612	5.96%
Department of Veterans Affairs	232,762	3,462	18	16	236,258	12.73%
<b>Total - Cabinet Level Agencies</b>	<b>1,623,054</b>	<b>13,170</b>	<b>46,326</b>	<b>578</b>	<b>1,683,128</b>	<b>90.66%</b>
All Other Agencies	171,546	645	1,119	3	173,313	9.34%
<b>Total - Civilian Employment</b>	<b>1,794,600</b>	<b>13,815</b>	<b>47,445</b>	<b>581</b>	<b>1,856,441</b>	<b>100.00%</b>
Source: www.fedscope.opm.gov Civilian Employment September 2004						

As the table above indicates, the three largest “employers” within the Federal Government are the Departments of Defense, Veteran’s Affairs and Homeland Security which, combined, account for approximately 57% of all Federal civilian employees.

Not everyone who accepts a new job with the Federal Government or changes duty stations receives relocation assistance. As tracked by OPM’s Central Personnel Data File, changes-of-station (COS) include employee moves outside of a local commuting area, including a change in a metropolitan statistical area, movement between States, foreign countries, or between the U.S. and a foreign country. OPM’s COS data includes all relocations regardless of whether employees receive relocation payments or reimbursements; COS moves may have been initiated at either employee or agency request.

Similarly, OPM tracks new hires (as part of “accessions”). Although many newly hired employees move to accept positions with the Government, OPM’s Central Personnel Data File

does not track whether accessions received financial assistance to relocate for their new jobs. Therefore, at this time, no protocol exists to enable the Government to identify, Governmentwide, which employees receive paid relocations or how many employees are authorized to receive such assistance.

OPM data indicates that during FY2003, nearly 60,000 white-collar Federal employees experienced a change of station. For the same period, OPM's database indicates that agencies added nearly 235,000 white-collar employees to their rolls with some unknown number moving to different geographical areas. Accessions and changes of stations accounted for 18% of the Federal Government's FY2003 employment total of approximately 1.65 million white-collar employees. However, although such a significant number of Federal employees are in transition, only a modest percentage of this total receives financial assistance toward the costs of those transitions.

#### RELOCATION VOLUME

A comparison of data gathered through OMB's BDR 04-45 with data derived from OPM's FY2003 Central Personnel Data File highlights the relationship between the total number of employees in transition and those for whom the Government covered some or all relocation expenses.

**Table 1-B: Federal Civilian Change of Station, New Hire and Relocation Data  
by Cabinet-Level Department**

<b>Civilian White-Collar Change of Station (COS) and New Hire Actions Compared with Relocation Activity</b>	<b>2003 COS<sup>1</sup></b>	<b>2003 New Hires<sup>1</sup></b>	<b>2003 Completed Relocations<sup>2</sup></b>	<b>Dept. as % of Total COS</b>	<b>Dept. as % of Total New Hires</b>	<b>Dept. Relos as % of Total Relo Volume</b>
Department of Defense	16,252	62,774	5,647	27.42%	26.71%	20.21%
Department of Agriculture	7,275	26,685	3,482	12.28%	11.36%	12.46%
Department of Commerce	651	3,789	396	1.10%	1.61%	1.42%
Department of Justice	3,769	8,568	3,769	6.36%	3.65%	13.49%
Department of Labor	119	1,436	119	0.20%	0.61%	0.43%
Department of Energy	256	724	253	0.04%	0.31%	0.91%
Department of Education	13	428	13	0.02%	0.18%	0.05%
Department of Health & Human Services	1,139	7,270	790	1.92%	3.09%	2.83%
Department of Homeland Security	5,633	12,291	2,082	9.50%	5.23%	7.45%
Department of Housing & Urban Devel.	275	771	83	0.46%	0.33%	0.30%
Department of Interior	3,790	13,955	2,220	6.40%	5.94%	7.95%
Department of State	4,743	3,510	5,338	8.00%	1.49%	19.11%
Department of Transportation	2,910	32,600	960	4.91%	13.87%	3.44%
Department of Treasury	3,335	15,673	444	5.63%	6.67%	1.59%
Department of Veterans Affairs	4,285	28,175	1,154	7.23%	11.99%	4.13%
<b>Total - Cabinet-Level Departments</b>	<b>54,445</b>	<b>218,649</b>	<b>26,750</b>	<b>91.47%</b>	<b>93.05%</b>	<b>95.74%</b>
All Independent Agencies	5,054	16,328	1,190	8.53%	6.95%	4.26%
<b>Total -</b>	<b>59,499</b>	<b>234,977</b>	<b>27,940</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<sup>1</sup> OPM FY03 Central Personnel Data File						
<sup>2</sup> OMB BDR 04-45						

As noted earlier, among the 154 departments, agencies and bureaus that responded to BDR 04-45, fifteen respondents account for approximately 60% of the estimated Federal Government civilian relocation volume (Table 1-B, far right column). Some Federal organizations known to have relatively significant transfer activity did not report relocation volume for the BDR for FY03, such as Department of Army (civilian moves), Veteran’s Affairs Financial Services Center, Federal Aviation Administration, Natural Resource Conservation Service and Fish & Wildlife Service. To fill those data gaps, OMB used agencies’ budget data to estimate transfer activity, and those estimates are included in the “total adjusted moves” noted in Table 1-B above.

Notably, some agencies with relatively few employees represent a significant proportion of total Federal Government transfers (Table 1-C). For example, Department of State’s employment

roster represents only 1.29% of the total Federal Government employment, but its transfers account for 19% of all white-collar Government moves.

**Table 1-C: Comparison of Percentage of Federal Employment with Percentage of Relocation Volume by Cabinet-Level Department**

<b>Civilian Employment as of September 2004 Cabinet Level Agencies</b>	<b>% Total Government Employment</b>	<b>% Total Government Relocation Volume</b>
Department of Defense	35.14%	20.21%
Department of Agriculture	6.04%	12.46%
Department of Commerce	2.04%	1.42%
Department of Justice	5.54%	13.49%
Department of Labor	0.85%	0.43%
Department of Energy	0.81%	0.91%
Department of Education	0.25%	0.05%
Department of Health & Human Services	3.42%	2.83%
Department of Homeland Security	8.78%	7.45%
Department of Housing & Urban Development	0.55%	0.30%
Department of Interior	4.18%	7.95%
Department of State	1.29%	19.11%
Department of Transportation	3.08%	3.44%
Department of Treasury	5.96%	1.59%
Department of Veterans Affairs	12.73%	4.13%
All Other Agencies	9.34%	4.26%
Total	100.00%	100.00%

#### RELOCATION BUDGETS

Among the BDR database of 154 Government organizations, 10% (15 organizations) account for 61% of the total estimated \$800 million relocation budget for FY2003. Respondents with the highest budgets are illustrated in Table 1-D below. Some organizations did not provide budget information for the BDR, such as Department of Army, Forest Service and National Aeronautic & Space Agency. To estimate the total relocation budget amount, OMB filled data gaps by extrapolating budget data based on agencies' expense data and/or relocation volume data.

**Table 1-D: Highest Budgets among BDR Respondents**

Department or Agency	2003 Budget '000s	% of Total
Department of State	\$119,482	14.94%
U.S. Air Force	51,800	6.48%
Federal Bureau of Investigation	46,944	5.87%
Bureau of Prisons	35,605	4.45%
Drug Enforcement Agency	32,663	4.08%
U.S. Secret Service	28,740	3.59%
Immigration & Customs Enforcement	27,585	3.45%
Customs & Border Protection	23,136	2.89%
Federal Aviation Administration	22,475	2.81%
Natural Resource Conservation Service	19,848	2.48%
Fish & Wildlife Service	19,255	2.41%
DoD Education Activity	18,220	2.28%
Social Security Administration	14,629	1.83%
Defense Contracting Management Agency	13,906	1.74%
Bureau of Land Management	13,168	1.65%
<b>2003 Subtotal Top 15</b>	<b>\$487,458</b>	<b>60.93%</b>
<b>Total Estimated Relocation Budget</b>	<b>\$800,000</b>	
Source: OMB BDR 04-45		

Among BDR respondents, the average (mean) budget per authorized move (new hires and current employee relocations, combined) was nearly \$30,000 for FY03.

**Table 1-E: Mean and Median Budget-per-Move among BDR Respondents**

Relocation Budget	2003
Mean	\$29,735.42
Median	\$28,602.41
<i># Respondents</i>	<i>107</i>

Private-sector employers consider employment tenure and home-owning status to be the primary cost drivers for employee relocation. Therefore, most corporations examine transferees and costs from four perspectives:

- New Hire Renter
- New Hire Homeowner
- Current Employee Renter
- Current Employee Homeowner

Findings from Worldwide ERC's 2004 Transfer Volume Survey of calendar-year 2003 transfer activity indicate that percentages of homeowners and renters are nearly equal (48% home-owning transferees and 52% renting employees). Current employees accounted for 71% of the private-sector survey base and newly hired employees accounted for 29%.

**Table 1-F: Private-Sector Transferee Profiles  
(Among Respondents to Worldwide ERC's 2004 Survey of 2003 Transfer Activity)**

<b>Tenure</b>	<b>Home-owning Status</b>	<b>% of Transfer Base</b>
Current Employee	Homeowner	37%
Current Employee	Renter	34%
New Hire	Homeowner	11%
New Hire	Renter	18%

Although BDR data does not indicate transferees' home-owning status, responses indicate that the percentages of current employee and newly hired employee percentages are 73% and 27%, respectively, which correlates with private sector proportions. The BDR did not ask respondents to break out expenses separately based on employment tenure (new hire versus current employee); however, that distinction can significantly impact relocation costs.

Private-sector employers typically offer newly hired employees relocation benefits that are scaled back from those offered to relocating current employees. Key policy areas for which only current employees typically receive assistance include: home-sale and new home purchase assistance, property management, extended temporary living subsistence (beyond 30 days), cost-of-living allowances or other relocation financial subsidies, family assistance (such as spouse reemployment assistance or services for children or elderly family members), and increased miscellaneous expense allowances.

According to Worldwide ERC's 2004 Transfer Volume Survey, the average costs to relocate home-owning current employees and new hires for 2003 were \$70,771 and \$52,109, respectively. The average relocation cost of a current renter was \$19,129 and \$14,008 for a new hire renter.

However, few Government organizations track relocation costs by home-owning status and tenure and, therefore, direct comparison with private-sector costs is difficult to achieve. By applying the transferee profile percentages and cost-per-move data from the Worldwide ERC survey for the four transferee categories, we estimate the average, private-sector cost-per-move among the aggregate survey base to be \$40,943. Although not directly comparable to the Government's average budget-per-move of \$29,735, the private-sector average cost provides some indication as to where Government costs stand in relation to those of the private sector.

**Table 1-G: Estimated Private-Sector Average Cost-Per-Move Derived From Worldwide ERC 2004 Transfer Volume Survey Data of Calendar-Year 2003 Transfer Activity**

<b>Employment Tenure</b>	<b>HO Status</b>	<b>Assumes 100 Transferees Reflective of Survey Distribution</b>	<b>Avg. Cost</b>	<b>Cost Based on Survey Distribution</b>	<b>Avg. Per Move Cost</b>
Current Employee	Homeowner	37	\$70,771	\$2,618,527	
Current Employee	Renter	34	\$19,129	\$650,386	
New Hire	Homeowner	11	\$52,109	\$573,199	
New Hire	Renter	18	\$14,008	\$252,144	
<b>Total</b>		<b>100</b>		<b>\$4,094,256</b>	

Despite data-collection endeavors and the significant data amassed through the Board’s efforts, the Board could not identify precise data relative to some program occurrences and expenditures. Thus, it was unable to quantify the cost impact of some recommendations at this time. Pilot studies or additional data-gathering may be necessary to determine the feasibility and budgetary impact of some recommendations contained in this report.

“TYPICAL” FEDERAL TRANSFEEE

From the 984 responses to the GRAB Transferee Survey, the Board found that the “typical” Government transferee is male (63% of respondents); has moved, on average, 2.4 times on behalf of the Government; typically relocated to accept a promotion (42%); and completed the move in less than six months (82%).

Although the survey did not ask respondents to indicate home-owning status at the former or new locales, we note that the following percentages of respondents answered questions relative to their satisfaction with services and believe the statistics may be indicative of respondents’ home-owning status:

- Home-Sale Transactions: 61% of total number of respondents rated that service
- Home-Buying Transactions: 63% of total number of respondents rated that service
- Renting Transactions: 35% of total number of respondents rated that service
- Property Management Transactions: 29% of total number of respondents rated that service

Similarly, although the survey did not specifically ask whether transferees required household goods storage or shipment of vehicles, the percentages of respondents that answered those questions relative to satisfaction with those services may be indicative of the utilization of those benefits:

- Storage of Household Goods: 75% of total number of respondents rated that service
- Shipment of Vehicles: 39% of total number of respondents rated that service

Notably, most transferee respondents report receiving “excellent” or “satisfactory” service in all satisfaction areas surveyed.

**Table 1-H: Transferee Satisfaction with Relocation Services**

<b>Relocation Services</b>	<b>Excellent</b>	<b>Satisfactory</b>	<b>Poor</b>
Shipment of Household Goods	43%	43%	14%
Household Goods Counselor	43%	45%	12%
Packing Crew	45%	36%	19%
Household Goods Driver	49%	40%	11%
Storage of Household Goods	36%	50%	14%
Shipment of Vehicles	29%	54%	17%
Home-Sale Transaction	41%	39%	21%
Home Buying Transaction	42%	43%	16%
Renting Transaction	27%	46%	27%
Property Management Transaction	24%	57%	19%
Destination Services	29%	41%	30%
Expense Management	37%	44%	20%
Spousal Services	21%	49%	30%
Entitlement Counseling	21%	42%	37%
Source: GRAB Transferee Survey			

## 1.4 Report Overview

This report covers five topics, each of which was assigned to a subcommittee headed by a Board member:

- Topic 1: Administration and Management
- Topic 2: Budget Tracking and Data
- Topic 3: Relocation Reimbursement
- Topic 4: Residence Transaction
- Topic 5: Transportation and Storage

Each topic incorporates target issues identified for study, and each target issue covers these subjects:

- Background
- Problem
- Research
- Best Practices
- Recommendations

## **2. ADMINISTRATION AND MANAGEMENT**

### **2.1 Mission**

The mission of the Administration and Management (AM) Subcommittee was:

To develop recommendations on relocation staffing, relocation contracting (including use of the Federal Supply Service Relocation Schedule), centralization vs. decentralization of management and administration, relationship of relocation to human capital/human resources considerations, tiered vs. flat policies, and best practices for administration and management of relocation.

### **2.2 Administration and Management Subcommittee Members**

Four individuals comprised this GRAB subcommittee, with a GRAB committee member filling the position of Chair:

- Jerry Mikowicz, Chair
- Tauna Delmonico
- Thomas Goodkind
- Cindy Salter
- Richard Trent

Industry experts who also contributed to the work of the subcommittee are cited in the Biography section of this report.

### **2.3 Administrative Best Practices**

#### **2.3.1 BACKGROUND**

Two sectors provide an array of relocation best practices for consideration:

- First, the private-sector relocation industry has developed a range of creative and sensible relocation practices that could be advantageous to the Federal Government if adapted and applied.
- Second, in the Federal sector, several agencies have been more successful than others in administering and managing their relocation programs. These agencies have relocation program components and practices that could serve as a model and be readily adapted by others.

Based upon the work of a Relocation Best Practices Committee, convened by GSA to identify best practices from both sectors, in November 2004, the Office of Governmentwide Policy published proposed regulations to incorporate many of the Committee's recommendations.

### 2.3.2 PROBLEM

The relocation industry (both private and Federal sectors) is constantly changing and adapting to new conditions. Consequently, best practices constantly change. Relocation decision-makers in the Federal Government must not only stay in touch with changing conditions, they must respond with appropriate, new, best-practice strategies and tactics. As conditions change, GSA must update the FTR and communicate best-practices information constantly so that agencies have the tools and flexibility they need to relocate employees efficiently and effectively.

### 2.3.3 RESEARCH

The Board researched the following materials and resources:

- GSA Relocation Best Practices Committee: GSA provided an overview of this Committee's accomplishments and recommendations at the September 29, 2004, meeting of the Board. Information can be accessed at these two web addresses:
  - ✓ [http://www.gsa.gov/gsa/cm\\_attachments/GSA\\_DOCUMENT/GRAB1\\_R2-oM1K\\_0Z5RDZ-i34K-pR.ppt](http://www.gsa.gov/gsa/cm_attachments/GSA_DOCUMENT/GRAB1_R2-oM1K_0Z5RDZ-i34K-pR.ppt) and
  - ✓ [http://www.gsa.gov/gsa/cm\\_attachments/GSA\\_DOCUMENT/LEGISLATIVE CHANGES\\_R2-oM1K\\_0Z5RDZ-i34K-pR.doc](http://www.gsa.gov/gsa/cm_attachments/GSA_DOCUMENT/LEGISLATIVE_CHANGES_R2-oM1K_0Z5RDZ-i34K-pR.doc)
- The proposed rule to implement the recommendations of the Relocation Best Practices Committee can be found in the *Federal Register*, November 23, 2004 (Volume 69, Number 225).
- *Relocation Assistance: Transferred Employees*, Worldwide ERC, 2005.
- Government/Corporate Relocation Benchmark, September 2002, Cendant Mobility.
- Joint Financial Management Improvement Program (JFMIP) Travel System Requirements, JFMIP-SR-99-9, July 1999.
- Improving Travel Management Governmentwide, Joint Financial Management Improvement Program (JFMIP), December 1995.

The Board's recommendations have taken best practices into account, and this report incorporates "Best Practices" as a subject for each target issue addressed. The Board incorporated best practices into its discussion of the final recommendations at the June 21-23, 2005, meetings.

### 2.3.4 BEST PRACTICES

It is in the interest of the Federal Government to know about and incorporate state-of-the-art best practices as applicable and appropriate. Discussion of relocation best practices can be found in periodic studies in the relocation industry; in the professional literature; in workshops, seminars, and conferences; and in the publications and meetings of the Employee Relocation Council and various GSA meetings. GSA's Relocation Best Practices Committee studied new and projected

developments in relocation, and GSA's subsequently proposed regulations incorporated these considerations. Research on best practices provided a foundation for the development of recommendations upon which the Board voted.

### **2.3.5 RECOMMENDATIONS**

**AM-01:** As a general principle, the Board endorses monitoring, evaluating, communicating, and adopting the appropriate and applicable relocation best practices that occur within and outside of Government.

**AM-02:** The Board commends GSA for:

- Publishing a proposed rule to implement the results of the recent study of the Relocation Best Practices Committee and encourages GSA to publish the final rule, based on public comment, as soon as possible; and
- Posting three surveys on the Internet (May-June 2005) that the Board developed to obtain general information and specific input from agencies and employee transferees on what works/does not work in the Federal relocation program and encourages GSA to conduct similar surveys periodically in the future.

**AM-03:** The Board recommends that GSA use a Formal Consultation Mechanism (addressed in recommendations below on communication of the relocation program) as a primary vehicle for sharing best-practices information (including the results of GSA's' periodic surveys, after the expiration of the Board). This should include monitoring, evaluating, communicating, and adopting the appropriate and applicable relocation best practices that occur within and outside of Government and making recommendations on possible program changes.

## **2.4 Centralization, Decentralization, Fragmentation**

### **2.4.1 BACKGROUND**

Organization of Programs: Depending on the size and organization of a Federal department or agency, different components (such as Finance, Acquisitions, Human Capital, Administration, etc.) may administer the relocation program. Moreover, different sub-organizations that do not always communicate well often administer different aspects of the program. Agency practices vary. The organizational reality is that the relocation program puzzle has many pieces and the fit between the pieces may not be tight.

Each department or agency must determine how it will organize and operate its relocation program. Generally, agencies exhibit a variety of structures for administration of the relocation program. Examples of how they may structure their programs (keeping in mind that many combinations of these components are possible) include:

- Centralized contracting, policy management, program administration, vendor selection and authorizing authority.
- Centralized policy management and contracting and decentralized authorization and vendor selection.
- Decentralized contracting, policy management, program administration, vendor selection and authorizing authority.

Data/Records: Generally, agencies have a mixture of independent electronic and manual records, but most relocation documents are manual. Therefore, managers do not have the “roll-up” data they need to quantify the various aspects of the relocation process. They do not have the information they need to manipulate data in spread sheets and produce statistics and administrative reports that can help them understand, evaluate, and manage the relocation program. Their management vision is of the individual pieces of the puzzle rather than what it should be--the image of the whole.

Gathering historical data is an expensive, labor-intensive process, and few resources, if any, are available for this purpose. Gathering data is rarely completed in a way that is accurate to understand, evaluate, and manage the relocation allowance program.

#### 2.4.2 PROBLEM

Government finance systems are not designed to track relocation data because relocation cuts across many areas, including travel, transportation, and human capital. Generally, agencies have not been able to submit complete or accurate Travel Reporting Information Profile (TRIP) reports. Senator Grassley expressed concerns that agencies “do not have a very good handle on the true costs involved in relocating staff.” Managing what cannot be measured is difficult, at best. The inescapable challenge is that data will always reside in separate functions/places – so how can agencies bring it together?

No matter how it chooses to operate—centralized or decentralized—an agency needs to have data and measures so it can evaluate results and manage the relocation program. Currently, most relocation programs are fragmented. Effective measures are not common, and information is not shared sufficiently among the various programs and functions dealing with relocation management.

#### 2.4.3 RESEARCH

Through its research and findings, the Board was able to draw conclusions that enabled it to reach consensus on the array of recommendations detailed throughout this report.

- Certain drivers apparently guide agencies to lean one way or another towards centralization or decentralization. These include agency culture, focus on management of human capital,

appetite for leveraging volume for fees, degree of control, or the extent to which the agency is focused on budget, on ways to be efficient fiscally, on allocation of resources, and is willing to “mandate” use of a sole contractor.

- A critical aspect of any relocation program is oversight. We believe oversight resides within the accounting arena of most agencies, and our research of best corporate practices concludes that the overwhelming majority of corporate America houses the travel and relocation functions in the human capital (or human resource) department. Corporations link mission, vision and human capital strategy so that recruitment, hiring, and retention align with and support business imperatives.
- The Board believes that it is not in a position to judge whether one way of administering a relocation program—centralization or decentralization—is better than the other. Lacking data, we were unable to assess the resource and financial implications of using different approaches—centralization versus decentralization—to administering a relocation program, all other things being equal. Our research and discussions have led us to believe that managing the pieces of the relocation program with the objective of moving the right employee to the right geographic location at the right time is where agency efforts ought to be.
- Agencies find it difficult to respond to the Travel Reporting Information Profile (TRIP) report required by 5 USC §5707(c) and conducted by the GSA every 2 years. GSA published its first report in 1998 covering 1996 data. However, GSA has not published the results of its 1998, 2000, and 2002 surveys because of the poor quality and quantity of data. In his letter of November 9, 2004, to OMB and GSA, Senator Charles Grassley expressed his concern that Federal agencies “do not have a very good handle on the true costs involved in relocating staff.”
- The Joint Financial Management Improvement Program (JFMIP) document on “Travel System Requirements” (JFMIP-SR-99-9, July 1999) recommends that the travel system be able to prepare and track the status of a travel authorization, a travel advance issued by the agency as necessary, and a travel voucher as it goes through the various stages of preparation, approval, and processing.
- We are unaware of available standards or benchmarks on the amount of time and cost of processing Permanent Change of Station (PCS) vouchers. Cost could vary significantly (on a per-hour basis) if the work were performed at different grade levels or geographic locations (i.e., locality pay). Identifying and correcting inefficient processes may be difficult.
- GSA’s Web site has information on e-Travel, a new system to automate travel arrangement and expense reimbursement. However, no near-term plans of the e-Government initiative are in place to automate the FTR provisions/aspects of the relocation process.

- We acknowledge that the law and GSA regulations require agency TRIP reports. The lack of meaningful TRIP report data illustrates the difficulty for an agency to “roll up” independent data sources to report program costs. We understand that some private-sector software is available and used by Federal agencies in the administration of relocations. In addition, some agencies use relocation management companies or Federal third-party assistance and have greater success at documenting and retrieving certain aspects of their relocation program records. (The Budget and Data Subcommittee have reported separately on matters related to cost, software, FTR requirements, benchmarking, resources, etc. See below.)
- The finance systems of the Federal Government are not designed to track relocation data because relocation cuts across many areas, including travel, transportation, and human capital. Processes and expenses generally are divided between sending and receiving locations. Relocation management companies may assume an array of move-management and home-sale responsibilities, but expense tracking and associated reports add cost, so agencies tend not to avail themselves of these management services.
- As discussed at the February 16, 2005, Board meeting, GSA and OMB found that agencies were unable to provide complete information requested by OMB’s Budget Data Request (BDR) 04-45.
- Non-Federal Board members and participants have noted that the private sector has moved away from decentralization to centralization to achieve better efficiency (cost savings) and effectiveness. Also noted was that decentralized systems sacrifice economies of scale and often require more training expenditures.

#### 2.4.4 BEST PRACTICES

In theory, both centralized and decentralized programs can work well if carefully managed.

Relocation management companies already perform an array of move-management and home-sale tasks and can document costs for the services they provide. However, agency requests for management services for tracking expenses and generating associated reports would add costs that agencies cannot afford, and agencies would still have to combine these data/costs with any other elements of the relocation program not handled by the relocation management companies.

#### 2.4.5 RECOMMENDATIONS

**AM-04:** The Board supports the concept of GSA’s proposed rule (*Federal Register*, Vol. 69, No 225, November 23, 2004, § 302-2.205) to require agencies to “Implement a Relocation Management Reporting System,” but we believe such a system should not be acted upon until the relevant recommendations of the Board are implemented. The Board recommends that GSA address recommendations contained in this report (specifically, BTD-07, BTD-17 though BTD-20 and BTD-23 though BTD-26) before taking steps to acquire and implement relocation cost

management software. An element of implementing an effective cost management solution is tagging the various relocation expenses to the correct financial statement account. Because of the dependency of this task on other recommendations, the Board recommends that this receive a high priority. If this is not done and cost management software is implemented, Government agencies will have to go through a significant effort to recalibrate the cost components tracked if changes are subsequently adopted.

**AM-05:** The Board urges agencies to look beyond individual pieces of fragmented relocation programs (e.g., Finance, Acquisitions, Human Capital, and Administration) and to develop a comprehensive agency relocation program mission statement that encompasses all components and processes needed to move the right people to the right place at the right time. The objective is to view the relocation program as one whole program. The Board recommends that GSA, working with the Federal relocation program community, take a leadership role to find a way to put the pieces of the relocation program puzzle together (e.g., law, FTR, practical advice, counseling, assistance for families, etc.) to communicate a comprehensive and understandable approach to relocating Federal employees and their families. The Board recommends that GSA work with the CFO Council, Chief Human Capital Officer (CHCO) Council, OPM, OMB, and Formal Consultation Mechanism to develop a strategic approach to the Government's relocation program, based on a needs assessment. Additionally, the Board recommends that agencies review, analyze and update their relocation programs, policies and procedures annually.

**AM-06:** For purposes of cost efficiency and relocation program effectiveness, the Board recommends that agencies that move relatively few employees each year:

- Implement a comprehensive home-sale program (described in RT-01); or
- Contract for third-party assistance from other Federal agencies, as available; or
- Engage in cooperative ventures with similarly-situated agencies to pool resources and obtain services using economies of scale, consistent with applicable laws and regulations.

## **2.5 Communicating Relocation Practices**

### 2.5.1 BACKGROUND

The *Federal Travel Regulation* is the foundation of Federal relocation programs in that it establishes the parameters for relocation allowances and reimbursements. The FTR implements the law, but it is not designed to tell the whole relocation program story. For example, its audience is usually agency relocation specialists, not managers and relocating employees. Further, the FTR is not the proper instrument to address a range of related issues and include practical matters an employee needs to know, such as preparing a house for sale.

### 2.5.2 PROBLEM

When employees relocate, additional Governmentwide or agency guidance may not be available, and employees have to depend on non-FTR information, such as agency supplemental guidance (if available), relocation management companies (if available), friends, word of mouth, or chance. Generally, the FTR is difficult for the average employee to understand. Further, a consensus has emerged among participants in the Governmentwide Relocation Advisory Board process that the question and answer format is confusing. Consequently, the FTR should be revised to present the relocation materials in a more logical and easier-to-use format.

A special concern brought to the Board regards case decisions of GSA's Board of Contract Appeals; specifically, knowing about and understanding the impact of their decisions on relocation programs is difficult. Some decision synopses have been published on the Internet, but not all. These decisions contain important precedents or guidance that should be publicized and known. Without up-to-date knowledge, agencies may make the wrong decisions, and employees may later decide to seek to pursue a grievance or appeal because of employer misunderstandings or gaps in information available.

### 2.5.3 RESEARCH

#### Federal Travel Regulation

- 5 USC Chapter 57 contains the legal basis for provisions related to travel and relocation.
- 41 CFR, Subtitle F, Chapters 300-304 contains GSA's relocation regulations.
- The FTR is the working copy of GSA's regulations. It contains the Government's policies, regulatory requirements, entitlements, and limited discretionary benefits for relocations and is the major piece of the relocation puzzle. Generally, the FTR allows employees to:
  - ✓ handle the relocation on their own with reimbursement for actual expenses,
  - ✓ take a lump-sum payment for expense categories without a requirement to document their actual expenses, or
  - ✓ obtain and use relocation management companies or other third-party assistance as allowed by their agency's policies.

About half of all relocating employees handle their own relocations. However, the FTR is not designed to provide guidance, illustrations of pros/cons, and practical advice to complement the legal and regulatory requirements. For example, while the FTR explains the benefits relating to selling a house, it does not address getting a house ready for sale, marketing, etc. Employees often have to rely on advice and experience of fellow workers, agency administrators, outside professionals, friends, self-help books, and pure luck.

Finally, if employees receive counseling up front on various issues related to relocation, including information about the new area to which they will be relocating and about selling their home and buying another home, they could reduce the time needed for house-hunting trips, resulting in greater employee productivity during the transition and cost-savings to the agency. This example can be extended to many other areas of the FTR as well.

Board of Contract Appeals: GSA's Board of Contract Appeals was established under the Contract Disputes Act of 1978, 41 USC §§601-613, as an independent tribunal to hear and decide contract disputes between Government contractors and GSA. The Board also hears and decides disputes between contractors and other Executive Branch agencies, including the Departments of State, Treasury, Commerce, and Education. On-line information includes:

- <http://www.gsbca.gsa.gov/> is the Web site of the GSA Board of Contract Appeals. It contains rules of procedure, decisions, and brief biographical information about its judges.
- <http://www.gsbca.gsa.gov/decisns.htm> contains the Board's decisions in all appeals issued since October 1, 1996, and all travel, relocation, and transportation rate cases.
- <http://www.gsbca2.gsa.gov/> is the Archive Page, which contains the Board's decisions in appeals and protests issued from October 1, 1992, through September 30, 1996.
- <http://www.gsbca.gsa.gov/topical/topidx.htm> contains a topical index of the Board's decisions in travel and relocation expenses cases issued since January 1, 2000. For the years 2000 through 2003, decisions are indexed under the topics listed below. If no decisions were rendered in a given year on a particular topic, that topic is not listed in that year's index. For 2004 (and subsequent years), all topics are listed even if no decision on a particular topic was rendered.

### **INDEX TOPICS**

- I. Lodging, meals, and incidental expenses
- II. Transportation expenses of temporary duty travel
- III. House hunting trips
- IV. New employees, retirees, separated employees
- V. Overseas postings (including temporary quarters)
- VI. Temporary quarters
- VII. Real estate transaction expenses
- VIII. Household goods
- IX. Personally owned vehicles and rental cars
- X. Relocation expenses incurred incident to a transfer in the interest of the Government, and within a certain time
- XI. Taxes (WTA and RITA)
- XII. Miscellaneous
- XIII. Meritorious claims
- XIV. Collective bargaining agreements

#### Additional Research

- GSA, the Department of Defense, and the Department of State have a regulatory group that meets monthly to discuss the provisions and benefits in their respective programs.

- The Interagency Travel Management Committee (ITMC) has semi-annual meetings to discuss perspectives on Government travel policies.
- GSA sponsors quarterly Travel & Transportation Workshops around the United States.
- GSA sponsors an annual Exposition, which is a free, open forum with workshops related to the relocation allowance program.
- GSA sponsors periodic “school house” training on relocation and travel.
- The National Travel Forum, a conference sponsored by GSA for Federal travel and relocation professionals, convenes every 2 years.

#### 2.5.4 BEST PRACTICES

Relocation management companies and third-party providers (e.g., servicing Federal agencies) generally have good reputations for providing comprehensive assistance to employees, which includes written materials and professional consultations.

#### 2.5.5 RECOMMENDATIONS

**AM-07:** The Board recommends that GSA rewrite the *Federal Travel Regulation* in a structured, logical, easier-to-use regulatory format and drop the current question and answer format.

**AM-08:** The Board recommends that GSA consider developing a supplementary handbook, such as “Relocation for Novices,” and a Web-based clearing house of Best Practices targeted toward transferees and agency relocation managers.

**AM-09:** The Board recommends that GSA create a “Formal Consultation Mechanism” to meet regularly with Federal agency relocation professionals and appropriate non-Federal relocation industry professionals to share information, benchmarks, and best practices, and to discuss relocation issues and make recommendations to GSA. The Board believes regular communication is critical for an effective and efficient (i.e., not reinvent the wheel) relocation program.

**AM-10:** The Board recommends that GSA, to the extent feasible, work with a committee of experienced agency relocation specialists to accomplish AM-07 through AM-09.

**AM-11:** On behalf of the Board, GSA should ask the Board of Contract Appeals to summarize, categorize, and keep its decisions up to date on the GSBCA Web site.

## 2.6 Emergency Waivers of FTR

### 2.6.1 BACKGROUND

Since September 11, 2002 (i.e., 9-11), the Government has taken many steps to be ready to operate under emergency conditions that may follow a terrorist attack. For example, every agency has a Continuity of Operations Plan (COOP) to be able to carry out its minimal essential functions when required to do so as a result of a terrorist attack, natural disaster, fire, or other condition that prevents the agency from carrying out its work at its normal work locations. Some COOP scenarios contemplate widespread destruction, and it may be necessary to move or establish new operations in a different location. This would include moving large numbers of Federal employees, and in extreme circumstances, these could be permanent moves. Different scenarios must be anticipated, such as:

- Who would move employees physically if contract private carriers were not available due to widespread disruptions and increased demands, or
- How would agencies handle real estate transactions if it were very difficult or impossible to sell homes in particular locations in the aftermath of a disaster, etc?

### 2.6.2 PROBLEM

Some COOP scenarios posit the need to move or to establish new operations in a different location. This could include moving large numbers of Federal employees, and under some scenarios these could be permanent moves. GSA has granted an emergency waiver of certain FTR provisions in the past, but the FTR and Governmentwide guidance to agencies do not make this explicit. Further, how agencies should be prepared to deal with mass moves under emergency conditions (e.g., contaminated housing) is unclear.

### 2.6.3 RESEARCH

Overview of Continuity of Operations Plans (COOP): Agencies establish COOP procedures to ensure that they will be able to resume minimum essential operations within 12 hours of an emergency with or without warning and sustain emergency operations for up to 30 days. A typical COOP plan may:

- Provide essential agency services in the event of a wide range of potential emergencies;
- Protect essential agency facilities, equipment, records (operating, legal, and financial), and assets; and
- Reduce or mitigate disruptions to operations by minimizing the loss of resources and by providing timely and orderly recovery from an emergency and the resumption of full service to agency customers.

COOP plans address local emergencies, regional or national emergencies, and national security emergencies. COOP plans contemplate skeletal operations of essential functions and processes, not overall, long-term performance and/or relocation of operations.

The Board's concern revolves around the question of what happens if emergencies go beyond 30 days, and agencies must relocate large numbers of Federal employees to new areas because the original work space will no longer be habitable. After the 30-day period, agencies would likely request additional work space from GSA. The law and the FTR do not explicitly address mass moves under extraordinary conditions. However, some flexibility does exist; for example, the FTR allows for temporary housing for up to 120 days.

GSA Bulletin FTR 05-2, October 1, 2004, (which is posted on the GSA Web site) provided waivers of certain FTR provisions for temporary duty (TDY) or permanent change of station (PCS) travel of employees to Alabama, Florida, Louisiana, and Mississippi, which were declared by the President to be individual assistance disaster areas in the aftermath of Hurricanes Charley, Frances, Ivan, and Jeanne, as well as Tropical Storm Bonnie. The concern that led to the granting of the waivers was the anticipated difficulty of finding temporary lodging facilities as well as the distances between lodging and work sites within the disaster areas.

The Federal Emergency Management Agency (FEMA) Federal Preparedness Circular (FPC) 65, June 15, 2004 (see [http://www.fema.gov/onsc/docs/fpc\\_65.pdf](http://www.fema.gov/onsc/docs/fpc_65.pdf)): FPC 65 provides guidance to agencies for use in developing contingency plans and programs for COOP. This guidance states that:

“[t]oday's changing threat environment and the potential for no-notice emergencies, including localized acts of nature, accidents, technological emergencies, and military or terrorist attack-related incidents, have increased the need for COOP capabilities and plans that enable agencies to continue their essential functions across a broad spectrum of emergencies. This, coupled with the potential for terrorist use of weapons of mass destruction, has emphasized the importance of COOP programs that ensure continuity of essential Government functions across the Federal executive branch.”

Annex H of Federal Preparedness Circular (FPC) 65, Human Capital: Annex H provides some broad guidance on how emergency plans may interact with and impact on human capital management, including designation of emergency employees, dismissal or closure procedures, human resources policy flexibilities, etc.

#### Additional Research

- Executive Order 12656, Assignment of Emergency Preparedness Responsibilities, November 18, 1988, as amended.
- Interview with staff of the Center for Security and Emergency Actions, Division for Management & Chief Financial Officer, U.S. Office of Personnel Management.
- Interview with staff of General Services Administration, Office of Governmentwide Policy, Office of Transportation and Personal Property, Travel Management Policy Division.
- GSA has authority to waive FTR provisions to the extent those provisions require a deviation from the normal routine travel, transportation, and per diem and or actual expense allowance

due to a national emergency or catastrophic event. Any such waivers remain in effect until rescinded by GSA.

#### 2.6.4 BEST PRACTICES

GSA Bulletin FTR 05-2 demonstrates authority to waive FTR provisions. Federal Emergency Management Agency (FEMA) Federal Preparedness Circular (FPC) 65, June 15, 2004, contains Annex H, which provides skeletal information on human capital policies. Executive Order 12656, Assignment of Emergency Preparedness Responsibilities, provides Governmentwide guidance. Department and agency COOP plans are potential vehicles for contingency planning for specific functions and employee groups.

#### 2.6.5 RECOMMENDATIONS

**AM-12:** The Board recommends that GSA explicitly communicate its authority to waive FTR provisions on a Governmentwide basis, due to a national emergency or local catastrophic event, for agencies operating in affected geographical locations, to the extent those operations require a deviation from normal, routine travel, transportation, and per diem and/or actual expense allowance. The communication should explain that any such waivers remain in effect until rescinded by GSA.

**AM-13:** The Board recommends that GSA convene a meeting with key agencies that have a relocation program and the Federal Emergency Management Agency (FEMA) to discuss contingency planning for emergency situations.

- This should include discussions on whether contingency plans for mass movements under Continuity of Operations Plans (COOP) are necessary.
- GSA should also discuss with the FEMA whether an Annex to FPC 65 should be developed to contain basic information or guidelines for emergency relocation policies.

### 2.7 Flat and Tiered Policies

#### 2.7.1 BACKGROUND

Some might characterize GSA's FTR as offering flat policies (i.e., across-the-board, one size fits all, nondiscretionary entitlements) regardless of occupation, grade, pay level, etc. of the transferring employee. While some core FTR provisions are indeed flat entitlements (e.g., in-route travel expenses for employee and family, shipment of household goods, 90-day storage of household goods, certain real estate transactions [breaking a rental lease, purchasing or selling a residence], and RITA), other FTR provisions are discretionary benefits (e.g., storage of household goods between 91-180 days, house-hunting trips, temporary quarters, home incentive

payments). However, the FTR generally does offer the same relocation benefits to all Federal employees (regardless of occupation, grade, or pay level), but some exceptions exist:

- Senior Executive Service members have limited “last move home” benefits upon separation from Government;
- New appointments to the Government may or may not receive any benefits, and any benefits they receive are quite limited;
- Current Federal employees who apply for a job may be advised by the job vacancy announcement that relocation benefits will not be authorized;
- Some allowances are discretionary (e.g., house-hunting trips); and
- The FTR has an “up to” policy for some of the discretionary benefits that would allow agencies a certain degree of flexibility to provide benefits within an established range.

### 2.7.2 PROBLEM

On the surface, flat relocation policies seem fair, but at least in theory, they could “over” provide and “under” provide Federal employees relative to their needs and be inconsistent with what their counterparts outside of Government may receive. “Over providing” benefits are costly to the Government, especially when employees would not otherwise need or expect such benefits. On the other hand, “under providing” benefits has costs too. Some categories of Federal employees may feel under-valued or called upon to sacrifice financially with regard to their non-Federal peers. In some circumstances, perhaps higher relocation benefits are warranted. On the other hand, employees who have already received a certain level of benefits and expect similar benefits in the future would certainly feel the financial impact of any FTR changes that negatively affect their pocketbooks.

In practice, even though some discretion is provided, the Board believes that most agencies pay the same relocation benefits across the board and that both managers and employees view most relocation benefits as entitlements. Under the across-the-board approach, agencies may be missing opportunities to make strategic decisions to put benefits where they need them the most. Agencies must be concerned with consistency and fairness, but when business-case reasons for making differences exist, agencies appear not to exercise sufficient flexibility to use their limited resources to provide variable-but-justified relocation program benefits. Finally, a general problem may exist in that local agency managers may accept the status quo and not be ready to think and act strategically when special needs arise. For example, managers may assume job vacancies should be posted with or without relocation benefits, following past practices, instead of thinking and acting strategically to use scarce resources as efficiently as possible.

### 2.7.3 RESEARCH

“Flat Versus Tiered Policies for Relocation Allowances” was a study conducted by Cindy Salter and Linda Rothleder for the Best Practices Committee based on Prudential Relocation and Cendant Mobility Services data. (See **Attachment 2-1** for this study.) The study describes

current practices with respect to tiered policies within the Federal Government and the private sector. Some highlights of the study include:

- According to the literature and observed practices, one size does not fit all for cost effective relocation policies.
- Private-sector practices are not identical because they reflect the culture, business objectives and financial resources of companies as they develop and administer relocation policies. In that regard, most private-sector companies tier their policies to some degree.
- “The use of multiple tiers generally helps organizations provide the appropriate levels of relocation benefits to the various levels of employees. They help avoid relocation program structures that are too expensive for the organization or that represent hardship for employees.”
- “Tiered programs typically differentiated between home owner or renter or current employee or new hire. New hire tiers are typically further influenced by experience levels – out of college or transfer from another organization. Typical categories include management, non-management, professional, technical, and executive.”
- Two major relocation management companies reported that about two-thirds of their clients use tiering. Typical client programs have three to four tiers:
  - ✓ Complete home-sale package for executives averaging \$70,000 per move;
  - ✓ Package for middle managers with an average cost of \$45,000-\$50,000;
  - ✓ Package for other exempt employees of about \$35,000; and
  - ✓ Relocation package for newly hired college graduates, which is commonly a \$3,000 lump-sum payment.
- The study suggests that if changes are to be made to the Federal program, gaining acceptance of the changes should “focus on additional benefits for all groups, not limitations of existing allowances and entitlements.”

#### Additional Research

- The Government relocation program has some actual or potential tiered policies in the sense that the FTR grants agencies some flexibility to modify or extend benefits (e.g., many allowances have “up to” dollar amount provisions).
- Agencies may clarify when they post a job announcement for a vacant position whether they will pay for relocation expenses for current Federal employee applicants who move (within the FTR guidelines) to accept a position in the agency. (This would not apply, of course, to directed moves of transferring employees or instances when the Government determines that the move is in the interest of the Government.)
- Cost is an important factor when considering the particular alternative that is most advantageous to the Government.
- The Employee Relocation Council reports that the private sector commonly has some tiered policies targeted to special groups, typically by grade level or salary, and for new hires.  
*Relocation Assistance: Transferred Employees, Worldwide ERC 2005, states:*

“[s]ince 1997, the number of organizations using a tiered-policy approach has increased dramatically from 34 to 67 percent. The most common method of structuring a tiered-policy is based on the employee’s grade or salary level.”

- GRAB Focus Group, GSA Conference, Philadelphia, February 24, 2005, noted that industry participants were more accepting of tiered benefits than Government participants.
- “Where the Jobs Are: The Continuing Growth of Federal Job Opportunities,” a 2005 report by Partnership for Public Service and the National Academy of Public Administration, stated:
  - ✓ the “Government faces some inherent disadvantages in this race for talent”;
  - ✓ “all sectors of the American economy will be increasingly competing with each other for pools of talent that will not grow substantially in size for the foreseeable future”; and
  - ✓ “the pace and impact of technological change and innovation is expected to accelerate and will continue to move the U.S. economy from one based on manufacturing to one built with highly-skilled ‘knowledge workers’.”
- Although agencies may face problems in the recruitment and retention of occupations with high level competencies/skills that are in demand at premium labor prices (e.g., certain medical and information technology occupations), agencies should consider the full range of human capital flexibilities that are available. Some of these human capital flexibilities include recruitment, retention, and relocation incentives, special salary rates, special staffing and appointment authorities, etc., and many more are available on OPM’s Web site. (See <http://www.opm.gov/omsoe/hr-flex/> for information on the *Handbook of Human Resources Flexibilities and Authorities in the Federal Government*.) For example, assistance with the repayment of student loans may be more useful to new recruits than expanded move benefits. Older managers need to consider how younger employees think and what motivates them.

#### 2.7.4 BEST PRACTICES

The study of “Flat Versus Tiered Policies for Relocation Allowances” reported that “[t]he idea is to provide as many no-cost or tax free benefits as possible that in the long run will generate greater economic efficiencies, higher levels of benefits and will secure the trust relationship between the organization and the employee.” The Employee Relocation Council reported that 67 percent of its 211 member organizations use a tiered-policy approach, and the most common method of structuring a tiered policy is by employee grade or salary level.

#### 2.7.5 RECOMMENDATIONS

**AM-14:** Given the short tenure and limited resources the Board has had to accomplish its mission and the priority of other recommendations to help solve the problems encountered, the Board does not recommend restructuring tiered policies in the Federal relocation program at this time.

- The Board believes that agencies should take advantage of human capital flexibilities

already available and encourages agencies to make maximum use of these flexibilities in conjunction with the administration of the relocation program.

- The Board recommends that GSA sponsor a panel discussion on using human capital flexibilities in the Federal relocation program through the Formal Consultation Mechanism, which we address in our recommendation on communication of the relocation program. The panel discussion should include agency relocation specialists and human capital specialists, including representatives of OPM.

**AM-15:** The Board recommends that GSA reinforce and make explicit in the FTR the difference between mandatory and discretionary provisions, including the “up to” relocation program provisions.

**AM-16:** The Board recommends agencies be required to track and evaluate the use of any discretionary provisions in the *Federal Travel Regulation*, including working with local managers to develop specific guidance for the application and use of any discretionary provisions. Agencies that develop best practices are encouraged to share this information with GSA and with other agencies through the Formal Consultation Mechanism.

## **2.8 Human Capital Integration**

### **2.8.1 BACKGROUND**

Strategic human capital management involves bringing the right people, with the right skills, to work, placing them properly, removing barriers to success, and holding people accountable for results. In this way, strategic human capital management is a key enabler of Government transformation. Over time, the value of people to an organization can be increased through forecasting and planning human capital needs, targeting investments in training, enriching job experiences, etc. Increasing the organizational value of people increases the performance capacity of the organization and an agency’s ability to achieve results.

### **2.8.2 PROBLEM**

Why is it important to include a human capital perspective in GSA’s relocation program? The answer is implicit in the kind of “commodity” being moved. Under the GSA relocation program, agencies are not moving office supplies, building materials, or computer hardware from point A to point B; rather, they are moving people (i.e., their human capital) and their possessions. The Board’s study has found that, as agencies incur the substantial costs of relocating employees, no central vision, no answer to the question “why are we doing this,” has been expressly articulated. The Government does manage to relocate approximately 28,000 employees each year. However, if agencies pay to relocate a significant number of employees needlessly, where better options were available, then even if the relocation process itself is handled efficiently, the Government is not acting strategically.

The Government can do a better job of articulating viewpoints and guidelines for making the best use of its resources in planning for and relocating employees. The human capital topic is broad; it starts with “the buck stops here”; that is, who should manage and be responsible for the overall management of the relocation function in agencies? As the Board looked at this topic, we also saw linkages to many other issues, such as:

- Staffing and training issues relating to the make-up of the relocation program workforce;
- The need for ongoing communication with employees about career development, career mobility, and related issues;
- Social considerations and impact of flat versus tiered policies;
- Importance of safeguarding personal information;
- Impact of decisions on posting job vacancies with and without relocation benefits;
- Human element of pilot programs; and
- Effectiveness of employment service agreements.

In short, human capital is everywhere in the relocation program, and the theme deserves more explicit discussion and emphasis.

### 2.8.3 RESEARCH

- President George W. Bush stated on July 11, 2001, in a White House memorandum for heads of executive departments and agencies concerning “Implementing Government Reform,” that “if reform is to help the Federal Government adapt to a rapidly changing world, its primary objectives must be a Government that is citizen-centered—not bureaucracy centered; results-oriented—not process oriented; and market-based—actively promoting, not stifling, innovation and competition.” Later, the President’s Management Agenda was created to set in motion the “intersection” of people, process, and technology with the goal of improving organizational performance, getting results, and holding leaders accountable.
- The President’s Management Agenda states that the Federal Government’s workforce is one of its most valuable assets. “Our employees are a national resource, and the American public expects the Federal workforce to be managed effectively and efficiently on their behalf.” The Congress, through law, also supports this goal and has required agencies to establish a system of human capital management with plans that are “strategically developed, leadership that has authority and accountability, and performance that is measured and continuously improved.”
  - ✓ A key principle of the President’s Management Agenda is the “strategic management of Human Capital.”
- OPM is the President’s advisor on human capital and is responsible for Governmentwide leadership on human capital. (In fact, OPM restructured in 2003 to help agencies meet their human capital transformation efforts.) OPM maintains a portion of its Web site dedicated to

strategic management of human capital. (For further information, see [http://www.opm.gov/Strategic\\_Management\\_of\\_Human\\_Capital/index.asp](http://www.opm.gov/Strategic_Management_of_Human_Capital/index.asp).)

- OPM, the Office of Management and Budget (OMB), and the Government Accountability Office (GAO) collaborated to develop six Human Capital Standards for Success:
  1. Strategic Alignment
  2. Workforce Planning & Deployment
  3. Leadership & Knowledge Management
  4. Talent
  5. Results-Oriented Performance Culture, and
  6. Accountability
  
- OPM assesses the state of human capital practices and partners with OMB in scoring agencies' progress quarterly in the Executive Management Scorecard, which includes five elements:
  1. Expanded E-Government
  2. Competitive Sourcing
  3. Strategic Management of Human Capital
  4. Improved Financial Performance, and
  5. Budget and Performance Integration.
  
- By law, each Department and the largest Federal agencies are required to have a Chief Human Capital Officer (CHCO).
  
- The CHCOs are organized under the Chief Human Capital Officer Council, which has a Web site at <http://www.chcoc.gov/>.
  - ✓ OPM, OMB, and various agencies have voiced concerns about the lack of awareness and integration of human capital viewpoints and explicit guidance into the management and administration of the relocation program at all levels. Generally, employee relocations are fragmented among acquisition, accounting, budget, and financial interests, with insufficient visibility of leadership and management from the human capital interests.
  - ✓ At a December 14, 2004, Chief Human Capital Officers meeting at OPM, the CHCOs endorsed the concept that human capital management concerns should guide the relocation program.
  
- Title 5, United States Code, and Title 5, Code of Federal Regulations, contain many Human Resources Flexibilities, such as pay flexibilities (e.g., recruitment, retention, and relocation incentives) and non-pay flexibilities (e.g., flexible work schedules, telework) that are important tools to work with the relocation program to help get the right people/skills in the right place to accomplish an agency's mission in the most cost-effective manner. Further information about human resources flexibilities is available on OPM's Web site at <http://www.opm.gov/omsoe/hr-flex/> and <http://www.opm.gov/oaca/>.

- Interviews with officials of the Center for General Government, Division for Human Capital Leadership & Merit System Accountability, OPM.
- Private-sector best practices, viewpoints and guidance are available and applicable. Non-Federal members of the Board confirm that the management of the vast majority of private industry relocation programs resides in the human capital (human resources) function.
- Myra Shiplett, Project Director, Academy Studies, National Academy of Public Administration (NAPA), spoke to the Board at the February 16, 2005, meeting. Ms. Shiplett reported the results of a recent study conducted by NAPA and the Partnership for Public Service entitled, “*Where the Jobs Are: the Continuing Growth of Federal Job Opportunities.*” Go to: [http://www.ourpublicservice.org/research/research\\_show.htm?doc\\_id=260717](http://www.ourpublicservice.org/research/research_show.htm?doc_id=260717)
- Ms. Shiplett noted that:
  - ✓ The NAPA study considered Federal hiring needs and hiring projections by occupational category with comparisons to projected private-sector demands. The study revealed that there will be a great number of positions opening at all grade levels.
  - ✓ In terms of relocation, relatively little interest in relocations will exist at the entry level, but many more will exist at the mid (General Schedule [GS]-11-14) and senior (GS-15 and Senior Executive Service or equivalent positions) levels. In fact, mobility is a critical ingredient in what agencies are looking for in their senior staff hires. The ideal profile would be a candidate who had occupied a series of different positions across the country in both the public and the private sectors.
  - ✓ The public and private sectors will be competing for the same pools of talent. The pools of available domestic talent will grow at a slower rate than needed for the foreseeable future. “Government faces some inherent disadvantages in this race for talent.”
  - ✓ The pace and impact of technological change and innovation is expected to accelerate, and the economy will continue to change from one based on manufacturing to an economy dependent on “knowledge workers.” This shift places a premium on having a highly skilled, flexible workforce. The workforce of the future will place a premium on abstract reasoning, problem solving, communications and collaboration skills. Job growth is expected to be greatest in computer science, IT, mathematics, health care and education. The workforce of the future must also be able to adjust to continuous change, and to live with a level of ambiguity greater than we have traditionally seen.
  - ✓ For the first time, every one of the 15 departments and 9 independent agencies that participated in this study, and which represent more than 95 percent of all Federal executive branch employees, has a strategic human capital plan directly linked to the agency’s strategic plan. Some of those also have more detailed workforce plans for recruitment, succession planning, and leadership development. This is a major step forward and provides a sound basis for linking other administrative infrastructure issues with those of human capital. For example, as agencies shape and reshape their workforces, they will move employees both organizationally and geographically.

- ✓ The policies and procedures for moving employees—both current employees and new hires—can become focused tools to support these strategic and tactical decisions. To do so, however, the relocation policies and procedures will need to be more flexible and less monolithic. Examples include:
  - The ability to structure the human capital and relocation program so that they reinforce each other to help agencies get the right people where they need them. The relocation program should be a part of the human capital strategy, including succession planning;
  - The ability to assist both the agency and the employee in achieving the organization’s strategic objectives, while meeting individual employee needs more directly;
  - The ability to tailor the benefits offered to employees based on their individual interests or needs (e.g., relocation costs, repaying student loans, finding a new home, or other individual needs);
  - The ability to institutionalize how younger employees think and what motivates them. In the future, people will most likely contemplate a career as working in multiple jobs in multiple organizations, not cradle to grave in one company; and
  - The ability to pay for some but not all relocation expenses (i.e., spend money wisely).
  
- Mark Doboga, Deputy Associate Director, Center for Talent and Capacity Policy, Strategic Human Resources Policy Division, Office of Personnel Management, spoke to the Board at the February 16, 2005, meeting. Mr. Doboga began his remarks with OPM’s perspectives on the Federal sector’s current human capital environment and the implications for the relocation allowances program by defining “human capital” as the sum total of human resources owned, leased, borrowed or exchanged. OPM believes that the strategic management of human capital calls for a transformation in the employment, deployment, development and evaluation of the Federal workforce with results in mind. Among Mr. Doboga’s remarks were:
  - ✓ Relocation is not just a recruiting strategy; it can also be a development strategy. Relocation is not just a change in permanent duty station—it can also be temporary, it can be for schooling, it can be an integral part of learning and development;
  - ✓ The employment paradigm has changed from employees working in the same place and generally in the same occupational field for their entire career to a more dynamic and mobile workforce. When we compare a few current statistics against those from 1978, we see how the demographics of the Federal workforce have changed over the years:

**Table 2-A: Employment Paradigm**

<b>Demographic</b>	<b>2005</b>	<b>1978</b>
Average age of employees	46	41
Percentage of women in workforce	45%	37%
Minority representation	31%	21%
Average General Schedule grade	GS-10	GS-8

- ✓ More workers are covered by the new Federal Employees Retirement System (FERS) than by the older Civil Service Retirement System (CSRS). FERS is a more flexible, three-piece portable retirement system that includes Social Security and the Thrift Savings Plan, which enables mobility.
- ✓ A Government Accountability Office (GAO) Report 01-263 (2000) reported that “Federal payroll was reduced by approx 325,000 from 1993 to 2000 without sufficient planning – thru reduced hiring or hiring freezes,” and GAO put human capital on the high-risk list in 2001. It is still on that list in 2005.
- ✓ The President’s Management Agenda, with its Strategic Human Capital Management element, places an emphasis on workforce planning for the first time. OPM plays a leadership role in guiding agencies in their strategic human capital planning.
- ✓ Clearly, the use relocation programs needs to be an integral part of human capital planning in today’s environment. The question is: will you really be able to get the right skills at the right time and the right place if you only look locally? We need to be able to compete for the best and brightest, and we need to make the investment and ensure we get a return on that investment. Agencies should consider recruitment and relocation allowances as part of their overall agency human capital strategy.

#### 2.8.4 BEST PRACTICES

Most private firms place management of the relocation program under the auspices of human capital. Model systems link and integrate human resources with the financial management aspects of the program. The geographic movement of employees should be managed with human capital principals in mind.

#### **2.8.5 RECOMMENDATIONS**

**AM-17:** The Board supports the concept that human capital is found everywhere in the relocation program and the human capital theme deserves more explicit discussion and emphasis.

- As the President’s advisor on human capital, OPM (specifically, the Division for Human Capital Leadership and Merit System Accountability) should facilitate Government-wide discussion of the human capital implications of relocation policies among agency CHCOs. This should include formal discussions with the CHCO Council.
- The Board anticipates that OPM Human Capital Leadership would advocate that

relocation policies be part of an agency's strategic management of human capital and would encourage agencies to craft an overall relocation policy as part of their other strategic human capital efforts.

- The Board urges that agency oversight of the human capital aspects of the relocation program reside with or be coordinated with the agency's human capital function or under the CHCO, where applicable.

**AM-18:** As part of their human capital strategies, the Board urges agencies to include in their relocation program mission statements (see AM-05 above) an explicit statement of the human capital viewpoint and accompanying policies and guidance for making the best use of its resources in planning for and relocating employees.

- The written policies and procedures should address the needs of agency officials who administer the relocation program, agency supervisors who manage functions that are dependent on relocated employees, and relocating employees themselves.
- In light of expected major changes in the Federal workforce, this should be connected to the agency's detailed workforce plans for recruitment, succession planning, and leadership development.

**AM-19:** The Board recommends that GSA use the Formal Consultation Mechanism (which we address in our recommendations on the communication of the relocation program) as a primary vehicle for sharing information on agency mission statements in its promotion of human capital philosophies.

## **2.9 Pilot Program Authority**

### **2.9.1 BACKGROUND**

Currently, law provides GSA with a key flexibility tool—the authority to approve agency travel-expenses test programs (i.e., pilot programs). As with other programs and processes, new ideas and innovations are a natural response to solving existing problems. Technology continues to advance. New laws, cultural changes, and market forces continuously bring about change.

### **2.9.2 PROBLEM**

Although some agencies have introduced pilot programs to evaluate new approaches in the relocation program, the concern is that no permanent mechanism exists to encourage, conduct, evaluate, and share information Governmentwide on new approaches. The GSA pilot program authority expires in October 2005.

However, the problem is deeper than the expiration of the temporary authority. First, relocation policies in the private sector generally change quickly to adapt to ever-changing conditions (e.g.,

changes in business needs, effect of general economic conditions, supply and demand of labor, competitive industry practices, etc.). Best practices are evaluated constantly, modified as needed, and quickly incorporated. Second, changing a Federal law may be difficult and time consuming. Agency budgets, including plans for legislative proposals, are often prepared years in advance. Particularly frustrating is that statutory changes are often needed for periodic adjustments, tweaking of provisions, or clarifications, rather than wholesale policy changes. As the world changes, Government agencies are handicapped because they are unable to adjust quickly and develop and implement more efficient and effective policies.

### 2.9.3 RESEARCH

- Subsection 5 (b) of Public Law 105-264 (5 USC §5739) permits the Administrator of General Services to authorize agencies to test new and innovative methods of reimbursing relocation expenses without seeking authorizing legislation or a waiver of regulations. This is a temporary authority that expires on October 20, 2005.
- Tapes from the 2004 Employment Relocation Council conference (i.e., pilot programs for Customs & Border Protection, Department of Homeland Security and Federal Bureau of Investigation [FBI], Department of Justice).
- The GSA-approved Customs & Border Protection (CBP) pilot program began in April 2004. The pilot program provides lump-sum payments, ranging from \$5,000 to \$20,000 to volunteer transferees. Over two-thirds of the CBP agents moved themselves to their new duty stations: 11 percent used a moving company and 21 percent used a mix of both movers and their own means of transportation. The union supports the pilot program.
- Mr. Bill Fouts and Agent Richard Hudson provided an overview of the CBP lump-sum pilot program at the March 23, 2005, Board meeting and presented the following information:
  - ✓ 295 relocations performed (end of FY '04); average cost \$14,331; cost savings of previous average of \$72,000 per move; savings \$17,000,000;
  - ✓ CBP views program favorable due to savings and reduced administrative overhead;
  - ✓ No post audits of transfers;
  - ✓ No tax gross-up issues;
  - ✓ CBP handles more transfers with same staff;
  - ✓ Survey of participants rated overall program “good”; lump-sum amount “fair”; primary complaint – small net amount due to tax withholdings.
- CBP recommended the following:
  - ✓ Expand pilot (subject to GSA approval);
  - ✓ Increase lump-sum amounts to offset tax liability to transferees;
  - ✓ Improve communications;
  - ✓ Streamline approval process to expedite payments.

- GSA approved the FBI’s Relocation Test Program on March 20, 2003. The program became effective on April 20, 2003, and ended on April 20, 2005. The test has been extremely successful in providing the FBI with the flexibility in recruitment of vital private-sector personnel and the authority to provide a myriad of relocation benefits to fill positions deemed critical in addressing the war on terrorism.
  - ✓ Example I: During FY 2002 alone, the FBI processed 878 fixed-rate temporary quarters claims for a total of approximately \$5.9 million, with the average claim being \$6,700. The maximum allowable under actual expense for a family of four for the first 30-day period equates to \$8,190. This represents a savings of \$1,490 for each employee electing the fixed-rate method of reimbursement. With 878 employees electing this method, total savings was more than \$1.3 million.
  - ✓ Example II: The FBI used a tiered approach that would give more relocation benefits to employees hired in critical occupation series positions. Reduction in benefits would be given to non-critical hires below GS-12 who are transferred in CONUS. The program is cost neutral and has been accomplished within budget for both Fiscal Years 2003 and 2004.
- Until recently, the Government required a nine-part paper form to be used as a “bill of lading.” This was an often ignored archaic process. Currently, an electronic form is permitted. Many other procedures and forms should be changed, but rather than require the uniform application of new forms or procedures, testing the “better ideas” to get the wrinkles out first would be beneficial.
- Chapter 47 of title 5, United States Code, provides OPM with permanent authority to conduct “demonstration projects” to “determine whether a specified change in personnel management policies or procedures would result in improved Federal personnel management.” Although this authority is not available for the relocation example and has many limitations (e.g., not more than 10 active demonstration projects may be in effect at any time, not more than 5,000 individuals may be involved in any single demonstration project, projects may last no more than 5 years), it is an example of another Government pilot project authority.

#### 2.9.4 BEST PRACTICES

Private-sector organizations have more flexibility to change relocation policies quickly in line with needs and trends. They are also free to experiment with alternative approaches and can be more flexible and more responsive to their employees’ needs. Two pilot tests in the Federal Government—although not yet fully evaluated—show promising results.

#### **2.9.5 RECOMMENDATIONS**

**AM-20:** The Board recommends that GSA seek permanent statutory authority to authorize relocation pilot programs.

- In effect, GSA would be able to maintain its current temporary authority to authorize agencies to test new and innovative methods without seeking authorizing legislation or a waiver of regulations on a permanent basis.
- The Board anticipates that relocation pilot programs will lead to more effective relocation policies and save the Government money.

**AM-21:** When any pilot-program experimentation is completed and evaluated by an agency, and after GSA completes its own evaluation of the implications of the results on the rest of the Governmentwide relocation community, GSA should share the results of the pilot program with Federal agencies through the Formal Consultation Mechanism we address in our recommendations on communication of the relocation program.

**AM-22:** The Board recommends that GSA seek permanent statutory authority to make permanent changes in the Federal relocation program based on the results of pilot programs to:

- Permit the original pilot program agency or agencies to implement the desired changes in its relocation program; or
- Permit all agencies to implement the same changes in their relocation programs.

**AM-23:** The Board acknowledges the difficulty the GSA faces in obtaining an act of Congress to implement permanent changes in the relocation program as a result of pilot programs.

- The Board supports efforts by GSA to find new ways to obtain more flexibility and speed to implement changes in relocation provisions that will make the Government relocation program more responsive, efficient, and effective.
- The Board understands this could entail the development of a legislative proposal, and the Board regrets it does not have the expertise to provide a specific legislative proposal.
- The Board anticipates that any new statutory authority granted to GSA would include provisions for GSA to initiate Governmentwide changes on its own initiative (or through recommendations set forth via the Formal Consultation Mechanism) for all agencies without experimentation, while other provisions might first be subject to individual agency or group agency experimentation and evaluation before being available on a Governmentwide basis.

## **2.10 Safeguard Personal Information**

### **2.10.1 BACKGROUND**

Personal data on employees who receive relocation payments may be stored in paper or electronic format at Federal agencies, relocation management companies, contractors and sub-contractors, including third-party offshore/overseas processing centers. Personal data include name, social security number, home address, home phone numbers, names of dependents, etc.

Personal data may be transferred by mail, phone, FAX, and email. In the post 9-11 environment, release of information on certain groups, such as Federal Bureau of Investigation (FBI) agents and Homeland Security criminal investigators, is of special concern.

#### 2.10.2 PROBLEM

In the post 9-11 world, the Government cannot compromise the personal and financial information of its employees. Identity theft is a growing concern, including when relocation management companies and vendors use offshore/overseas processing centers. Personnel who process relocation payments, both inside and outside of Government, including those working in offshore/overseas processing centers, may not necessarily have undergone background/criminal investigations, but they will have access to the personal and financial data of relocating employees. (Many Federal agencies require background checks/criminal investigations of all their employees.) No standard requirements exist in industry for background investigation and drug-use checks, and the expense for these services varies by requirements levels.

#### 2.10.3 RESEARCH

The Freedom of Information Act (5 USC §552): Under the Freedom of Information Act (FOIA) and the Privacy Act, Federal agencies must disclose records requested in writing by any person. (However, Privacy Act requests can be honored only if they come from the individual requesting the information.) Agencies cannot release information and records that are protected by one or more of the nine FOIA exemptions or the three exclusions contained in the FOIA statute. The nine exemption categories that authorize Government agencies to withhold information are:

- 1) classified information for national defense or foreign policy;
- 2) internal personnel rules and practices;
- 3) information that is exempt under other laws;
- 4) trade secrets and confidential business information;
- 5) interagency or intra-agency memoranda or letters that are protected by legal privileges;
- 6) personnel and medical files;
- 7) law enforcement records or information;
- 8) information concerning bank supervision; and
- 9) geological and geophysical information.

The three exclusions are rarely used and pertain to particularly sensitive law enforcement and national security matters. Each Federal agency is responsible for meeting its FOIA responsibilities for its own records.

The Privacy Act (5 USC §552a) and OPM regulations (5 CFR 297 [Privacy Procedures for Personnel Records]): The Privacy Act of 1974 can generally be characterized as an omnibus "code of fair information practices" that attempts to regulate the collection, maintenance, use, and dissemination of personal information by Federal executive branch agencies. The Privacy

Act is codified in 5 USC §552a, and implementing regulations are found in 5 CFR 297 (Privacy Procedures for Personnel Records). OPM has Governmentwide responsibility for various systems of records maintained on Federal employees and issues guidance on the Privacy Act and the access and use of Federal personnel records.

The Privacy Act applies to records maintained by executive branch agencies. Under 5 USC §552a, “no agency shall disclose any record which is contained in a system of records by any means of communication to any person, or to another agency, except pursuant to a written request by, or with the prior written consent of, the individual to whom the record pertains,” with some exceptions. One of the exceptions is if the disclosure of the record would be for a routine use. OPM publishes each routine use of the records contained in the system, including the categories of users and the purpose of such use, in the *Federal Register*. Routine use “jj” as published in the *Federal Register* is “[T]o disclose information to contractors, grantees, or volunteers performing or working on a contract, service, grant, cooperative agreement, or job for the Federal Government.”

5 CFR part 293 provides the regulations concerning personnel records. Specifically, regulations regarding safeguarding information about individuals can be found in § 293.106 and special safeguards for automated records are in § 293.107.

Background Investigations and Drug Use Checks: No standard requirements exist in industry for background investigation and drug-use checks, and the expense for these services varies by requirements levels. An agency must sponsor a third party entity before it can pay for these costs. Agency contracts can and should require background checks of all individuals who will obtain and process personal information of Government employees. The contract can be written to extend this requirement to subcontractors, including offshore processing centers.

Executive Order 12968 (August 2, 1995) requires that “All employees shall be subject to investigation by an appropriate Government authority prior to being granted access to classified information and at any time during the period of access to ascertain whether they continue to meet the requirements for access.” The definition of “employee” includes “an industrial or commercial contractor, licensee, certificate holder, or grantee of an agency, including all subcontractors.” However, personal data on employees who receive relocation allowances would be sensitive, but unclassified information. No Government-wide requirement stipulates that contractors or subcontractors who have access to sensitive data must be investigated.

The Computer Security Act of 1987: The Computer Security Act of 1987 requires each agency with a Federal computer system to establish a plan for the security and privacy of sensitive information. Agencies may require investigations for people who have access to sensitive information on a computer system as a part of their plan.

Federal and non-Federal Investigations: Investigations fall into one of two categories: Federal and non-Federal. Non-Federal investigations primarily involve checking public records. Federal

investigations include a check of national agency records, such as an FBI fingerprint search for any arrest information, a criminal record check at the appropriate law enforcement agencies, and verifying other personal information. For personnel with access to classified information, the investigation is more rigorous and covers more areas. Agencies may request Federal investigations for contractors or subcontractors. OPM has a contract with Federal investigators and six companies that do the field work for Federal investigations.

OPM requires that every applicant for Federal employment must be investigated. The level of investigation for a particular applicant is linked to the status and responsibilities of the employee's position and the related sensitivity designation that is assigned, using Government-wide standards and criteria in accordance with longstanding legal requirements. The regulations at 5 CFR part 731 state the criteria and procedures for making determinations of suitability for employment in positions in the competitive service and for career appointment in the Senior Executive Service pursuant to 5 USC §3301 and Executive Order 19577. The regulations at 5 CFR part 732 stipulate the requirements and procedures for determining national security positions.

#### Additional Research:

- Interview with staff of Center for HR Systems Requirements & Strategies Policy, Division for Strategic Human Resources Policy, OPM.
- Interview with staff of Center for Federal Investigative Services, Division for Human Resources Products and Services, OPM.
- Homeland Security Presidential Directive/HSPD-12, August 27, 2004. HSPD-12 states that "it is the policy of the United States to enhance security, increase Government efficiency, reduce identify fraud, and protect personal privacy by establishing a mandatory, Government-wide standard for secure and reliable forms of identification issued by the Federal Government to its employees and contractors (including contractor employees)."

“ ‘Secure and reliable forms of identification,’ for purposes of this directive means identification that (a) is issued based on sound criteria for verifying an individual employee's identity; (b) is strongly resistant to identify fraud, tampering, counterfeiting, and terrorist exploitations; (c) can be rapidly authenticated electronically; and (d) is issued only by providers whose reliability has been established by an official accreditation process. The Standard will include graduated criteria, from least secure to most secure, to ensure flexibility in selecting the appropriate level of security of each application. The Standard shall not apply to identification associated with national security systems as defined by 44 USC §3542(b)(2).”

#### 2.10.4 BEST PRACTICES

Executive Order 12968 requires employees (including “an industrial commercial contractor, licensee, certificate holder, or grantee of an agency, including all subcontractors”) to be subject to investigation by a Government authority for access to classified information. However, no

Governmentwide requirement establishes that contractors or subcontractors who have access to “sensitive” data (like relocation data) be investigated.

The Computer Security Act of 1987 requires agencies to have plans for the security and privacy of sensitive information, but this would not apply to systems the Government does not maintain.

The Privacy Act (5 USC §552a), Freedom of Information Act (5 USC §552), and OPM’s regulations (Privacy Procedures for Personnel Records, 5 CFR 297) require safeguards.

### **2.10.5 RECOMMENDATIONS**

**AM-24:** The Board recommends that GSA caution agencies about the need to appropriately safeguard personal and financial information through the FTR or supplemental guidance.

**AM-25:** The Board supports the objective that a Government contract can and should specify that personal information is subject to the Privacy Act. That is, personal information should be secured against unauthorized access and limited to those whose official duties require such access. The greater the sensitivity of the information, the greater the protection should be. The Board supports efforts by Presidential or other Governmentwide directives (e.g., Homeland Security Presidential Directive/HSPD-12) to prescribe that Government contractors and subcontractors who process sensitive relocation information must have secure and reliable forms of identification, security checks, and drug screening, as appropriate and applicable.

## **2.11 Service Agreements**

### **2.11.1 BACKGROUND**

When an agency pays travel and transportation expenses under the relocation program, Federal employees are required to agree in writing to remain in Government service for 12 months after their appointment or assignment, unless separated for reasons beyond their control and acceptable to the agency. If the individual violates the agreement, the money spent by the Government for the expenses is recoverable from the individual as a debt due the Government. (See 5 USC §5723(b).) The written agreement is referred to as a “service agreement,” and it is typically a manual record (i.e., not automated) that may be placed on the left side of the employee’s Official Personnel Folder (OPF). (The right side of the OPF is reserved for documents authorized by the OPM for long-term retention).

### **2.11.2 PROBLEM**

Many times, service agreements are not placed in an employee’s OPF in a timely manner and often are not available when employees move from one agency to another. In extreme cases, an employee who relocates with a service agreement that requires a 12-month period of service with

the Federal Government (i.e., the requirement is not agency specific) in exchange for payment of relocation expenses may move to a second Federal agency while still under the 12-month service agreement and subsequently leave Government before ever completing the original 12-month agreement. Under the law, in most cases, the employee is obligated to pay back all of the relocation expense reimbursements. Agencies have authority to recover the debt, including by offset to the employee's Federal annuity. However, in practice, the employee may not be billed because the losing agency (which is responsible for recovering the debt) does not know the employee has left Government or the gaining agency does not have all the paperwork it needs (or determines that the administrative burden of obtaining all the documentation that is needed to settle this matter is not cost efficient).

### 2.11.3 RESEARCH

- OPM does not authorize a “nature of action code” for SF-50s applicable to FTR relocation benefits or service agreements. However, SF-50 documentation of employee movements from one geographic location to another is available in OPM's Central Personnel Data File (CPDF), but the information does not distinguish between those employees who move at their own expense versus those who receive FTR benefits.
- Data on Changes in Geographic Employment: OPM researched and provided data to the Board from the CPDF for Fiscal Year (FY) 2003 that covered more than 100 executive branch agencies that report to CPDF. The data are interesting but not conclusive, because the database:
  - (1) Includes all geographic changes (i.e., duty station changes of an employees' positions, whether or not employees receive relocation payments),
  - (2) Cannot distinguish whether the agency or employee initiated the geographic move, and
  - (3) Includes only white collar occupations of agencies that report to the CPDF.

Among other things, the FY 2003 data show the number of relocated employees; employment and geographic and duty station changes in the top 15 agencies; and the top occupations and pay plans that change duty stations. (See **Attachment 2-2.**)

- E-Government Initiatives: OPM's Web site provides information on a promising development that may assist agencies in tracking service agreements. One of the 24 QuickSilver e-Government initiatives designed to support the President's Management Agenda is Enterprise Human Resources Integration (EHRI), which will support human resources management across the Federal Government at all levels from front-line employee to senior management. When fully implemented, EHRI will replace the current Official Personnel Folder (OPF) with an electronic employee record for all executive branch employees, resulting in a comprehensive electronic personnel data repository covering the entire life cycle of Federal employment.

EHRI is developing policies and tools to streamline and automate the electronic exchange of standardized HR data needed for creation of an official employee record. The EHRI tool set and central data repository will provide comprehensive knowledge management workforce analysis, forecasting, and reporting across the executive branch for the strategic management of human capital. One capability that is of interest to the relocation program is that agencies will be able to create and track “electronic remarks.” For example, agencies could add a remark in the electronic employee record in conjunction with an authorized personnel action that indicates the dates of an employee’s 12-month service agreement. This would provide the current (and future “gaining” agency, if applicable) the ability to track and report service agreements. (See **Attachment 2-3.**)

- **Board Survey Question:** Two questions for the May 12, 2005, Board survey concerned relocation service agreements:
  - ✓ Does your agency document service agreements in the employees' Official Personnel Folders (OPFs)?
  - ✓ Would your agency be in favor of using a remark (optional or required) on the Standard Form 50 (SF-50) in the future that would make it possible to track and report service agreements for employees with paid relocations?

#### 2.11.4 BEST PRACTICES

Accurate tracking and reporting of service agreements, compliance with the law and FTR requirements, effective use of OPFs/electronic employee records, audits of transferring employees, accurate reporting, and cost savings are all valid reasons for using future Enterprise Human Resources Integration (EHRI) capabilities to track and report service agreements for employees with paid relocations.

#### **2.11.5 RECOMMENDATIONS**

**AM-26:** The Board recommends that agencies, with respect to the 12-month service agreement period, assure that Official Personnel Folders (OPFs) contain up-to-date relocation service agreements.

**AM-27:** The Board recommends that both losing and gaining agencies establish a “check-list” of procedures to assure that relocation service agreements transfer in OPFs with employees and that the gaining agency reviews such service agreements.

**AM-28:** The Board recommends that, as OPM, GSA, and individual agencies move further into the e-Government age, agencies create electronic service agreements as part of their electronic recordkeeping improvements.

**AM-29:** The Board recommends that agencies monitor the progress of Enterprise Human Resources Integration with the electronic employee record (which will replace the OPF), and, in

the meantime, use the following standard electronic “remark” on the SF-50 to track and report service agreements: “Relocation expenses paid to or on behalf of the employee per Service Agreement which expires on [date]” and that agencies monitor the progress of Enterprise Human Resources Integration with the electronic employee record (which will replace the OPF).

## 2.12 Staffing

### 2.12.1 BACKGROUND

Most agencies in the executive branch of the Federal Government currently operate under the General Schedule (GS) classification system, but no prescribed approach exists for assigning work to administer the relocation program. Under the Governmentwide classification and position-management system, agencies have authority and flexibility to assign work to positions at appropriate grade levels and occupational series to administer the relocation program, including advising and assisting employees to relocate. Larger agencies may have full-time relocation specialists and counselors, while smaller agencies may have a mix of full-time and part-time positions or rely on administrative generalists who perform other work. Depending on an agency’s program needs and budget, the ongoing workload may not be consistent throughout the year. The number of new relocations may change from season to season or year to year, and the change in workload may be significant and difficult to manage.

### 2.12.2 PROBLEM

Larger agencies may have full-time relocation specialists and counselors, while smaller agencies may have a mix of full-time and part-time positions or rely on administrative generalists who often perform other work. Periodic or seasonal changes in relocation program work requirements also occur, and the change in workload may be significant and difficult to manage. Employees working in relocation functions see differences in classification and grading of positions among agencies, and some employees may feel “generalists” are not qualified to offer the best assistance.

### 2.12.3 RESEARCH

- The Subcommittee met with the Standards, Competencies and Assessment Development Group, Center for Talent and Capacity Policy, Division for Strategic Human Resources Policy, Office of Personnel Management (OPM) and reviewed Federal classification policies and standards.
  - ✓ See **Attachment 2-4** for a brief overview of the Federal classification system.
  - ✓ See OPM’s Web site at <http://www.opm.gov/fedclass/> for classification, job-grading, qualification standards and related materials.
- The Central Personnel Data File (which OPM maintains for executive branch agencies) cannot identify employees who perform relocation work at agencies. Relocation specialists

are assigned to a number of different occupational series, depending on the additional work they perform and the associated qualifications for that work.

- OPM has not established an occupational series for relocation specialists, as agencies have not identified a need for such a series. This is not unusual; indeed, the reverse would not be expected. Individuals who perform relocation program work are classified in a number of occupational series, depending on the work they perform and associated qualifications for that work.
- Most qualification standards permit applicants for a particular position or occupation to qualify on the basis of years of education and training, experience, or a combination of the two. OPM has not established educational requirements for relocation specialists and does not require any particular certification.
- OPM is currently exploring a competency-based approach that will enable individuals to qualify for a position by demonstrating that they possess the competencies required to perform the duties of the job. In a number of studies, OPM has identified the required competencies and critical duties for a wide range of occupations. While these studies did not identify either the general or technical competencies required for relocation specialists, many of the general competencies (e.g., Problem Solving, Oral Communication) are important across multiple administrative occupations and would be useful for agencies in any relocation workforce analysis.
- OPM has a system (HR Manager) that links competencies to occupations/grades based on survey data and which could be used to look at the competencies required for a particular occupational series. OPM also has a comprehensive listing of competencies for various occupations, including professional and administrative, clerical and technical, effective leadership, information technology, trade and labor, and science and engineering.

#### 2.12.4 BEST PRACTICES

Many private firms have specialized (trained) personnel or use the expertise of 3<sup>rd</sup> party relocation service firms. A non-Federal certification—“Certified Relocation Professional”—is available from the Employee Relocation Council.

#### **2.12.5 RECOMMENDATIONS**

**AM-30:** The Board understands that OPM defers to agencies on the best ways to staff their relocation programs. Further, the Board understands that developing a separate Governmentwide occupational series for relocation specialists does not appear feasible because the Government is moving towards more flexible job classification and pay systems, which include banding one or more levels of work in pay bands. The Board recommends that agency relocation program managers work with their CHCO or Director of Human Resources, as

applicable, to determine the best way to staff their relocation programs.

**AM-31:** The Board urges agencies to take this historic opportunity, while the Government is reviewing and implementing change in the Federal relocation program, to re-examine how they staff their relocation program and to assure that they have the right mix of skills and staffing levels to assist and advise their relocating employees properly.

**AM-32:** The Board recommends that GSA discuss (through the Formal Consultation Mechanism addressed in the recommendations on communication of the relocation program):

- Best practices in Federal agencies for staffing relocation specialist positions, and/or
- The potential for developing a competency-based approach that will enable individuals to qualify for a position by demonstrating that they possess the competencies required to perform the duties of the job.

## **2.13 Training, Certification**

### 2.13.1 BACKGROUND

No specific education, qualification, or training requirements for Federal relocation specialists exist in the Federal Government, other than those generally required for grade/level of work under the General Schedule or under an agency's accepted classification system. Typically, employees learn their technical skills through on-the-job training, supplemented, to some extent, by formal training. Training (Federal-specific and general industry) is available from a variety of Federal and private sources, including GSA travel, transportation, and relocation classroom training and conference workshops. In addition, a non-Federal certification – "Certified Relocation Professional" (CRP) – is available from the Employee Relocation Council (ERC).

### 2.13.2 PROBLEM

Many Federal relocation specialists may not have the full range of knowledge or tools they need to assist and advise relocating Federal employees properly. Knowledge of the provisions of the FTR alone is insufficient. Some managers have told us that the level of expertise and caliber of well educated/trained Government employees tasked with managing relocation programs is very limited. This is attributable to limited funding for training, staffing, etc. In fact, in some agencies, funding for advanced learning opportunities is very limited (if not almost non-existent). Some Government units are not aware of professional organizations, such as the Employee Relocation Council, that afford excellent opportunities to network with other relocation professionals, benchmark and learn best practices, and obtain enhanced continuing educational opportunities. The Government does not always recognize that relocation is a "human capital" investment. More often than not, many view relocation in terms of budget object classes, filling slots, number crunching, expense items, moving furniture, etc. In any event, a general

conclusion is that relocation managers and their staff do not receive adequate opportunities for training.

### 2.13.3 RESEARCH

- GSA, Federal agency, and non-Federal training courses/programs are available on the Internet, at periodic conferences, workshops, and other sources.
- OPM is responsible for general Government training policies. The Training and Development Group, Center for Talent and Capacity Policy, Division for Strategic Human Resources Policy, briefed GRAB representatives. Generally, agencies have broad authority to pay for Federal and non-Government sources of training, including expenses for examinations that lead to certification (such as Worldwide ERC's Certified Relocation Professional).
  - ✓ An overview of the Federal training rules (5 USC §§4101(4), 4109, and 5757) are provided in **Attachment 2-5**.
- Worldwide ERC has information on its Web site about its certification program. The Vice President, Worldwide ERC, and Director, Professional Development & Training, briefed GRAB representatives.
  - ✓ An overview of the Certified Relocation Professional program is in **Attachment 2-6**.
  - ✓ An overview of Certified Relocation Professional certification eligibility and required examinations is in **Attachment 2-7**.
- Based on the Worldwide ERC briefings and further discussions among GRAB representatives and with relocation specialists, the Board believes an exam with potential for a "Certified Relocation Professional-Government (CRP-G)" certification is both feasible and desirable. A sample outline for implementing this approach might be:
  1. Government employees who qualify could sit for Worldwide ERC's current CRP exam. This exam is administered once a year at the annual Worldwide ERC conference and at regional sites (such as Washington, DC) where members are located.
  2. Before, during, or after ERC CRP certification, Government employees could take a GSA-administered or approved course(s) or undertake self-study on the provisions of the FTR and/or other relevant program materials.
  3. Worldwide ERC could work with GSA to develop an online exam to test the employee's knowledge of the GSA-administered or approved course(s).
  4. After successfully completing both the CRP and online GSA exam, the Government employee (and potentially those who wish to provide services to Government agencies) would earn a CRP-G designation.
- Worldwide ERC and the Board developed the following cost estimates:

**Table 2-B: Cost Estimates for Initial CRP-G Certification\***

Item	Cost Estimates
Registration	\$225.00
Source Materials**	\$475.00
Worldwide ERC Membership	\$135.00
Total	\$835.00

\* Does not include classroom or self-study time for GSA course(s)

\*\* Common source materials are recommended. Savings may result from sharing materials (e.g., an agency could purchase one set of source materials and sponsor study groups for the candidates to use that one set).

**Table 2-C: Recertification Requirements and Costs**

Recertification Fee (once every 3 years)	\$125.00 (\$41.67 per year)
Continuing Education (CE) Credits (Necessary to maintain CRP certification)	30 hours per 3 years (e.g., 10 hours per year)
Three Methods to obtain CE credits	<ol style="list-style-type: none"> <li>1. 15 CE credits for attendance at each Worldwide ERC conference. (Two meetings during a 3-year period would be sufficient.)</li> <li>2. Attendance at other CE-approved meetings (e.g., regional relocation council meetings, client seminars, GSA seminars, etc. where fee ranges from nothing to \$50 - \$75) may provide up to 6 hours of CE credit.</li> <li>3. Listen to audio sessions of Worldwide ERC conference sessions. (Price is \$18 each &amp; may be shared.)</li> </ol>

#### 2.13.4 BEST PRACTICES

The Worldwide ERC offers a “Certified Relocation Professional certificate that covers corporate relocation policies and procedures, residential real estate, relocation appraising, relocation tax and legal issues, family mobility issues, and mobility strategies.” The content of the majority of the subject areas are directly transferable to the Federal arena.

#### 2.13.5 RECOMMENDATIONS

**AM-33:** The Board recommends that GSA and representative agencies of the relocation program community, in consultation with OPM (which is responsible for Federal training policy), develop a needs-based, common body of knowledge and training- curriculum outline (e.g., combination of law, *Federal Travel Regulation* provisions, related relocation industry materials, etc.) for Federal relocation specialists.

**AM-34:** The Board recommends that GSA and representative agencies of the relocation program community, in consultation with OPM, develop a separate exam for Federal relocation specialists.

**AM-35:** The Board recommends that GSA partner with OPM and the Worldwide ERC to develop the exam for a “Certified Relocation Professional-Government (CRP-G)” certification for Federal relocation specialists, and, as appropriate, follow the implementation steps outlined under 2.13.3 Research. Until such time a separate Government designation is available, the Board recommends that Government relocation program administrators be encouraged to earn their Certified Relocation Professional (CRP) or Senior Certified Relocation Professional (SCRP) designations from the Worldwide ERC as those designations are currently available.

## **3. BUDGET TRACKING AND DATA**

### **3.1 Mission**

The mission of the Budget Tracking and Data (BTD) Subcommittee was:

To develop recommendations regarding where the Executive Branch of the Federal Government is in terms of budgeting and tracking relocation expenditures, where it is in terms of data management and tracking of relocations, where it should go in terms of budgeting and data management, next steps to take to enhance budgeting and data management for the Executive Branch of the Federal Government, and best practices for budgeting, budget tracking, data capture, data tracking, and management reporting. This subcommittee will include in its purview research into relocation software systems and their applicability for the Executive Branch of the Federal Government.

### **3.2 Budget Tracking and Data Subcommittee Members**

Four individuals comprised this GRAB subcommittee, with a GRAB committee member filling the position of Chair:

- Ed Mahaney, Chair
- Jack Kelly
- Linda Owen
- Pat Tooman

Industry experts who also contributed to the work of the subcommittee are cited in the Biography section of this report.

### **3.3 Relocation Philosophy Statement**

#### **3.3.1 BACKGROUND**

During the course of Board meetings and discussions, members noted the possibility that recommendations could be submitted as separate, independent actions and be implemented as such. This could put at risk the desire of the Board for the recommendations to be an integral part of an overall Government relocation program. For example, two industry best practice recommendations, taken together, may not constitute a best practice. Also, the relatively short time allotted to the Board's existence would almost certainly result in gaps in identifying and confirming industry best practices.

Further, as the Board discussed how best to submit recommendations, consensus developed around the conclusion that the Board's work should ultimately result in a well balanced

relocation program. However, Board members realized that the Board would not be able to address every relocation issue in the depth needed to resolve it. As a result, recommendations could require considerable work after publication of the Board's final report, and the final work product might not necessarily conform to the balanced program envisioned by the Board.

A suggestion was made to establish a relocation philosophy that would not only help guide the Board in its deliberations but also help guide GSA in carrying out the Board's recommendations and, over time, help guide all parties involved in the relocation process in day-to-day decisions and actions.

### 3.3.2 PROBLEM

Without a published philosophy statement, agencies may make differing program administration decisions that may be inconsistent with the Government's relocation program intent as overseen by GSA. Without a published philosophy statement, agencies may invest time among themselves or within their respective organizations to debate and interpret underlying principles of the Government's relocation program.

### 3.3.3 RESEARCH

Currently, no published theme or philosophy exists to help guide the Government's relocation program. To better understand how the private sector approaches relocation programs, the Board requested assistance from the Worldwide ERC. In response, Worldwide ERC provided a sample of representative program policy statements and a few policy statements each on temporary living and storage of household goods. Discussions among Board members and with industry experts, in addition to researching industry best practices, also provided additional insight into what the Board might consider in establishing a relocation philosophy statement.

### 3.3.4 BEST PRACTICES

Private-sector firms generally adopt program policy statements to help guide all parties involved in the relocation process; however, no industry best standard exists. Several basic, foundational principles that denote a good relocation program do exist. A relocation program should:

- Be administered equitably
- Be designed to balance the needs of both the transferee and the agency
  - ✓ For the transferee: provide financial support and program counseling and assistance so the transferee and family are settled in the new location and the transferee focused on the new assignment.
    - Expect relocating employees to exercise good judgment in utilizing the relocation services.
    - Encourage and enable a transferee to complete a transfer to a new location and become productive in the new assignment as quickly as possible.

- ✓ For the Government: provide assistance to complete the relocation as quickly and as cost efficiently as possible so the transferee is focused on the new assignment and not encumbered with the burdens associated with a protracted transfer due to delays in arranging for relocation services.
  - Expect the agency to clearly explain the program; to coordinate all relocation activity required to assist the transferee and family; and, to make every effort to reimburse eligible and reasonable expenses in a timely manner.
- Be a well integrated effort among the transferee, the management in the receiving office, and the agency's relocation staff
- Minimize to the extent practical the financial and emotional impact on the transferee and family
- Comply with all applicable laws and regulations
- Be effective and cost efficient
- Emulate as appropriate best practices of the relocation community (Federal and private)
- Be part of an integrated plan with the agency's Human Resources organization to hire and retain the right people, with the right skills, in the right locations

At the same time, a relocation program should not:

- Be designed to offset all personal decisions and costs that a transferee may encounter during the relocation
- Create an economic hardship for the transferee
- Be an entitlement program

### **3.3.5 RECOMMENDATIONS**

**BTD-01:** The Board recommends that GSA adopt a relocation program Philosophy Statement and Guiding Principles (used by the Board in its deliberations) to guide the Federal relocation program community, transferring employees, and agency management in relocation-related decision-making and actions and, in particular, eventual changes to the relocation program in the years to come.

**Relocation Philosophy Statement:** The Government designed its relocation program to assist eligible transferees and their families to transition to a new assignment cost-efficiently and in the shortest practical time. The program design serves to lessen the emotional stress and the economic hardship associated with a transfer by providing various relocation services, including policy counseling; packing, shipping, and unpacking of household goods; providing home finding and temporary living support; and, as appropriate, home-sale and home-purchase assistance. For the program to be credible, the specific services and the amounts and timeframes allowed must be consistently and fairly administered. For the program to be most successful, responsibility for the relocation process from beginning to end must be shared among the transferee, the relocation program staff (including industry partners), and the transferee's

new manager.

**Relocation Guiding Principles:** A successful relocation depends upon the good-faith efforts of the transferee, the relocation program staff, and the transferee's new managers. The following five principles are designed to assist all parties in the decision-making process during relocation:

1. The purpose of the relocation is primarily in the Government's interest and not primarily for the transferee's convenience (convenience moves should not be reimbursed).
2. Relocation expenses are allowances, not entitlements; each relocation does not necessarily require payment of the maximum possible allowance.
3. Relocation policy should not be driven to address an extreme or unusual circumstance.
4. No policy can (or should) cover all the expenses or remove all the inconveniences that might be involved in a transfer.
5. Transferees are expected to make every reasonable effort to manage their relocations to minimize overall cost to the Government.

**BTD-02:** To maintain an effective Government relocation program based on relocation industry best practices and Government needs, both of which will change over time, the Board recommends that GSA use the Formal Consultation Mechanism to revalidate the Philosophy Statement and Guiding Principles periodically and to amend them as needed.

### 3.4 Relocation Income Tax Allowance

#### 3.4.1 BACKGROUND

Section 5724b, Chapter 57 (Travel, Transportation, and Subsistence), Title 5 of the USC, provides the statutory authority for paying an income tax allowance. Under this section, transferees receive reimbursement for "substantially all of the Federal, State, and local income taxes incurred by an employee, or an employee and such employee's spouse (if filing jointly) ... for which reimbursement or an allowance is provided (but only to the extent of the expenses paid or incurred)." Thus, only income taxes can be considered in the gross-up calculation; employment taxes (FICA and Medicare) are not. In addition, when transferees' spouses have reportable income, the Government considers spousal income in tax allowance calculations.

Through implementing regulations (FTR part 302-17 – Relocation Income Tax [RIT] Allowance, generally referred to as RITA), GSA describes "how" to calculate a RITA. Title 5 does not require a two-year income tax allowance process.

#### 3.4.2 PROBLEM

Several issues surround the current Government RITA process:

- Unlike the private sector whose employees are all subject to FICA withholding on earnings up to \$90,000 (2005 wage limit), not all Federal employees are subject to FICA withholding. There are two basic Federal retirement plans. Employees who fall under the Federal Employee Retirement System (FERS) pay both types of employment taxes (FICA and Medicare); employees who fall under the Civil Service Retirement System (CSRS) only pay Medicare taxes. All other things being equal, when combined salary and taxable relocation reimbursements are less than \$90,000, a FERS employee must pay the FICA deduction out of his or her own funds when reimbursed for a taxable relocation claim, whereas a CSRS employee will never incur this expense. This results in disparate financial treatment for some relocating Federal employees.
- Both CSRS and FERS employees pay the Medicare tax out of their own funds when reimbursed for a taxable relocation claim.
- The current Government RITA process dates to the early 1980's. The rules governing the process have not kept pace with improvements in technology and other process enhancements adopted by the private sector.
- The Government process covers two tax years. The only transferees who would not be impacted in the second year are those who would not claim an adjustment or whose marginal tax bracket is 25% (the supplemental rate used to complete the first year component of the tax allowance) and who reside in a state with no income tax.
- The Government describes how to calculate RITA. In describing what occurs in the "black box" (describing the actual formula), the regulations come across as overly complex and confusing. In addition, although the current Government RITA process is accurate when followed, it is not efficient.
- Regulations require the publication of tax tables to assist agencies with the calculation. This puts GSA in a position of unnecessarily keeping up with current tax changes, not only at the Federal level but at the state and local levels as well.
- The process of updating the regulations is extremely bureaucratic and not conducive to implementing changes; updating the regulations to filter out outdated language or to incorporate process improvements is a challenge.
- With assistance, GSA has historically provided a tool to those agencies that do not have an automated process to make the calculations. The tool provided on a diskette or CD assists agencies in the RITA process for one transferee at a time. GSA does not have the tax expertise to maintain the tool adequately. If the tool is not updated for changes as needed, it becomes ineffective in calculating an accurate RITA.
- The gross-up process is intrusive; that is, submission of all W2's from the transferee and, as applicable, from the spouse is required to complete the calculation. The process also requires transferee certification.
- The process requires the transferee to put in a claim for the allowance to receive the second year-adjustment.

- The process is not well understood and is subject to a higher degree of human error on the part of the transferee and of the agency administering the program because of the complexities of the income tax rules and inadequate training.

During its research, the Board heard anecdotes about agencies that violated the prescribed procedures by either ignoring the requirement for a second year adjustment (not adequately disclosing the process to the transferee) or, after completing the second year claim, refusing to pursue amounts that might be due back from a transferee under the regulations. Decisions not to pursue appeared to be based on sound business reasons; that is, the cost to pursue exceeded the value of the recovery. At least one agency incorrectly provided a tax allowance on a tax deductible item (on points reimbursed) while another agency failed to comply with the tax law and did not report taxable reimbursements as taxable income nor make the required tax withholdings on the reimbursements. The FTR does not currently provide for payment of tax deductible expenses, such as points, and no guidance exists on how to handle such reimbursements. At least one agency also included employment taxes in the gross-up calculation and had unilaterally moved to a one-year RITA process. Based upon this information, we can conclude that agencies, when faced with a cumbersome process, often make unilateral decisions to improve the process on their own. These decisions sometimes result in incorrect gross-up calculations or tax reporting.

One agency that provides relocation services to other agencies reported that the second-year step in the RITA process took approximately 20 employees two months to gather all the required information and calculate the RITA. The agency handles approximately 500 new initiations each year. The agency now has cost management software that greatly simplifies the process. Many agencies that do not have this service or have not acquired the capability must follow a labor-intensive process to complete the RITA calculations.

### 3.4.3 RESEARCH

Through an e-mail survey, the Board asked several relocation tax calculation service providers to supply information on how their clients approached the payment of a tax allowance. The request for information covered both the types of expenses normally eligible for a tax allowance and the most common approach taken by their clients to provide the tax allowance. In addition to requesting the most common approach, respondents were also asked to recommend how the Government should handle the payment of the tax allowance.

One issue raised in the request for information concerned identification of the state that should be used to determine the tax allowance. Because the private-sector tax allowance process generally depends on payroll records for certain information, the state-of-record within the payroll system generally controls what state is used in the tax allowance calculation. There are state income tax rules that any entity must follow. Often times, changes in records are not timely, resulting in incorrect state information. This could pose problems if not caught.

At the request of GSA, Worldwide ERC also provided a report to assist GSA, OMB, and the IRS in discussions over possible changes to the Government's RITA process. The Worldwide ERC paper addressed most of the issues its members face in dealing with tax allowance calculations. The paper confirmed several of the most common approaches and was consistent with the recommendations noted by the RMC's and the cost-management software companies that responded to the Board's request for information. The Board also studied a white paper prepared by Orion Mobility at the request of OMB in September 2003. The Board also obtained examples of calculation alternatives for establishing a revised tax allowance process.

The Board also reviewed Chapter 302-17 of the FTR, the CD provided to agencies to assist in the RITA calculations, and GSA's proposed changes thereto.

#### 3.4.4 BEST PRACTICES

The private sector does not follow a standard approach in calculating a tax allowance. The one consistent, common thread, however, is the establishment of a one-year process. In addition, private-sector companies typically do not publish the calculation formulas.

The goals of a private-sector company are to provide a tax allowance that:

- Is consistent with company policy,
- Is as simple as the Federal, state, and local income tax rules will allow,
- Is relatively easy to administer,
- Does not overcompensate for the transferee's tax obligation, and
- Complies with all tax laws and regulations.

Although the process in the private sector is completed in one tax year, the process generally requires two steps: as claims are reimbursed during the year, gross-up calculations are made based on supplemental tax rates with a year-end true-up process established to adjust the gross-up calculations to the effective marginal tax rates of the transferee. Private-sector companies also generally consider employment taxes (FICA and Medicare) when calculating the tax allowance and do not consider spousal income in the calculation.

In addition, the private sector uses software that incorporates current Federal, state, and local tax law. As noted, one of the goals is not to over compensate the transferee for the taxes owed. The software allows various "switches" to be turned on or off to fine tune the calculation as reasonably as possible without having to obtain additional information from the transferee. One example of a switch concerns the payment of state income taxes. If a transferee has an effective marginal Federal tax rate of 25% and a marginal state rate of 5.75%, the software allows the private-sector company to adjust the calculation for the tax deductibility of state taxes on Federal returns. The current RITA process also allows for this type of an adjustment, but with a more complex formula that includes information about both the transferee's departure and destination states.

Finally, private-sector companies, in general, have not published a formal process that establishes or otherwise covers a transferee's ability to request a review of the tax allowance received. It is not unusual, however, for companies to re-consider the tax allowance calculation if a transferee notes that the tax allowance was inadequate to cover the tax obligations incurred as a result of the relocation.

**Attachment 3-1** provides the tables summarizing both the most common private-sector practices and the practices recommended by the sources referenced above. **Attachment 3-2** combines the recommended practices of **Attachment 3-1** with the BTD Subcommittee recommendations.

### **3.4.5 RECOMMENDATIONS**

**BTD-03:** The Board recommends that GSA adopt a tax allowance process that is completed in one tax year.

**BTD-04:** The Board recommends that GSA pursue a legislative change that will allow the inclusion of employment taxes in the calculation.

**BTD-05:** The Board recommends that GSA publish a policy statement in the FTR that identifies only those taxable expense items for which the tax allowance is intended to cover.

**BTD-06:** The Board recommends that GSA maintain a tax allowance policy using the current "substantially all" threshold in providing a tax allowance. See BTD-12, below, for more information.

**BTD-07:** The Board recommends that GSA create one Governmentwide tax allowance standard; the Government should not authorize agencies to determine at the agency level how the tax allowances variables within the calculation software are applied.

**BTD-08:** The Board recommends that GSA adopt the following standards in the tax allowance calculation process: (See **Attachment 3-2** for more information):

- Use marginal rates for Federal and state (and local) taxes rather than supplemental rates (this will require a year-end true-up process)
- Adjust for the deductibility of state (and local) income taxes on Federal returns
- Adjust for the deductibility of Federal income taxes on state (and local) returns
- Adjust for the impact of some of the income being taxed at a rate lower than the transferee's marginal rate
- Adjust for the impact of Federal tax phase outs, such as itemized deductions and personal exemptions
- If married, assume joint return
- Base calculation on employer source income only (for transferee only) (Note: when different, use wages subject to Federal income taxes, not Medicare wages)

- If homeowner at the departure location, use itemized deduction; if renter, use standard deduction
- Base state and local tax component of gross-up on destination state of residence
- During the year-end true-up process, make adjustment both up and down, as needed
- Capture information on dependants; track both dependants under 17 years of age and age 17 and over
- Adjust for excess FICA (Social Security) taxes withheld

**BTD-09:** The Board recommends that agencies not purchase the service or the software to carry out the tax allowance calculations as a standalone service or product. This service is an integral part of a cost management software solution where both taxable and non-taxable reimbursements are tagged and managed. See recommendations under Data and Systems, below, for more.

**BTD-10:** The Board recommends that GSA consider a phased approach to a new tax allowance process that will allow agencies to move with all deliberate speed yet stay in step with the implementation of other Board recommendations. Transition to a new tax allowance process would be a challenge for any single entity, even within a well-integrated technical and financial systems environment, and these changes will affect scores of Government agencies. See recommendations under Data and Systems, below, for more.

**BTD-11:** The Board recommends that GSA periodically conduct a test of agencies responsible for calculating a tax allowance. Base the test on a sampling of various relocation scenarios that enable verification of the tax allowance calculations used by agencies. This will help ensure that the policy is understood and is being followed correctly. GSA may also want to publish the results for the benefit of all in the Federal relocation program community.

**BTD-12:** The Board recommends that GSA establish a process for a transferee to request a review of the tax allowance calculation based on the transferee's actual tax returns and recommends that the right to request a review be published in the FTR. Any payment made as a result of the review should also be grossed-up but not subject to any further review or adjustment. In keeping with the notion of substantially all, a threshold should be established below which a claim will not be considered. The threshold will act as a deductible. For example, substantially all can be defined as an allowance that comes within 5% of the original allowance or \$500, whichever is greater. In addition, to consider a claim, all Federal, state and local income tax returns, including spousal returns (even if filed separately), must be submitted. The tax impact of all factors affecting the tax liability of the transferee should be taken into consideration during the review process. Such additional factors will include, but not be limited to, the impact of spousal income and the loss of a child tax credit.

**BTD-13:** The Board recommends that GSA eliminate the requirement for transferees to certify their income or taxes to receive a tax allowance, with the exception of a transferee-generated request for review.

**BTD-14:** The Board recommends that GSA work with the CFO Council, the CHRO Council, experts in tax law, and the Formal Consultation Mechanism to establish a common set of standards on state jurisdictional rules on an agency's obligation to report income and withhold state and local income taxes. Additionally, the Board recommends that these standards be periodically reviewed to ensure they are consistent with current tax reporting requirements.

**BTD-15:** The Board recommends that GSA continue to provide a training course that will help those involved with the tax allowance process better understand the basic tax issues surrounding taxable reimbursements.

**BTD-16:** The Board recommends that GSA use the Formal Consultation Mechanism to monitor progress in converting to a 1-year process and offer suggestions on how the process may need to improve over time.

### 3.5 Budget Tracking and Object Classes

#### 3.5.1 BACKGROUND

Government agencies submit their budgets according to the guidance provided by OMB through Circular No. A-11. Per the Circular, agencies group budget requests into one or more of five major object classes:

10	Personnel Compensation
20	Contractual Services and Supplies
30	Acquisition of Capital Assets
40	Grants and Fixed Charges
90	Other

Under the five major object classes there are many subclasses. As A-11 directs, agencies disburse the budgeting and processing of relocation costs among four subclasses under two of the five major object classes. The first three subclasses fall under Contractual Services and Supply (20) and the fourth falls under Personnel Compensation (10):

- Storage and care of household goods and vehicles are covered under subclass 25.7 (Operation & Maintenance of Equipment).
- Shipment of household goods and vehicles are covered under subclass 22.0 (Transportation of Things).
- Lodging, per diem, and transportation of transferees and their families are covered under 21.0 (Travel & Transportation of Persons).
- Any relocation-related expense not covered under one of the previous three subclasses is covered under 12.1 (Civilian Personnel Benefits). This would include the tax allowance and payments made to third party contractors for home-sale costs and other contractor fees.

For the Executive Branch’s budget for the year ending September 30, 2005 (BY 2005), the following amounts were appropriated through the four subclasses. Relocation funding is an unidentified component falling within these four subclasses:

12.1	\$37.5 Billion
21.0	\$10.1 Billion
22.0	\$ 6.4 Billion
25.7	\$16.0 Billion
Total	\$70.0 Billion

OMB does not track budget data for annual civilian relocations. However, in August 2004, OMB issued Budget Data Request (BDR) 04-45 to gather basic relocation information on agency relocations. Based on the information collected by OMB, we can reasonably assume that some 28,000 civilian relocations are initiated each year at an estimated cost of more than \$800 million.

### 3.5.2 PROBLEM

The Board identified several budget-tracking issues:

1. The Government has no effective way to report the cost of civilian relocations. Except in some cases at the program level within an agency, nowhere in Government is anyone thinking about relocation as a comprehensive program to be managed. Rather, expenses are disbursed among categories designed to track the maintenance of things, the movement of things, the movement of people, and personnel benefits.
2. Relocations represent an \$800 million piece of the \$70 billion disbursed over the four subclasses identified above in a \$3.4 trillion Executive Branch budget. The \$800 million is disbursed through more than 100 agencies. If the Board recommends changes in how the Government manages the appropriations process, obtaining the support and attention necessary to accomplish those changes Governmentwide will be a challenge.
3. As noted in a report on the BDR data, Government agencies have difficulty providing basic information about their relocation costs. The general rule appears to be that agencies do not use cost management software to assist in the management of the relocation program. Consequently, many Government agencies tend to use object-code subclasses to help monitor relocation program costs (with some reportedly using 20 or more breakdowns). Using many sub classifications in the financial statement system to help manage relocations places an extra burden on the Government’s financial structure beyond the use of the four subclasses identified above.

### 3.5.3 RESEARCH

The Board reviewed OMB reports and Circular No. A-11. Discussions were also held with agency staff responsible for managing agency relocation programs. In addition, the Board used the report on BDR 04-45 to help gauge the current state of budget information on relocation costs available to agencies.

Board members also obtained industry insight from several private-sector companies that offer relocation-related cost management systems and services in a number of areas, including budget forecasting, budget formulation, and budget execution. Private-sector service firms have developed their systems and services to meet a diverse array of private-sector needs. Flexibility currently exists to assist the Government in almost any direction in which it chooses to proceed. However, the Board believes that having different agencies developing their own unique requirements would not be the most effective way to implement cost-management capability Governmentwide. We believe that having standards is a prerequisite to cost-effective implementation of any system solution.

Although an agency has the flexibility to move funds around within an appropriation to meet funding needs, Government agencies are not allowed to exceed the appropriation approved by Congress. Agencies have different systems and processes that track the funding that may limit the options available for implementing a cost management solution for relocation. No matter the solution, agencies must be able to obligate and de-obligate funds through the relocation process and provide reports that ensure actions remain within budgetary limits.

The Administration and Management section of this report includes additional research on this topic (Section 2.4.4).

#### 3.5.4 BEST PRACTICES

The private sector uses some level of cost management software to manage the relocation process, including tracking budgets. Some use outside service providers for the software; some develop their own systems.

#### **3.5.5 RECOMMENDATIONS**

**BTD-17:** The Board recommends that GSA work with OMB and the Government's CFO Council to develop a single subclass within the object class structure that covers all civilian relocation obligations. To be most effective, a relocation program must be managed as a single, integrated program. Moving away from the current object class structure to a single subclass will improve the management of the relocation program.

**BTD-18:** The Board recommends that relocation costs be assigned to the Personnel Compensation Object Class (10) because relocation is most appropriately considered a cost of employment.

**BTD-19:** The Board recommends that the Government move away from its current over-reliance on financial statements to manage the relocation program. Because cost management software is not currently used Governmentwide, many agencies place a heavy burden on an agency's financial statement to help manage its relocation program. This tends to be achieved through the use of many subclasses. As part of the strategy to move toward a cost management systems solution, Government should move away from this over-reliance on the financial statements by eliminating the use of subclasses. All required breakdowns to manage and report on the relocation program should be achieved within the cost management software. See recommendations on Data and Systems, below, for more.

**BTD-20:** The Board recommends that GSA work with OMB, the Formal Consultation Mechanism, and the CFO Council to establish initial relocation-budget process standards. Any implementation of effective cost management software (including a budget component) would be greatly eased and enhanced if the Government established standard budget requirements.

**BTD-21:** The Board recommends that GSA consider a phased approach to the implementation of a new financial structure that will allow agencies to move with all deliberate speed but not be forced to react in a way that will result in a disjointed, costly implementation with other Board recommendations. The transition to a new financial structure would be a challenge for any single entity, even within a well-integrated technical environment. These changes will affect scores of Government agencies that do not constitute a "well-integrated technical environment." See recommendations under Data and Systems, below, for more.

## **3.6 Data and Systems**

### **3.6.1 BACKGROUND**

For applicable discussion, see the Background (2.4.1), Problem (2.4.2), and Research (2.4.3) paragraphs presented under the Centralization, Decentralization, Fragmentation (2.4) topic in the Administrative and Management section of this report.

Generally, Government agencies do not operate their relocation programs in a well-integrated data environment nor do they typically use cost management software.

### **3.6.2 PROBLEM**

The Government cannot address the data needs of a relocation program without bringing systems into the discussion. Some of the challenges facing Government in implementing any systems solution include:

- The relocation process has many moving parts, including interfaces or potential interfaces with several systems within an agency, such as payroll, human resources, eTravel, budget

tracking, and payment and financial statement systems; with systems and data from many service providers; and with other Government relocation systems, such as CHAMP.

- Several relocation services when taken together as an integrated whole can constitute a well-run relocation program. Government, however, tends to request those services in pieces, making data integration more difficult. The challenge for Government is how best to combine its purchasing power to obtain the most services for the least cost. Two service needs are 1) use of automated systems and processes and 2) easy access to data in an integrated environment.
- We estimate the annual appropriated funds to cover the relocations of Federal civilian employees to be approximately \$800 million, spread among more than 100 agencies. An agency with a \$40,000 budget will have a very different set of challenges than an agency with a \$200 million budget. One implementation approach will unlikely be best for all if the relocation function remains disbursed among many agencies with small relocation volume. Given this context, whatever the approach taken by Government, obtaining the support and attention needed to accomplish changes Governmentwide will be a challenge.
- Depending on the data and systems solution adopted, many agencies may have difficulty allocating funds to implement.
- Depending on the data and systems solution adopted, year-to-year maintenance costs may have to be funded.
- The ability of Government to react to changes in law, in regulations, in industry best practices, or in requests for information from outside stakeholders may be more difficult to address through one systems solution over another.

### 3.6.3 RESEARCH

The Board gathered information from several companies that furnish relocation services to either the Government only or both the Government and the private sector. Those that made presentations received a list of questions to address prior to the meetings.

Results of this and related research showed that the private sector does not follow a standard approach to acquiring services. Similar to the Government, many private-sector companies only obtain selected services from even full-service relocation management companies (RMC's). In addition, many private-sector companies use other firms that provide a cost management software solution. In some cases, companies develop their own systems to manage their relocation programs. Unlike the Government, however, many private-sector companies do purchase full relocation services from one source. Because of the range of service needs, relocation service providers have built services and systems that can deliver almost any variation of services, processes, or policies that a client may request.

The Board concluded that cost management software is just one piece of the data puzzle. As part of the effort to identify the data needed to manage a relocation program, the Board found that cost management systems generally contain less detailed information than is available on any

relocation. More detailed information often exists in other systems. For example, on storage costs, because of the tax treatment, the cost management software only needs to know the storage costs for 30 days and less and the costs for storage over 30 days. Although the cost management system may have more detailed information, it is not unusual for the detail to be maintained elsewhere. If the data can be readily accessed through an automated means for reporting, there generally is not a need to maintain a high level of detail in a cost management system.

As also confirmed during the discussions, private-sector companies can provide support on any set of requirements the Government might have. They already provide any mix of services to their private-sector clients. Before Government approaches the private sector to provide systems and data needs, Government should first establish its long-term strategy for managing its relocation needs. Where does Government want to be ten or twenty years from now in managing relocations? Should designated financial centers of excellence exist for relocation processing as exist for payroll processing, accounting, and other services? How should relocation fit into the Government's unified financial systems strategy? Are all agencies in a position to respond? Should a relocation center of excellence be established within each Cabinet (with one or more of its agencies or bureaus taking the lead)? Would Government ever want one relocation center servicing all of Government's civilian relocation needs? If so, what steps should it take to head in that direction? How much of the work should be carried out by the private sector and how much within Government (and where within Government)? The Board's work provides the Government with a unique opportunity to address these questions.

Again, before too much work is done in establishing systems and data requirements or undertaking independent actions, Government should address these strategic issues first and only then move onto planning and implementation issues. To obtain maximum benefit, in addition to consolidating needs, Government should look into the benefit of establishing long-term contractual relationships with vendors that can meet Government's needs.

#### 3.6.4 BEST PRACTICES

Any strategic approach should consider:

- The benefits of having a relocation cost management system as the focal point through which everything involving relocations is captured at one point or another in the process through automated interfaces wherever possible or can otherwise be easily and readily accessed for program management and reporting.
- The cost of reasonable alternative solutions.
- The technical and operational risks of each alternative solution, including the impact on integration with an agency's other systems, including payroll, human resources, eTravel, budget tracking, payment and financial statement systems.
- The flexibility to adjust and improve processes over time.
- The flexibility to adjust to requests from outside stakeholders.

- The ability to simplify and consolidate financial data and application processes.
- The extent to which best business processes are already built into the software.

Depending on the strategic direction taken by Government, other services could provide Government further assistance during implementation. One such service is process mapping. Such a tool could greatly assist Government in identifying bottlenecks and/or costly steps in the process. During such a review, Government could consider adjusting Government internal relocation processes to improve operating efficiencies and reduce costs.

### **3.6.5 RECOMMENDATIONS**

**BTD-22:** The Board recommends that agencies, alone or in conjunction with other agencies, leverage the breadth and depth of their volume of business and competition to obtain the best possible pricing for those services from the private sector. The procurement of those services should include, but not be limited to, obtaining cost management software, integration and implementation support, and other relocation services.

**BTD-23:** The Board recommends that agencies implement a cost management systems solution to better manage their relocation programs. Having a cost management system will greatly improve an agency's management of the relocation process and access to its data. Having access to data will greatly improve an agency's (and Government's) ability to assess the impact of policy changes, to spot trends that may need to be addressed to control costs, to see the relocation program as a whole, and to identify and address operational and process issues early. An example of data that would be useful to track is the number of direct reimbursement, amended value, BVO, and appraised value sales in home-sale transactions.

**BTD-24:** The Board recommends that GSA work with the CFO Council, CHCO Council, OPM, OMB, and the Formal Consultation Mechanism to develop a strategic approach to the Government's management of its relocation program. Before agencies begin implementing a cost management system, Government must decide a number of issues, including whether smaller agencies should be allowed to manage their own relocations or be required to use central larger relocation operations within other agencies. Decisions on whether and how to consolidate Government's needs must also be made. For example, within Cabinets where many agencies manage relocation programs, Government needs to determine what approach to take. The development of a strategic plan should be established based on a needs assessment that carefully considers these and other factors.

**BTD-25:** The Board recommends that GSA work with the CFO Council, OMB, CIO Council, and Formal Consultation Mechanism to develop several lists of data elements required by Government to:

- Effectively manage a relocation program (will be the most detailed level of information required). For example, this list would include detailed information on household goods

shipments and storage.

- Implement an effective cost management system (will generally be at a higher level of detail for tracking program costs, tax processing, and cost reporting). For example, this list would include the total cost of the household goods shipment and, for tax reporting purposes, provide storage costs for the first 30 days and the costs over 30 days.
- Meet the needs of outside stakeholders such as GSA, OMB, and Congress (this list will be a subset of the data elements identified in the first two bullets). The Board recommends that GSA work with OMB and others to determine the benefit of collecting the data before finalizing outside stakeholder lists.

The Board has developed an initial list of data elements that it has provided to GSA. (See **Attachments 3-3, 3-4, and 3-5**).

**BTD-26:** The Board recommends that GSA work with the CFO Council, OMB, CIO Council, and the Formal Consultation Mechanism to identify the types of system interfaces that are generally needed in implementing a cost management software solution.

The Board developed an initial list of common system interfaces and issues that it has provided to GSA. (See **Attachment 3-5 and 3-6**).

**BTD-27:** The Board recommends that GSA, in contracting for relocation services, include process-mapping services to map existing relocation processes to help identify opportunities for improvement. This service can be most helpful in implementing new systems. To the extent the management of relocations remains dispersed throughout Government, best practices adopted by agencies could be incorporated into a model process map maintained on a Web site to be shared with the Federal relocation program community through the Formal Consultation Mechanism.

## **4. RELOCATION REIMBURSEMENT**

### **4.1 Mission**

The mission of the Relocation Reimbursement (RR) Subcommittee was:

To develop recommendations regarding house hunting, temporary quarters, final move, relocation income tax allowances, miscellaneous allowances, lump sum allowances, spousal assistance, associated policies and regulations and processes relating to each, and best practices relating to each.

### **4.2 Relocation Reimbursement Subcommittee Members**

Four individuals comprised this GRAB subcommittee, with a GRAB committee member filling the position of Chair:

- Richard Trent, Chair
- Kevin Lanagan
- Kathy Lane
- Pat Tooman

Industry experts who also contributed to the work of the subcommittee are cited in the Biography section of this report.

### **4.3 En Route Travel (Final Move)**

#### **4.3.1 BACKGROUND**

En route travel (Final Move) includes expenses for transportation and per diem for relocation travel from the employee's former residence to the new official station. En route encompasses travel expenses for the employee and, if authorized, immediate family members. Generally, en route travel is by privately owned vehicle (POV). However, if shown to be cost effective and/or beneficial to the Government, the transferee and family may be authorized to travel by commercial air and, if appropriate, ship the POV.

Lump sum payments typically include relocation benefits that can be projected with reasonable accuracy before the start of the relocation process and are reasonable and appropriate for the circumstances. An en route travel lump sum should be tailored to and calculated upon the distance between the old and new duty station, the authorized mode of travel, and family size. The method for calculating a lump sum for en route travel should address the unique tax consideration for deductible final move expenses. Additionally, an effective lump sum should

include a threshold that identifies the mileage at which travel by common carrier and shipment of POV is more cost-effective than driving the vehicle(s).

#### 4.3.2 PROBLEM

For employees, potential drawbacks could be the lump sum falling short of expenses and/or the perceived inequities among transferees receiving lump sums--too much for some, too little for others. The lump sum will not cover every expense that an employee might incur and every individual situation that might drive those expenses. For employers, potential drawbacks are the loss of the ability to track actual costs of relocation allowance and the cost of tracking the taxable/nontaxable expenses of the lump sum for final move.

#### 4.3.3 RESEARCH

Employers who elect to offer a lump sum typically do so to achieve cost-savings and simplify the relocation administrative processes. Many employees prefer the independence to decide where and how to spend their allotted dollars during the relocation process. Basically, it empowers the employee and simplifies the relocation process. A lump sum allows more flexibility for the transferee to manage his/her relocation and accommodate his/her own unique, personal circumstances.

Public and private-sector organizations use the lump sum payment approach to reduce, or even eradicate, expense-reporting tasks and to side-step policy exception negotiations; however, agencies must balance considerations for cost control with expediency for the employee. Among the 2004 surveyed categories, day-of-move expenses averaged \$1,248. En route travel is the least costly of the relocation allowances and therefore the savings produced by a lump sum may be minimal.

The basic considerations for whether a lump sum is feasible are:

- Ease of administration. A lump sum for en route travel is paid to the employee and the voucher review process is eliminated; actual expense reimbursement requires the employee to voucher for reimbursement and the agency to review claims and receipts for the validity, accuracy, and reasonableness of each expense amount. There are relocation programs that can handle the tax consequences of an en route travel lump sum but without such processes there would be no ease of administration for the Government.
- Cost consideration. Actual en route travel is generally straightforward, with few requests for exceptions. A lump sum payment table could be created adjusting the reimbursement by distance and/or family size; however when the distance is such that other than POV is an option, transportation is better reimbursed separately due to varying air travel rates.

- Treatment of employee. Lump sum en route travel would relieve the employee of having to submit vouchers and obtain approvals; and would allow up front access to funds and control of the expenditures. However, a methodology must be established for determining a payment that equitably deals with all of the variables.

The Government is encouraging the use of lump sum relocation payments and the en route travel is an allowance that could be paid as a lump or partial lump sum. However, even industry sometimes excludes final move from lump sum because of the tax implications. The administrative savings to the Government may not be as considerable with en route as with other, more sizeable, allowances.

#### 4.3.4 BEST PRACTICES

Frequently, industry pays the final move costs outside of lump sum or as a partial lump sum because of IRS guidelines that exclude some final move costs. Transportation and lodging costs are deductible expenses and meals must be included in income with no tax deduction.

Employers that offer lump sum payments do so to reduce the accounting and administrative burden of the relocation cost.

#### **4.3.5 RECOMMENDATIONS**

**RR-01:** The Board recommends that the En-Route Travel (Final Move) relocation benefit remain unchanged at this time.

### **4.4 Miscellaneous Expense Allowance**

#### 4.4.1 BACKGROUND

Including a miscellaneous expense allowance in a relocation program is important because the allowance defrays some of the costs incurred due to relocating that are common to living quarters, furnishings, household appliances and other general costs. This allowance is typically paid either as a flat amount without documentation or a greater amount supported by documentation. Any allowance that requires supportive documentation has the potential for increasing agency administrative costs.

5 USC §5724a (2000) authorizes the Government to “help pay the cost of moving to the new place of employment” and may authorize expenses “incident to transfer from the old to the new station” so that “employees will not have to incur financial losses when transferred at the request of the Government.” Specifically, a Miscellaneous Expense Allowance (MEA) is authorized for civilians at 5 USC §5724 a(f) and a similar allowance for military at 37 USC §407.

The implementing regulations can be found in 41 CFR 302-16. The allowance is paid to an employee to defray various costs associated with discontinuing residence at one location and establishing residence at a new location in connection with a permanent change of station. The allowance is related to expenses that are common to living quarters, furnishings and household appliances, and to other types of expenses inherent in the relocation of a place of residence.

The FTR prescribes the eligibility to receive a Miscellaneous Expense Allowance (MEA) for a Permanent Change of Station (PCS) or a Temporary Change of Station (TCS) as long as an employee discontinues and establishes a residence, meets the applicable eligibility conditions in 302-1, and signs a Service Agreement. Employees not eligible for MEA include: new appointees; authorized SES last-move-home benefits; employees assigned under Employees Training Act; and employees returning from an overseas assignment for separation from Government service.

The Miscellaneous Expense Allowance is a non-discretionary entitlement to employees who meet the eligibility requirements as outlined in the FTR. No advance of funds is authorized for MEA.

The FTR provides the dollar amount limitations on a Miscellaneous Expense Allowance. Without supporting documentation or receipts, an employee will receive either \$500 if they are single or \$1,000 if they are married. If, however, the employee itemizes his or her miscellaneous expenses and provides supporting documentation or receipts, the employee may receive up to the equivalent of one week's basic gross pay at the GS-13 step 10 salary level if single, and, if married, up to the equivalent of two week's basic pay of a GS-13 step 10 salary level.

#### 4.4.2 PROBLEM

The Miscellaneous Expense Allowance is provided to handle costs associated with the establishment or disestablishment of a residence. Currently, the FTR does not provide any reimbursement mechanism for expenses incurred by employees relating to pet care, child care, or adult care for aging parents who are dependents of the relocating employee. The employee typically incurs these costs while taking a househunting trip. Additionally, employees are "challenged" as the FTR does not provide for any reimbursement for children to accompany the employee on a househunting trip.

#### 4.4.3 RESEARCH

Private-sector companies paid on average of \$4,794 in 2001 according to the Worldwide ERC. In benchmarking private-sector practices, a USPS research report found that companies generally pay between \$0 and \$5,000 for the MEA. In addition to the dollar amount, USPS looked at the percent of base salary and found that the corporate range was 4-7% with an average of 5.3%. The FTR uses a flat amount -- one week or two weeks -- with or without dependents. The private sector generally uses a percentage of base salary or a month-to-month and a half annual

salary at the time of relocation. Further, the Worldwide ERC indicates that almost ALL companies provide a miscellaneous allowance when relocating.

A study done by RSI Media found that almost all companies surveyed provided a miscellaneous allowance, supporting Worldwide ERC findings, but that the calculations varied widely. The only common ground found was that companies did typically use different calculations for homeowners and renters or existing employees and new hires. Only a few companies varied the dollar amount according to job level tier.

The Hessel Group reports that the average MEA is \$5,000, equal to one month's salary. Yet, most employees incur only about \$1,500 in expenses not covered elsewhere in the relocation policy.

#### 4.4.4 BEST PRACTICES

Private-sector employers typically provide a MEA to employees that can be used for any relocation expense not already covered or reimbursed for. This allowance provides employees with funds that can be used for child care, or to help defray the costs for children to accompany the employee on a househunting trip, or other similar costs.

Current Federal civilian limits appear lower than those in the private sector, but no evidence has surfaced to indicate that Federal civilian employees incur any different expenses than their private-sector counterparts.

#### 4.4.5 RECOMMENDATIONS

**RR-02:** The Board recommends that GSA modify the Federal Travel Regulation by removing the requirement that the Miscellaneous Expense Allowance be for those expenses associated with the establishment or disestablishment of a residence.

**RR-03:** The Board recommends that GSA modify the Federal Travel Regulation to allow payment of a Miscellaneous Expense Allowance for expenses incurred by a relocating employee and/or their family that are not covered under another relocation benefit.

**RR-04:** The Board recommends that GSA eliminate the marital status of Single and Married as it relates to the Miscellaneous Expense Allowance.

**RR-05:** The Board recommends that GSA increase the Miscellaneous Expense Allowance to a flat amount of \$2,500 (not grossed up) regardless of marital status.

**RR-06:** The Board recommends the flat amount of \$2,500 should be reviewed by the Government relocation professionals in a collaborative effort with GSA on a biannual basis to determine whether or not an increase is warranted.

## **4.5 Househunting Trip**

### **4.5.1 BACKGROUND**

When Federal transferees are given a change-of-station, most need some time to visit the new duty station and seek a new residence. The FTR grants agencies the discretion of offering transferees a house hunting benefit: reimbursement of expenses incurred in traveling to the new duty station and searching for new housing. Expenses covered for a house hunting trip are: mileage or airfare, a rental car, lodging, meals & incidentals, and other miscellaneous expenses such as parking, gas, tolls (for the car or rental car), phone for personal or official calls, etc. The FTR provides the Government the authority to authorize a house hunting trip for an employee (if single) and an employee and spouse (if the employee is married). However, the Government makes no provisions for children in the policy whatsoever; therefore, the Government cannot reimburse an employee for childcare expenses or travel-related expenses (regardless of marital status).

Two methods exist for reimbursement of this benefit: one is the actual expense method requiring receipts, and the other is the fixed (lump sum) method, which requires no receipts. This is a discretionary benefit because agencies are asked to weigh the need for this benefit carefully against the potential simultaneous granting of TQSE benefit. In other words, if an employee is granted a HHT, the presumption is that the employee's need for TQSE is lessened. Alternatively, a longer period of TQSE may lessen or eliminate the need for any HHT's whatsoever. Also important is for this benefit to balance transferees' need to find suitable housing in an unfamiliar location with the Government's need to minimize costs associated with relocations.

Transferees and their spouses using the actual expense method of HHT reimbursement are permitted to claim up to 10 days of expenses based upon the actual cost of transportation plus the lodging and M&IE rate for the TDY location (locality rate). Transferees using the lump-sum, or fixed-expense, method are reimbursed the locality rate times 5.00. Transferees and their spouses using the lump-sum method are reimbursed the locality rate times 6.25. Furthermore, the FTR states that transferees who are selling a residence at the old duty station "should" not begin a HHT until they have current appraisals on their homes so that they can shop wisely for a new home with a correct price range in mind.

GSA has issued potential regulation changes for comment affecting HHT benefits. The proposal would shorten the timeframe from a maximum of 10 days to a maximum of 8 days. The proposal would also require that transportation be done by using a privately-owned vehicle if the trip is 250 miles or less in distance.

### **4.5.2 PROBLEM**

Currently, Federal policy does not extend HHT benefits to new hires. Yet most new hires have housing needs that are just as pressing as current employees. Current Federal policy encourages employees with homes to sell at the old duty station to obtain an appraised value on those homes before undertaking the HHT; however, more often than not, employees take a househunting trip with no idea of how much their home at the old duty station is worth. Additionally, most employees take a househunting trip without being pre-qualified for a mortgage loan, thereby limiting their ability to enter into a purchase contract on a residence at the new duty station.

The current, traditional method of reimbursing transferees for HHT expenses provides a disincentive to transferees to use the fixed-payment (lump-sum) method of reimbursing HHT's. Yet the lump-sum method is less burdensome and more economical for employees while also less administratively costly to the Government. This raises the question of whether any modification can be made in the FTR to fix this problem.

In the Federal Employee Travel Reform Act (FETRA), Government relocation managers were authorized to use lump-sum benefits for HHT's. This was done to provide employees with the opportunity to share in the savings of economizing on their HHT and to lessen the burden of paperwork by eliminating the need to keep and submit detailed records of their expenses. Furthermore, agencies could save on administrative costs by not having to audit complicated HHT vouchers.

To provide a clear and fair choice to transferees, the task force that developed the policies leading up to FETRA recommended that the new lump-sum benefit provide 5 days' worth of living expenses tied to the locality rate, while the traditional HHT expense method would continue to link its lodgings-plus expense benefit to the traditional CONUS rate as with traditional temporary quarters reimbursements.

Unfortunately, the implementing regulations for FETRA did not accomplish this. Instead, the regulations created an unfortunate inconsistency between HHT and TQSE benefits. From that time and continuing today, the traditional method for claiming HHT expenses is linked to the locality rate (FTR Part 302-5.13 and Part 301-11.100), while the traditional method for claiming TQSE expenses is linked to the CONUS rate (FTR Part 302-6.102). Not only is this inconsistent from a practical and logical point of view, it creates an unintended constraint on encouraging the use of a more cost-effective lump-sum HHT reimbursement method: Why should any transferee use the lump-sum benefit granting 5 days' worth of the locality rate, when they could use the traditional method and receive up to 10 days' worth of the locality rate? Simply saving the trouble of submitting receipts is not a sufficient motivator to forego 5 days' worth of the locality rate.

Even if transferees found that the ease of paperwork and the benefit of having their reimbursement paid up-front convinced them to use the lump-sum benefit anyway, the fact that the FTR contains this inconsistency is reason enough to make the change.

### 4.5.3 RESEARCH

Corporations offering a HHT benefit typically offer either a lodgings-plus method similar to the Government's traditional method, or a lump-sum method. One major difference in the HHT benefit offered by some corporations is when the HHT benefit is made part of a larger lump-sum payment that covers many or all relocation benefits beyond the HHT, such as temporary living and en route benefits.

A 2002 Worldwide ERC study of new hire policies nationwide found that in organizations which offer a single, non-tiered HHT policy, 77% offered HHT benefits to new hires (though it is important to note that the figure dropped from 93% three years earlier). Even higher percentages of surveyed respondents using lump-sums offered a HHT benefit to new hires. Clearly the private sector, which comprises the majority of Worldwide ERC membership surveyed, believes it important that new hires receive assistance in obtaining housing at the new duty station.

Furthermore, all institutions depend increasingly on finding experienced new hires, possessing critically needed skills. It is important to note that such candidates look closely at their benefits offered to them in deciding whether or not to take a job. For the Federal Government to remain competitive in attracting the best candidates, adding such a benefit would make sense.

### 4.5.4 BEST PRACTICES

Employees who arrive at the new duty station to search for a new home are more effective in that search if they know the price range appropriate for them, and use their time wisely focusing upon the best candidate properties. Time spent reviewing homes whose prices exceed an employee's pocketbook is time wasted.

In a multi-agency review of employee relocation practices and procedures, auditors had found that over  $\frac{3}{4}$  of transferees authorized a HHT completed it without an accurate estimate of the market value of their old homes, and therefore did not have an accurate sense of how much equity they could carry forward toward their purchase. This was further complicated by the fact that the average difference between what employees thought their homes were worth and what those homes actually were appraised for was 10 percent. In some cases employees estimated their homes to be worth nearly twice the amount of the formal appraisal.

Another essential factor in efficient home search is mortgage pre-qualification. Having this in hand may greatly speed acceptances of purchase offers. Without a mortgage pre-qualification, employees lack an important tool to facilitate a quick purchase, thereby saving transferee time and Government expense in HHT's.

Finally, because home selection often is connected with school selection, elder care/nursing home location, and other family-related concerns, the HHT may be more productive if connected with or supplemented by a Family Destination Service.

#### **4.5.5 RECOMMENDATIONS**

**RR-7A:** The Board recommends that agencies provide professional Destination Services to their relocating employees.

**RR-7B:** The Board recommends that agencies encourage employees authorized a Househunting Trip (HHT) to utilize professional Destination Services to assist with real estate agent selection, location of available homes for sale or rent, any critical issues such as school location, elder care services, and other needs that may have a major impact upon the location of the home the transferee is seeking to buy.

**RR-8:** The Board recommends that GSA initiate a Pilot Program to explore the use of lump sum allowances for HHT to include: airfare or mileage, car rental if authorized, lodging, meals, incidental expenses and other misc. expenses (parking road taxes, hotel taxes etc.).

**RR-9:** The Board recommends that GSA implement use of locality rate per diem for HHT for both actual reimbursement and fixed allowances.

#### **4.6 Temporary Quarters Subsistence Expense (TQSE)**

##### **4.6.1 BACKGROUND**

Temporary Quarters is defined in the FTR as lodging obtained by Federal transferees for the purpose of temporary occupancy from a private or commercial source.

Temporary quarters subsistence expenses (TQSE) is defined in the FTR as subsistence expenses incurred by an employee and/or his/her immediate family while occupying temporary quarters. This does not include local transportation expenses during occupancy of temporary quarters. A Federal transferee is eligible for a TQSE allowance if he/she is an employee who is authorized to transfer, and (a) the new official station is located within the United States; and (b) the origination and new official stations are 50 miles or more apart. New appointees, employees assigned under the Government Employees Training Act and employees returning from an overseas assignment for the purpose of separation are not eligible for TQSE allowance.

The FTR grants the agencies the discretion of offering the transferee TQSE after determination whether it is in the Government's interest to pay TQSE. Criteria which the FTR states is factored into the decision: the TQSE is authorized by the agency prior to the transferee occupying temporary quarters, the authorization must specific the period of time allocated for the transferee to occupy the temporary quarters. The transferee must have signed a service agreement and "has met any additional conditions the agency has established."

TQSE is authorized in increments of 30-days or less, not to exceed 60 consecutive days. However, the FTR does grant extension up to an additional 60 consecutive days at the agency's discretion. The FTR states that if the agency determines there is a compelling reason for the transferee to continue occupying temporary quarters after 60 days, the agency may authorize an extension up to an additional 60 days, not to exceed a total of 120 days.

There are two methods in which reimbursement can be made. One is the actual expense method requiring receipts and the other method is the fixed (lump sum) method, which does not require receipts. If the agency makes both methods available the transferee can select the one preferred.

The FTR states there is no extension of temporary quarters from the initial 30-day maximum should the transferee utilize the fixed (lump sum) amount reimbursement method.

The fixed fee amount is calculated as follows: the number of days the agency authorized TQSE by .75 times the maximum per diem rate (lodging plus meals and incidental expenses). For each member of the immediate family, multiply the same number of days by .25 times the same per diem rate. The fixed fee amount payment is the sum of the calculation. The per diem rate for fixed fee amount is calculated on locality per diem rate.

When the actual expense method is utilized the FTR states the agency will pay the actual TQSE incurred, provided the expenses are reasonable and do not exceed the maximum allowable amount. The "maximum allowable amount" is the "maximum daily amount" multiplied by the number of days TQSE is incurred, not to exceed the number of days authorized. The rates do change after 30 days in Temporary Quarters. The per diem rate for actual expense method is calculated on standard CONUS rate.

The maximum daily amount is determined as follows:

The first 30 days of temporary quarters:

- (1) The transferee and/or the unaccompanied spouse may receive the applicable per diem rate.
- (2) The accompanied spouse or a member of the immediate family who is age 12 or older may receive .75 times the applicable per diem rate.
- (3) A member of the immediate family who is under age 12 may receive .5 times the applicable per diem rate.

Any additional days of temporary quarters after the initial 30 days:

- (1) The transferee and/or the unaccompanied spouse may receive .75 times the applicable per diem rate.
- (2) The accompanied spouse or a member of the immediate family who is age 12 or older may receive .5 times the applicable per diem amount.
- (3) A member of the immediate family who is under age 12 may receive .4 times the applicable per diem rate.

#### 4.6.2 PROBLEM

The actual expense method reimbursement places a burden on the transferees, as they are required to maintain detailed records and receipts. The process includes preparing expense reports and reconciling receipts prior to submission of the vouchers for subsequent payment.

The auditing of vouchers for payment and expense tracking increases the administrative cost to the Government. Each voucher usually requires a minimum of two to four levels of review and approval. Financial/Accounting personnel are tasked with issuing multiple disbursements for each transferee throughout the relocation process.

The actual expense method reimbursement encourages the transferee to utilize the maximum 120 days of TSQE. This calculates into additional administrative costs to the Government in auditing and processing the submitted vouchers. It also translates into additional costs to the Government in storage of household goods as the transferee's household goods are typically stored at a cost to the Government while the transferee and/or his/her family are in Temporary Quarters.

The Federal Travel Regulation does not provide any guidance to Federal agencies when requests for extension of Temporary Quarter are submitted from those transferees who utilized the actual expense method reimbursement. This provides for inconsistency application of approval of requests for extensions to TQSE.

#### 4.6.3 RESEARCH

Private-sector companies typically offer lump sum programs rather than itemized costs reimbursement programs to capitalize on cost savings and contain the administrative processes.

A growing ratio of transferees prefers lump sums due to the flexibility of tailoring their move to fit their specific situation. Lump sums are less burdensome to the transferee as they are relieved of the responsibility to keep receipts and submit detailed vouchers. In lump sum programs employees are motivated to manage the lump sum payment to contain costs, as any delta amount remaining is the transferee's to retain.

The fixed (lump sum) reimbursement method also is more administratively cost efficient for the Government than the actual expense reimbursement method as the Government is relieved of the task of auditing vouchers for payment and expense tracking. When reimbursing actual expenses, each voucher usually requires a minimum of two to four levels of review and approval. Financial/Accounting personnel are tasked with issuing multiple disbursements for each transferee throughout the relocation process.

In a survey of several agencies, the aggregated data for 2004 states that 82% of the transferees utilized the actual expense reimbursement method for TQSE while 18% utilized the fixed amount reimbursement method. On average, agencies' reported employees remained in

temporary quarters 67 days. The average cost of TQSE for the first 30 days was \$6,238. The average cost of the second 30-day period was \$5,812; the additional seven days, bringing the total days to 67 days, \$1,356. The average RITA payment was \$5,656. Therefore, the average TQSE total cost for the average stay of 67 days was \$19,061.

Private Sector corporations have noted Household Goods Storage costs are directly impacted by the time a transferee spends in Temporary Quarters. Private Sector companies utilize relocation policies, which typically state a maximum of 30 days for Temporary Quarters. Therefore, the cost of storage of household goods has statistically lessened.

#### 4.6.4 BEST PRACTICES

Most private-sector companies' relocation policies offer a maximum of 30 days temporary quarters. Extensions are not the norm, however, if authorized, are typically to no more than a total amount of 45 days.

Lump Sum Payment Programs are being used by private-sector employers to control relocation costs and increase satisfaction among transferees.

#### 4.6.5 RECOMMENDATIONS

**RR-10:** The Board recommends that GSA initiate a Pilot Program to explore the use of a lump sum allowances for TQSE to include: lodging and meals.

**RR-11:** The Board recommends that GSA implement a regulatory change to the FTR to reduce the maximum number of days that can be authorized for TQSE Actual Expense reimbursement from 120 days to 60 days for moves within CONUS.

### 4.7 Other Reimbursement Target Issues (Ancillary/Companion Services)

#### 4.7.1 BACKGROUND

Relocation Management Companies offer a variety of relocation services which their clients can choose from to create a full service relocation program that is customized to the client organization needs and culture. Many of the ancillary services compliment other contract services in terms of streamlining and simplifying the move process, containing relocation costs, or brining program administration efficiencies. The additional services from which an organization can choose includes services to support the internal relocation program office and staff or benefits directly benefiting transferring families. Some of the additional services are commonly used in private industry, while others are used on an as requested basis. A company's decision to contract for one or more of these services is usually dependant upon industry group

(i.e., financial services vs. retail), employee demographic, national or geographic recruitment challenges, organizational culture, and individual employee exception requests.

The Government most commonly contracts for the home-sale assistance service and shipment and storage of household goods, and less frequently, entitlement/benefit counseling. Ancillary services can be used in conjunction with or independent of these services. In certain circumstances, there is no authority within the FTR to allow agencies the option of providing a service at Government expense. As such, agencies may only offer services at employee expense. Historically, employee paid relocation

#### 4.7.2 PROBLEM

Key topics identified for discussion and review relative to ancillary/companion services included:

- Cost-of-living allowances
- Entitlement counseling
- Destination services

##### Cost-of-Living Allowances

Recruitment to high cost areas has long been a problem for Federal agencies. Employees frequently only consider salary when evaluating career opportunities in these locations. A more detailed analysis of living expenses through the use of cost-of-living comparisons may provide agencies with a valuable recruitment tool for these geographic areas, as well as other hard to fill locations. For instance, low cost of living may also be a recruitment tool. Currently, the FTR does not allow for payment of cost-of-living data for recruitment purposes.

##### Entitlement Counseling

Many agencies are unable to manage and measure the effectiveness of their relocation for several reasons:

- Administration of the program is decentralized. There is no standardized approach to program administration. Responsibility for relocation may be assigned to varying grade levels, even within the same organization, and is frequently a “collateral duty.” Individuals have varying levels of experience and degrees of knowledge or interest in the strategic aspect of relocation to the overall agency’s missions. This results in inconsistent application of policies, incomplete and inaccurate dissemination of information to employees and hiring managers, and increased program and overhead costs for agencies.
- Employees do not have access to a reliable resource able to guide the employee on move benefits and move planning at the time of selection. Therefore, the hiring manager frequently becomes the source of information on benefits and move planning. Hiring managers are unfamiliar with relocation policies and practices. As a result managers frequently provide incorrect guidance or make commitments outside of the Government’s

authority or without consideration to the cost to the Government. These errors are not detected until the employee submits vouchers for reimbursement, at which time it is too late to correct an error and the employee may be out of pocket, or the agency may have incurred unnecessary costs.

- Many small and highly decentralized agencies move a small number of employees annually and it does benefit an agency to invest in training for individuals assigned to handle the relocation function. In addition, low transfer volume prohibits these individuals from becoming technically proficient in the relocation function and employees are frequently provided incorrect or outdated information on relocation benefits.

Destination Services

Additional fee based services are available for unique or special circumstances. However, while PL 98-151 specifically states that agencies may contract for services “including, but not limited to” the purchase of a transferred employee’s home, the FTR does not provide implementing regulations to allow agencies the flexibility to provide special assistance, particularly in hardship situations.

4.7.3 RESEARCH

Cost-of-Living Allowances

If the Government allows agencies to contract for cost-of-living comparisons to support recruitment to areas they deem appropriate, the cost of such services would be relatively small in comparison to the total move costs for a key employee.

<b>Implementation Options</b>	<b><i>Advantages</i></b>	<b><i>Disadvantages</i></b>
RMC	<ul style="list-style-type: none"> <li>▪ Most RMC’s provide “cost” and “no cost options.”</li> <li>▪ Fee structure can be customized to a per-employee fee or a fixed fee that allows an agency to order up to a certain number of reports.</li> <li>▪ Data is available worldwide.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Additional relocation cost.</li> </ul>
Human resource and consulting firms	<ul style="list-style-type: none"> <li>▪ Most provide “cost” and “no cost options.”</li> <li>▪ Fee structure can be customized to a per-employee fee or a fixed fee that allows an agency to order up to a certain number of reports.</li> <li>▪ Data is available worldwide.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Additional relocation cost.</li> </ul>

Entitlement Counseling

Effective and efficient move planning minimizes disruption to the family and helps contain unnecessary expenses for the Government and transferring employee. If the Federal Government directs agencies to assure that their relocation process provides for sufficient entitlement counseling early in the transfer process, the Government could reduce costs, speed transfers and avoid transferee misunderstandings. Common solutions that should be considered include:

<b>Implementation Options</b>	<i>Advantages</i>	<i>Disadvantages</i>
Internal agency staff	Fully focused and knowledgeable of agency culture and expectations.	<ul style="list-style-type: none"> <li>▪ Difficult to staff for peak periods.</li> <li>▪ Initial and ongoing training investment required.</li> <li>▪ Diverts FTE from staffing core job functions.</li> <li>▪ Decentralized agencies have increased training costs or need to centralize.</li> <li>▪ Limited or no automation available to support process.</li> <li>▪ No career path for this position within Government.</li> </ul>
Interagency agreement with shared service center	<ul style="list-style-type: none"> <li>▪ Knowledge of FTR/JTR reimbursements.</li> <li>▪ Familiar with Government culture.</li> <li>▪ Easy to contract for services.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Difficult to staff for peak periods.</li> <li>▪ Initial and ongoing training investment required.</li> <li>▪ Diverts FTE from staffing core job functions.</li> <li>▪ Limited or no automation available to support process or multi agency policies.</li> <li>▪ Transactional fee.</li> <li>▪ No control by customer agencies over staffing for their business.</li> <li>▪ No liability for errors.</li> <li>▪ Agency travel personnel may be reluctant to transition function.</li> </ul>
RMC	<ul style="list-style-type: none"> <li>▪ Knowledge of FTR/JTR reimbursements.</li> <li>▪ Familiar with Government culture.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Company must staff for peak periods.</li> <li>▪ Systems exist to automate process and support multi</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Easy to contract for services through GSA FSS.</li> <li>▪ Easy to implement policy changes.</li> <li>▪ Single point of accountability.</li> <li>▪ Assumes liability for errors.</li> <li>▪ Performance can be clearly evaluated and assessed.</li> </ul>	<p>agency policies.</p> <ul style="list-style-type: none"> <li>▪ Fees may be less than cost of fully loaded Government FTE.</li> <li>▪ Agencies frequently reluctant to transition function.</li> </ul>
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Destination Services

Additional services that are commonly provided for by private industry either as a part of a standard policy, on an exception basis or through other special allowances include:

- spouse employment assistance,
- elder care or transition expenses,
- special needs services for family members with special requirements,
- educational assistance and
- general concierge services.

4.7.4 BEST PRACTICES

Cost-of-Living Allowances

Cost-of-living services are available through several commercial sources. Depending on agency need and the supplier source used, these services may or may not be provided at a cost per employee or for a specific number of employees, or may be provided at no cost.

Entitlement Counseling

Providing reliable, accurate, and timely benefit and move planning guidance during the recruitment process or, at a minimum, at the time of selection, assures employees are provided with the information, tools and professional resources available through an agency’s relocation program to effectively plan their move.

Destination Services

Many private-sector employers incorporate such programs from Work/Life areas into their relocation benefits packages. Many provide employees with flexible benefits in this area that are capped at a set reimbursement limit, such as \$2,000. The employee may elect to use any or all benefit options and will be reimbursed up to that amount.

4.7.5 RECOMMENDATIONS

None

## **5. RESIDENCE TRANSACTIONS**

### **5.1 Mission**

The mission of the Residence Transactions (RT) Subcommittee was:

To develop recommendations regarding home sale, home purchase, mortgage financing, renting, lease termination, leasing costs, home-sale programs, finder's fees, associated policies and regulations and processes relating to each, and best practices relating to each.

### **5.2 Residence Transactions Subcommittee Members**

Five individuals comprised this GRAB subcommittee, with a GRAB committee member filling the position of Chair:

- Gail Davis, Chair
- Cris Collie
- Tom Higgins
- Cal Pierce
- Rod Ulrich

Industry experts who also contributed to the work of the subcommittee are cited in the Biography section of this report.

### **5.3 Home-Sale Program Options**

#### **5.3.1 BACKGROUND**

The Subcommittee concentrated the majority of its efforts on home sale which, among relocation program components, typically has the most significant financial impact to both the Government and its transferring employees. Moreover, because "home is where the heart is" for many transferees, the home-sale experience significantly influences employees' overall satisfaction with their transfers as well as with their employers. For relocations involving home sales, the residence transactions drive the largest share of controllable relocation costs in two ways:

- The home-sale transactional costs (e.g., closing costs and service fees)
- The impact that access to equity in the employee's home may have on temporary quarters and temporary storage costs

Home-sale transactional costs can vary significantly, depending upon the types of home-sale program options a Government agency uses. The Government typically uses some or all of four home-sale program options:

- Appraised Value
- Amended Value
- Buyer Value Option (BVO)
- Direct Reimbursement

RMC's manage "Guaranteed Home-Sale Programs" for agencies that may provide Appraised Value, Amended Value, and BVO home-sale program options. An agency may procure RMC services either through GSA Federal Acquisition Service Schedule 48 or by contracting directly with the RMC through a solicitation (or "direct acquisition"). The statutory authority for these programs rests in PL 98-151, USC, Title 5 and is promulgated by the FTR and JTR.

#### Appraised Value Sale

Under this option, the RMC provides an employee a guaranteed offer to purchase the home at the sending locale (or "former home") at the appraised value, as determined through an established valuation protocol (typically based upon the average of two appraisals). Prior to the employee accepting the RMC's offer but after the RMC extends a guaranteed offer, the employee has the option of an equity advance, giving the employee earlier access to a significant percentage of the equity in the former home. The employee only qualifies for this equity advance upon demonstration of need.

The employee may sell the home directly to the RMC at any time during the employee's offer period. When the employee sells the home to the RMC, the employee receives either the balance of the equity (less any equity advance) or their entire equity if the equity advance option was not exercised (as defined under the terms of the GSA Schedule 48 or individual agency contract and agency guidelines). At that point, the RMC assumes all rights and responsibilities related to the ownership of that property. The home then enters the RMC's inventory, and the RMC will strive to resell the home on the open market. Until the RMC resells the home, the RMC is responsible to pay carrying costs (mortgage interest, insurance, taxes, utilities, etc.) and maintenance for the property. (Reference Worldwide ERC's *Guide for Managing the Mobile Workforce* for an in-depth definition of Appraised Value Sales.)

#### Amended Value Sale

As in the Appraised Value Sale option, the RMC requests appraisals of the property to derive a guaranteed offer to purchase the home. However, under the Amended Value Sale option, the RMC may amend its guaranteed offer to purchase the property at an outside buyer's offer, which usually is at a higher price. If the employee receives a bona fide offer from a qualified buyer before or during the appraisal process, the RMC may amend its guaranteed offer to purchase the home from the employee for the outside sales price. An Amended Sale occurring prior to the RMC's guaranteed offer purchase price being established is considered an Amend-from-Zero Sale.

After amending the offer to the transferee, the RMC will purchase the property from the employee and then subsequently resell the home to the outside buyer. Because the RMC assumes all rights and responsibilities of ownership for the property upon purchase from the employee, on rare occasions when the sale to the outside buyer falls through, the RMC still owns the property until it secures another buyer on the open market. However, because the RMC assumes less risk of incurring carrying costs on an Amended Sale, RMCs typically charge lower service fees to client agencies or corporations for those types of transactions. (Reference Worldwide ERC's *Guide for Managing the Mobile Workforce* for an in-depth definition of Amended Value Sales.) The employee may obtain equity advances on an Amended Sale transaction through processes similar to those for the Appraised Value Sale option.

#### Buyer Value Option

A Buyer Value (BVO) transaction is a variation of the Amended Value transaction in which the RMC does not request appraisals to establish a guaranteed offer and, therefore, typically the RMC does not extend an offer to purchase the home via a BVO. Although these transactions are sometimes referred to as "amend-from-zero" (see above) or "offers prior to appraisal," there is no initial appraised value offer to "amend." Rather, the only unconditional offer is derived from the "buyer value"; that is, the fair market value as determined by an offer from a potential buyer. In completing BVO sales transactions, the RMC follows protocol similar to that for Amended Sale transactions. A RMC may charge a slightly lower service fee for BVO transactions than for Amended Sales because it does not incur the cost of appraisals.

Due to the confidentiality of BVO fees negotiated between agencies and RMCs, the Board was unable to identify actual BVO fees beyond the not-to-exceed percentages indicated in Schedule 48 RMCs' posted price lists. However, per a study performed by the Worldwide ERC, the private-sector average BVO costs (including service fees) are 8.67% of the home's sale price. However, because the Government requires fixed-fee rather than cost-plus contracts and RMCs are responsible for funding equity advances when authorized, the Government likely pays higher costs than typical for private-sector RMC clients. We estimate BVO fixed fees for the government are likely 9% to 11%, which reflects the shift in the risks from the Government to the RMC due to the fixed fee and equity funding requirements. (Reference Worldwide ERC's *Guide for Managing the Mobile Workforce* for an in-depth definition of Amended Value Sales.)

#### Direct Reimbursement

Under Direct Reimbursement programs, the employer reimburses some or all home-sale expenses incurred by the employee. The employer does not extend a guaranteed offer to purchase the home and, frequently, the RMC does not assist the employee in the home marketing effort. Broker's commissions constitute the largest portion of the home-sale reimbursement. Generally, employers cover the commission, with a limit on this reimbursement, such as a stated percentage of the home's sale price. Additionally, employers generally reimburse other closing costs, such as transfer fees, attorney fees, and title search or title insurance fees. The Government defines allowable home-sale reimbursements in the FTR and JTR and caps reimbursements at 10% of the sales price. If a RMC is contracted to assist with the closing of a

Direct Reimbursement sale, it typically charges a service fee lower than those for Amended or BVO Sales. Employees, however, cannot obtain equity advances from the RMC on Direct Reimbursement transactions. (Reference Worldwide ERC's *Primer on Relocation* for an in-depth definition of Amended Value Sales.)

### 5.3.2 PROBLEM

Most agencies that do not offer their transferees access to a home-sale program base the decision on a perception that reimbursement of direct home-sale costs are lower than the fees generally associated with a RMC home-sale program (e.g., up to 10% of the home-sale price for direct reimbursement versus up to 23.5% for a RMC home-sale program under Schedule 48). This perception ignores the fact that direct reimbursements are taxable income to the employee and, therefore, typically require added reimbursement from the Government to cover that tax liability, whereas properly structured RMC-assisted home sales are not.

The actual costs of direct reimbursement are normally about 7.55% of the sale price (6% brokerage commission plus 1.55% closing costs), which, when grossed up for the tax liability incurred, will be greater than 11% of the home's sale price under current regulations. (Notably, although the Government does not currently include employment taxes in the gross-up calculation, as indicated in Section 3 of this report, the Board recommends that the Government include those in future gross up calculations. If that recommendation is implemented, the costs of direct reimbursement will increase to nearly 12% of the home's sale price.) As indicated previously, we estimate the buyer value option transactions (BVO) may cost as little as 9% to 11% of the home-sale price and are not subject to income tax reimbursement.

The Government's cost for home-sale program services is the combined cost of the Appraised Value, Amended Value, and BVO transactions and, therefore, that cost hinges on the ratio of lower-cost transactions (Amended Value and BVO) to the Appraised value transactions. The higher the incidence of Amended Value and BVO transactions, the lower the overall program costs.

The Board has found, based on the Worldwide ERC/Raffa Study, that the average costs for an Amended or Appraised transaction in the Government sector are similar to the private sector's experience. However, even taking into consideration a slightly higher home-sale value in the private sector, the Government's overall program costs are disproportionately higher than in the private sector. The private sector's overall program costs are significantly lower than the Government's largely because the private sector has succeeded in affecting a greater proportion of Amended Value and BVO transactions.

The private sector has initiated relocation policy changes designed to drive Amended Value and Buyer Value Option transactions. The migration to BVO Programs and increasing the Amended Value rate in the private sector has resulted in a combined BVO/Amended rate of 80 - 82%, according to data from Worldwide ERC's 2004 Transfer Volume and Cost Survey. The private

sector range of 80 – 82% is compared with the Government rate of 59% identified via the Worldwide ERC/Raffa Study. In some cases, private-sector companies have achieved a BVO/Amended rate in excess of 90%.

### 5.3.3 RESEARCH

The Board first reviewed relevant sections of the FTR and then sought quantitative information regarding consolidated transfer volume statistics and financial data. The Board sought to identify overall and average costs for home-sale transactions Governmentwide; however, we found that data collection at the agency level ranged from not being collected to being fairly complete. The absence of data definitions, common collection requirements and systems made it difficult to project overall volume of homeowners and renters and the home-sale and home-purchase costs. Additionally, we found little reliable data consolidated at the Cabinet level.

In our search for data, we met with the OMB to understand the BDR for relocation expenses and whether it had analyzed the information we were seeking. The Board also had the benefit of the home-sale knowledge and experience of its members, industry experts, and representatives from the Bureau of Prisons and the Corps of Engineers, the executive agent for relocation services for the Department of Defense. In addition, the Board interviewed relocation program administrators from several agencies to obtain quantitative and qualitative information about their home-sale programs, including:

- Drug Enforcement Administration
- Alcohol, Tobacco, Firearms and Explosives (ATFE)
- Immigration and Customs Enforcement
- National Oceanographic and Atmospheric Administration
- Federal Bureau of Investigations
- Social Security Administration
- U.S. Department of Agriculture
- Department of Veteran Affairs

Additionally, we undertook significant steps to obtain data and information. Specifically, we participated in ATFE's Employee Focus Group meeting from which we obtained feedback about the home-sale program as well as other reimbursements and services. We also developed a survey for agencies relative to transfer volumes, costs, home values and methods of administering the programs.

Most importantly, the Subcommittee brought together representatives from the six RMCs currently on the TDRS Schedule 48 and obtained their cooperation and collaboration in collecting data on Government home sales. We determined that the success of this data-collection effort required that data be aggregated by an independent source to ensure that no individuals, agencies or management service fees could be identified. Therefore, in January 2005, the Board conducted a survey of home-sale data for the period of October 1, 2004, through

September 30, 2005. The purpose was to obtain a benchmark among Federal Government civilian agencies for RMC-managed guaranteed home-sale transactions. Each RMC conducting guaranteed home-sale business with the Federal Government during that time was asked to submit all closed home-cost data, in aggregate, for all guaranteed home-sale transactions for all Federal agencies for the specified period.

This data was submitted to Worldwide ERC’s independent auditor, Raffa and Associates. In addition, the Worldwide ERC provided private-sector cost information obtained from its survey of 2004 transfer activity. This data is not meant to be all-inclusive but rather representative of private industry. The resulting report represents the only known analysis of home-sale data Governmentwide.

Lastly, the Subcommittee also reviewed the procurement process to better understand the Government’s objectives and their understanding of the relocation industry. We met with representatives from the GSA’s Federal Supply Service to review multiple award schedules and participated in a discussion of agency-specific procurement led by the Contracting Officer from the Corps of Engineers. Separately, we met with OMB to discuss cost-plus versus fixed-fee contracts.

#### 5.3.4 BEST PRACTICES

##### Selected Finding from Worldwide ERC/Raffa Study:

The Worldwide ERC/Raffa analysis indicated that the Government had an Amended/BVO rate of 59% and an Appraised Value rate of 41%, significantly different from the private-sector rate of 82% for Amended/BVO and 18% for Appraised Value.

**Table 5-A: Comparison of Employee-Generated Sales Percentages  
Government vs. Private Sector**

<b>Transaction Type</b>	<b>Government</b>	<b>Private Sector</b>
Amended	53%	53%
BVO	<u>6%</u>	<u>29%</u>
Combined Amended/BVO	59%	82%
Appraised	41%	18%

This mix translates into the Government spending 13.85% of the home value on average and the private sector 11.08%. This equates to an additional \$35.1 million in spending based on the data contained in the Worldwide ERC/Raffa analysis.

**Table 5-B: Summary Findings Worldwide ERC/Raffa Analysis**

	<b>Total Transactions</b>	<b>Total Value of Homes</b>	<b>Average Value of Homes</b>	<b>Total GHS Program Cost</b>	<b>Average Percentage Cost</b>
<b>Government Actual</b>	5,712	\$1,267,759,462	\$221,947	\$175,639,277	13.85%
<b>Government Adjusted to Private Sector Mix</b>	5,712	\$1,267,759,462	\$221,947	\$140,490,852	11.08%
<b>Difference</b>				35,148,425	2.77%

The Worldwide ERC/Raffa analysis clearly showed a disproportionate mix of Appraised Value versus Amended Value transactions between the Government and the private sector, resulting in higher program costs to the Government. In this instance, the private sector is availing itself of a number of relocation policy initiatives designed to drive Amended and BVO sales.

Further research, including the agency survey, agency interviews and transferee focus groups, indicated that, in many instances, agencies used direct reimbursement which, when combined with the resulting tax allowance, may be more costly than a BVO program. Moreover, compared with direct reimbursement, the BVO program offers the employee earlier access to equity, thus theoretically allowing the employee to purchase a new home sooner, thereby shortening the transition period for the family and reducing time in temporary quarters.

Expedited Access to Equity

The timing of a homeowner's access to the equity in his or her home is the principal, controllable factor that affects when he or she can purchase a new home. Furthermore, the timing of the home purchase may determine the need for temporary quarters and temporary storage of household goods. Although costs for temporary quarters and temporary storage cost vary according to the specifics of each move, we estimate "typical" costs for TQSE and temporary storage for during FY 2004 in Table 5-C.

**Table 5-C: Estimated “Typical” Costs for TQSE and Temporary Storage for Varying Time Periods**

<b>Low-Cost Location</b>	<b>30 day TQSE and Storage</b>	<b>60 day TQSE and Storage</b>	<b>90 day TQSE and Storage</b>	<b>120 day TQSE and Storage</b>
Employee only	\$5,720	\$6,450	\$8,385	\$15,549
Employee and spouse	\$9,975	\$12,255	\$16,125	\$29,459
Family of 4	\$17,938	\$21,414	\$28,251	\$52,897
<b>High-Cost Location</b>				
Employee only	\$6,599	\$9,997	\$8,385	\$16,791
Employee and spouse	\$11,352	\$18,037	\$16,125	\$31,410
Family of 4	\$20,599	\$32,635	\$28,251	\$56,709

To gauge the financial impact of temporary quarters and storage-in-transit, as reflected above, a reduction from 60 day TQSE and Storage to 30 day TQSE and Storage – which is achievable provided the transferee has access to equity and can make a more efficient purchase decision, will result in savings for a family of 4 from \$3,476 in a low cost environment to \$12,036 in a high cost location. An even larger cost reduction would be achieved if an agency’s average TQSE and storage were in the range of 90 – 120 days. For example, a reduction from 120 day TQSE and Storage to 30 day TQSE and Storage would result in savings for a family of four from \$34,959 in a low-cost location to \$36,110 in a high-cost location.

The importance of access to equity is displayed in a timeline chart format in **Attachment 5-1** in which different processes and perspectives are shown during a transfer. This chart specifically shows the time differences in access to equity for a Direct Reimbursement compared with a BVO, Amended or Appraised Value transactions. As noted earlier, any of the home-sale options provide earlier access to equity than the direct reimbursement option.

#### Other Considerations:

- **Productivity Loss to Government:** Private-sector relocation programs began in the 1960’s. At that time, managed home-sale programs became popular because of concern about productivity loss while an employee focused on sale of the previous residence rather than on the new job. Home-sale programs were initially administrated by a company’s own, internal department (which still exists in about 12% of the cases, according to ERC data) but were eventually outsourced to RMCs in the majority of cases (over 70% today). While one cannot easily measure productivity loss because it will vary significantly, it obviously does occur because employees remain distracted by having to manage the sale of the old home, move from the departing destination, and deal with family separation. In the final analysis, time is money to every organization, and if an employee is not focused on the job, then the organization may not fulfill its mission.
- **Personal Financial Hardship:** Employees reimbursed directly for their home-sale expenses often experience a personal financial hardship in these areas:
  - Expenses incurred for mortgage interest, maintenance, taxes, utilities, and insurance (among other carrying costs).
  - Adversely impacted cash flow from mortgage principal on the original home and mortgage payments on the new property (assuming the employee is able to afford the purchase before selling).
  - Not having the ability to “time the market” efficiently due to lack of equity funds until home is sold and a reimbursement expense voucher is processed. This may constrict the employee’s ability to negotiate on the purchase of a new home, and in fast moving markets may seriously undermine an employee’s ability to purchase the home deemed most desirable.

- **Employee Dissatisfaction:** Employee morale can be adversely affected when families are separated, funds are not readily available, and the ability to focus on the new job is diverted.

### **5.3.5 RECOMMENDATIONS**

**RT-01A:** The Board recommends that GSA seek to amend current statutes and regulations to allow for a comprehensive home-sale program, including amended, appraised, and BVO home-sale transactions. At present, statutes and regulations do not permit the Government to take full advantage of existing home-sale options.

**RT-01B:** The Board recommends limiting direct reimbursement for home-sale expenses to situations in which a) the residence does not qualify for admission into the home-sale program (as determined by the contract or policy) or b) direct reimbursement is clearly the least expensive choice to the Government as determined by the agency relocation manager.

**RT-01C:** The Board recommends that GSA issue a regulation making it mandatory that each agency implement a comprehensive home-sale program, including amended, appraised, and BVO home-sale transactions. This regulation should permit agencies to obtain a waiver based upon an analysis submitted to GSA that shows that, for the types of sales they have, the home-sale program would be more expensive than direct reimbursement, including the tax reimbursement associated with the direct reimbursement approach.

**RT-02:** The Board recommends that GSA take the following regulatory and contracting actions to reduce the costs of RMC home-sale programs:

1. The Board recommends that GSA implement policy changes that will motivate agencies and employees to make maximum use of the least costly home-sale program options, giving first preference to the BVO, second preference to the amended sales option, and last preference to the appraised value option.
2. The Board recommends that GSA consider the following policies that have been used successfully in private-sector relocation programs in developing its new policies:
  - a. Requiring employees to list their homes with a real estate broker/agent approved by their home-sale program service provider.
  - b. Requiring employees to list their homes for at least 60 days prior to accepting the appraised value offer.
  - c. Requiring employees to use the home-sale marketing-counseling services offered by the home-sale program.
  - d. Requiring employees to limit the asking price of their residences to no more than 105% of the appraised value or broker's estimate of their home value. [Note: GSA may want to be more flexible on this by allowing employees to ask whatever price they want for a limited time (e.g., 2 weeks to 30 days), then applying the 105% limit for a subsequent 30

days. GSA would then need to decide what it wants the agencies and employees to do after the initial time period, such as use the appraised value method.]

e. Home-sale bonus incentive as fleshed out via the Formal Consultative Mechanism.

3. The Board recommends that GSA maintain the fixed-fee pricing approach for RMC home-sale program service providers, but take the following actions to reduce the fees associated with the home-sale program:

a. Assist agencies in presenting information on their estimated relocation profiles in ways that help home-sale service providers estimate their risks and costs more accurately and improve their abilities to offer agencies the lowest fees for their particular home-sale characteristics.

b. Assist agencies in aggregating their home-sale business by promoting the establishment of shared resource centers to serve agencies that don't have sufficient relocation activity or expertise to negotiate favorable fees and adequately administer the home-sale contracts on their own.

## 5.4 Education and Exchange of Ideas and Information

### 5.4.1 BACKGROUND

The relocation process has evolved over the years into a complex industry designed to support workforce mobility globally. As a result, the need to educate individuals acquiring and using relocation services has become increasingly important.

### 5.4.2 PROBLEM

Agencies that are not recognizing and considering the latest trends, processes and services in relocation management may be doing themselves a disservice. This can result in less than fully efficient programs, higher costs and lost opportunity.

Agencies vary widely on the level of resident relocation expertise. Some agencies have leading-edge, efficient, and cost-effective relocation programs and maintain high levels of transferee satisfaction. On the other hand, some agencies have less than fully efficient programs and are not taking advantage of policies or processes designed to lower cost and increase overall efficiency.

### 5.4.3 RESEARCH

Agency interviews and surveys revealed wide discrepancies in the understanding and utilization of leading-edge relocation programs. To respond to this, the Board developed two Cost Comparison Tools shown in **Attachment 5-2**. The first tool allows for the cost comparison of

Direct Reimbursement to BVO sales. The numbers used in the tool represent a typical transfer, and actual agency experience may vary. Any agency can use this tool to compare their costs on both micro and macro levels.

The second spreadsheet tool allows an agency to input its specific volume ratio of Appraised and Amended sales. Summary and detailed information is provided about the effect of changing the ratio to increase the volume of Amended transactions.

On both cost comparison tools, an agency should ensure that the cost expense figures in the model reflect its actual experience. They can, however, also be used to project the cost savings that may be realized by improving the number of Amended transactions.

#### 5.4.4 BEST PRACTICES

Private-sector administration of the home-sale programs typically involves regular and thorough analysis of the overall housing profile and costs to determine trends and factors that are driving costs. This is almost always done in collaboration with a company's RMC. To facilitate having the benefit of this type of information, GSA may want to authorize and fund an annual study (such as that conducted by Worldwide ERC/Raffa) to compare results with the baseline report that was completed in 2005.

#### 5.4.5 RECOMMENDATIONS

**RT-03:** Agencies should look at trends in real estate, markets and the Cost Comparison Tool developed by the Board to analyze and assess how home-sale and other policy initiatives can impact program cost.

**RT-04:** The Board recommends that GSA complete an annual study for which RMC's will provide home-sale data for all Government home closings for the previous year. The Government should use the data to analyze home-sale costs, compare year-to-year activity, track amended sale rates and the resulting impact of Government relocation policy initiatives.

### 5.5 Home-Sale Program Management and Support System

#### 5.5.1 BACKGROUND

An array of Government home-sale programs exist. Some agency programs are well organized and focused on meeting mission and goals with a staff whose sole responsibility is to assist transferees with the relocation process. Other programs may not need this level of commitment to meet agency goals or mission. However, some agency relocation programs rely on staff whose primary responsibility falls outside of relocation so relocation duties are collateral. In all

cases, the level of relocation industry knowledge and expertise varies as much as do home-sale programs.

#### 5.5.2 PROBLEM

Some organizations in the Federal workplace lack adequate relocation industry knowledge and experience and as a result may be ill-equipped to negotiate the most favorable terms and conditions for their specific relocation program.

#### 5.5.3 RESEARCH

Eight out of 10 respondents to the survey of agencies use GSA Schedule 48. All respondents listed the reimbursement of allowable home-sale or purchase expenses as important, very important, or essential to their relocation programs. Most respondents see value in a Resource Center where a staff of technically proficient relocation professionals could provide support or guidance.

#### 5.5.4 BEST PRACTICES

Organizations have identified that well staffed business center work groups who have clearly defined responsibility for administration of relocation programs have produced effective results.

#### **5.5.5 RECOMMENDATIONS**

**RT-05:** The Board recommends that GSA, working through the Formal Consultative Mechanism, consider development of a Resource Center to enhance the use of Schedule 48. The Resource Center staff should have technical expertise and knowledge regarding the relocation industry and its practices. The Center could assist agencies in writing a Statement of Work which meets Schedule 48 requirements and captures any unique or subtle agency needs.

**RT-06:** The Board recommends that the Resource Center (see RT-05) pair/combine agencies having small transfer volumes to increase their ability to leverage volume to obtain better pricing and/or enhanced services. This could provide the Government as a whole with volume discounts by sharing resources.

**RT-07:** The Board recommends that the Resource Center assist agencies with high home-sale volumes by providing guidance on fine-tuning their individual agency statements of work to receive the best possible pricing structure.

**RT-08:** The Board emphasizes the need for education as detailed in the Administration and Management Section of this report as it relates to specific knowledge of residence transactions. Agency understanding of relocation terminology and best practices will provide the foundation for increased data accuracy and effective tools for building a relocation program that meets the

needs of all parties consistent with policy while managing service and overall cost.

## **5.6 Procurement of Relocation Management Company Services**

### **5.6.1 BACKGROUND**

In the mid-1980s, Congress authorized Federal agencies to contract with third-party relocation services companies to provide guaranteed home-sale style programs to its transferring civilian employees as an alternative to direct reimbursement procedures described in the FTR. Unless a waiver was approved, agencies were generally required to use GSA contracts to procure these services; however, GSA was funded through appropriations from Congress.

Eventually, GSA no longer received Congressional appropriations and was required to fund its operation using the Industrial Funding Fee (IFF) process. GSA now collects the IFF from contractors quarterly, based upon gross revenues. The contractor, in turn, incorporates the IFF into the contract fee charged to the agency using the GSA contract. At the same time, agencies are allowed to contract for services using their own contract capabilities. This has set up a scenario that has given agencies a choice of contracting options to suit their specific needs, experience, and expertise.

### **5.6.2 PROBLEM**

Currently, Government agencies procure relocation management services in various ways. Many opt to participate in the GSA Federal Supply Schedule (FSS); some prefer to award independently. Whatever the contracting method, the goal must be the procurement of state-of-the-art relocation management services for Federal transferring employees at the best value to the taxpayer. The effectiveness of the GSA Schedule toward that goal is reflective of the level of understanding of the FSS procurement process by the using agency. There appear to be instances where agencies are using the GSA Schedule “off the shelf” without fully understanding the product, the process, its usage, administration of the contract and how agency specific housing profiles affects fee discounts.

### **5.6.3 RESEARCH**

There are two general pricing structures for consideration in procuring relocation services. One is Cost-Plus Fixed-Fee, which is popular in the private sector; the other is a Fixed-Fee approach, which is currently required for use by Federal agencies.

Most of the private sector uses Cost-Plus Fixed-Fee pricing; however, some firms have begun to use the Fixed-Fee approach. Cost-Plus is popular in the private sector because it can yield a more economical pricing scheme. Typically in the private sector, no service fee is added to the actual cost of the transaction. This is possible because of referral fee agreements among

relocation services provider and partnering real estate brokers. Under a cost-plus contract, the actual cost for the relocation is born by the private sector company procuring the service with no cap on the potential expense. Under a Fixed Fee approach the relocation cost is known and fixed up front, therefore mitigating the risk of unbudgeted or excessive expense on the part of the Government.

Use of the cost-plus approach by the Government is impeded because the risk would shift from the contractor to the Government. Additionally, contractors' accounting systems would have to be in compliance with Government requirements, a stringent criterion that would discourage many from participating in the procurement process under those parameters. The Government's administrative protocol for Cost-Plus-type contracts demands intense oversight procedures that would require intense audit oversight by the Government for all invoices.

Fixed-Fee pricing is used by all Federal agencies regardless of contracts awarded independently or through the GSA FSS. This approach lays the risk for cost on the contractor, a factor that may have the effect of inflating the final cost to some extent; however, the expanding field of participating relocation contractors should ensure competitive price proposals with expected moderation of inflation for contractor risk. Unless there is provision in the agreement for periodic fee adjustment, the contractor is obligated to perform at the initial fee fixed at the time of award. For the contractors to price the proposals fairly, the agency must estimate an accurate profile of expected volume and housing values.

The GSA Multiple Award Schedule 48 publishes the "most favored customer" fee for services offered by each of the participating RMC's. Published fees establish the maximum that the RMC may charge the agency for that service. These fees can be negotiated between the RMC and the agency based on requirements unique to the using agency, volume, and housing profiles. Fee re-negotiation is a common practice among the vast majority of agencies using the GSA Schedule 48; however, in some instances, fees for services are not re-negotiated but procured at the published rate.

#### 5.6.4 BEST PRACTICES

Best practices exist within both the private and public sectors that involve relocation industry knowledge that can be applied to the negotiation of effective services and fees.

#### 5.6.5 RECOMMENDATIONS

**RT-09:** The Board recommends that the Government maintain the Fixed Fee Pricing approach for third-party relocation services contracts.

**RT-10:** The Board recommends that agencies considering contracting for third-party relocation services for transferring employees become knowledgeable consumers, taking steps to understand the industry and to identify their projected volumes of use and housing profiles prior

to beginning procurement actions.

**RT-11:** The Board recommends that agencies a) closely track usage and services during the life of their contracts and b) establish the position of program manager to administer the relocation contracts and monitor contractor services, one of which is to provide management reports as specified in the contract.

**RT-12:** The Board recommends that GSA, in its new business model, partner with agencies that utilize Schedule 48 to ensure complete understanding of the procurement process. GSA should assist agencies in further negotiating fees most appropriate to their unique service requirements, volume, and housing profile.

## **5.7 Home Purchase Assistance**

### **5.7.1 BACKGROUND**

Within the Federal Travel Regulation (FTR) 302-11.200 and 302-11.300 are provisions for the reimbursement of allowable transferee purchase closing costs. These expenses are reimbursable as long as the costs are customary for the buyer, do not exceed specifically stated limitations and do not accumulatively exceed 5% of the purchase price. Providing financial assistance for the purchase of a residence is consistent with the private sector. The elements in the FTR that differ from the typical private sector policy are:

1. Setting a percentage maximum or dollar limitation, which is used by about one-third of companies,
2. Having the 5% taken times the home's purchase price rather than the mortgage amount, and
3. Extending this benefit to first-time home buyers.

In the private sector, direct billing arrangements with one or more nationwide mortgage lenders, either through a Relocation Management Company (RMC) or by having an independent relationship, are common. The practice of direct billing occurs frequently so that transferees do not have to reserve personal funds for their purchase closing costs and then await reimbursements. Most private sector relocation programs are administered in ways that place the leverage of the company's volume behind each transferee with each service provider. With the mortgage lenders, this greatly improves the likelihood that transferees will receive good service, a wide selection of mortgage products and competitive interest rates. Whether the transferee uses a local lender or one of lenders with direct billing arrangements, the transferee selects the appropriate lender after evaluating interest rates, types of mortgage product and service levels.

### **5.7.2 PROBLEM**

An opportunity exists for cost savings by limiting the eligibility to receive reimbursement of purchase closing costs to homeowners in the old duty station. Another, less significant opportunity to save exists by reducing the percentage amount and/or making it a percentage of the mortgage amount rather than the purchase price. Having direct billing arrangements with more lenders would be more consistent with private sector practices.

Maintaining a competitive posture with regard to the private sector may become increasingly important given the recruiting and retention needs in the coming five to ten years, as noted in the projections from the Office of Personnel Management. In this area of relocation policy, it would seem unnecessary to change the existing FTR, specifically to maintain a competitive edge.

### 5.7.3 RESEARCH

Worldwide ERC is the professional association for the relocation industry. As part of ERC's commitment to gather and share information about corporate relocation policies and trends, surveys are conducted with its members each year. In the 2005 Relocation Assistance: Transferred Employees survey results, ERC noted that 90% of the respondents offered home purchase assistance, but 45% of organizations only offered the assistance to homeowners in the origin location and did not extend the assistance to renters. The percentage of companies offering assistance with purchase closing costs to all transferees declined from 48% to 26% between 1980 and 2004.

Concerning the reimbursement of purchase closing costs, the ERC survey found that 97% of the companies providing this assistance cover all normal or required buyer's closing costs. Further, it was stated that 66% reimbursed without an overall limit or on specific line items, while 31% have an overall dollar limit or have limits on certain line items.

Because of the lack of data, ascribing cost savings to the elimination of the benefit for first-time home buyers is difficult if not impossible. Therefore, if the cost savings can not be quantified and serious concerns have been expressed about the removal of a benefit, then GSA will want to weigh the immeasurable savings versus the perceived loss of this benefit. The value in continuing to provide purchase closing cost assistance to first-time home buyers may be as much in its good will because its cost in relation to the total cost of relocation is presumed to be relatively small. In addition, the Government may have a higher number of directed moves, such as mobility agreements and BRAC moves. GSA and agencies should consider communicating to transferees that allowing financial assistance to first-time buyers is a generous practice that is more costly than the majority of private-sector employers have wanted to provide.

Two presentations were made to the Board by mortgage industry representatives offering two different approaches to expanding transferees' access to lenders. One suggested that a new SIN be developed which would enable mortgage lenders to become a GSA FSS Schedule 48 supplier and be independent of the relocation management companies. This would enable direct billing to the agencies and reporting to the agencies as well as GSA. The other proposal suggested

having more lenders available to the transferee during the mortgage counseling but that the access and billing would still be through the relocation management companies. While the second approach offers more free market competition than exists now, it is still more restrictive than fully opening the process to interested and qualified nationwide lenders. Some have expressed concern that having lenders be Schedule 48 service providers would mean that an Industrial Funding Fee would be assessed, compared with reimbursement of actual expenses or direct billing currently that cost the agencies nothing.

#### 5.7.4 BEST PRACTICES

Best practices exist within both the private and public sectors that involve relocation industry knowledge that can be applied to these issues.

#### 5.7.5 RECOMMENDATIONS

**RT-13:** The Board does not recommend a reduction in the current benefit of providing closing cost assistance to first-time buyers. Allowing this relocation benefit to first-time home buyers should be viewed as a small but positive contribution to both recruiting and retention strategies. The value in continuing to provide purchase closing cost assistance to first-time home buyers may be as much in its good will because its cost in relation to the total cost of relocation is presumed to be relatively small. However, the Formal Consultation Mechanism should make an effort to obtain data to quantify and evaluate the costs and benefits of this assistance.

**RT-14:** The Board recommends that GSA consider modifying the FTR to offer home-sale and/or home-purchase assistance to select experienced new hires in hard-to-fill positions because the Government anticipates a significant number of retirements and has a need for a highly skilled workforce. This would give some flexibility to the agencies when they are having problems competing with the private sector for talent. Agencies should consider this new flexibility in place of or in addition to other human capital pay and non-pay flexibilities. As an example, the Veteran's Administration has ongoing needs for physicians who would find home-purchase or home-sale assistance an attractive benefit within an employment offer.

**RT-15:** The Board recommends that GSA take steps to enable greater access to more lenders.

**RT-16:** The Board recommends that GSA take steps for opening access to more direct billing for reimbursable closing costs.

**RT-17:** The Board recommends that GSA engage in discussions with nationwide lenders to better understand employee mortgage programs. The intent would be to provide access to any Government employee wanting to obtain mortgage financing or refinancing. These programs have been successfully introduced in the private sector and have been well received. At the least, they provide a benchmark for employees to compare products, rates and services with local lenders. These mortgage programs are considered to be beneficial to employees by giving access

to lenders which attempt to make the application and origination process as simple as possible and offer a variety of nationwide loan products at competitive interest rates, without any cost to the Government.

**RT-18:** The Board recommends that the Formal Consultation Mechanism discuss, evaluate and propose any changes to the provisions for Property Management.

**RT-19:** The Board recommends that GSA take steps to amend statute and FTR to allow for reimbursement of broker commissions for renters because this is the standard business practice and local custom in cities such as New York.

**RT-20:** The Board does not recommend changes regarding lease cancellation reimbursement; however, GSA should encourage the use of the “military clause,” also known as a “lease cancellation” clause. This provides renters with language that limits their lease cancellation cost if the employer transfers the employee.

## **6. TRANSPORTATION AND STORAGE**

### **6.1 Mission**

The mission of the Transportation and Storage Subcommittee was:

To develop recommendations regarding household goods damage claims and liability, Privately Owned Vehicle (POV) shipment, storage-in-transit, long-term storage, contracting (including GSA Schedules), costs and cost control, associated policies and regulations and processes relating to each, and best practices for transportation and storage of household goods.

### **6.2 Transportation and Storage Subcommittee Members**

Five individuals comprised this GRAB subcommittee, with a GRAB committee member filling the position of Chair:

- William B. Tirrell, Sr. Chair
- May Caffi
- David Gage
- Joseph Harrison
- Art Stoddard

Industry experts who also contributed to the work of the subcommittee are cited in the Biography section of this report.

### **6.3 Household Goods**

#### **6.3.1 BACKGROUND**

After reviewing numerous considerations relating to Household Goods, the Board focused on and investigated specific household goods topics to achieve the goal of cost control, reviewed associated policies & regulations, determined processes relating to each, and researched applicable best practices. Topics were also discussed in terms of how they met the varying needs of transferring employees, Government agencies, and the taxpayer.

#### **6.3.1 PROBLEM**

Key topics identified for discussion and review under Household Goods included:

- Data Collection (the lack of accurate data to enable management decisions to be data-based)

- General Policy (the strategy of using relocation to complement human capital recruitment, retention, and development and the education of both providers and service recipients)
- Procurement Programs (sources of service providers)
- Tariff Usage
- Weight Allowances
- Commuted Rate (used for some household goods moves)
- Storage
- Claims and Liability
- Performance Measurements (to enable evaluation of the full spectrum of related services)
- Transportation Invoicing

Because these topics are complex, we address each independently and incorporate associated recommendations, as appropriate.

### 6.3.3 RESEARCH

To recommend better processes and policies for the movement of household goods, Board members undertook numerous discussions and meetings, gathered information from advisory participants, and attended presentations from several Government agencies. The Board also reviewed a large volume of research materials from a variety of sources, including American Moving & Storage Association (AMSA), Worldwide ERC, GSA, various relocation companies, and several Federal Government agencies.

#### Data Collection

Data collection and reporting for household goods varies among the Centralized Household Goods Traffic Management Program (CHAMP), the Federal Supply Schedule (Schedule 48) and other procurement programs. We note that a) having consistent, standardized data collection through all available options and b) determining the minimum amount of data that can be aggregated and available to management and agencies to evaluate relocation programs are important. The data should be analyzed by agency management to determine the value of the information and the appropriate use of the agency assessments.

Section 9 of the Centralized CHAMP Household Goods Tender of Service (HTOS) outlines Transportation Service Provider (TSP) reporting requirements. Differing circumstances require different shipping reports. The TSP is required to report shipment data, on every shipment, on a quarterly basis to the GSA Project Management Office.

At a minimum, the CHAMP Shipment Report Spreadsheet consists of:

- Standard Carrier Alpha Code
- Transportation Type
- Type of Move

- Federal Agency Identification Code
- TSP's Reference Number
- Billing date
- Bill of Lading Number
- Type of BL
- Pickup Date
- Delivery Date
- Transit Time
- Origin State or Country Code
- Origin ZIP Code
- Destination State or Country Code
- Destination ZIP Code
- Actual Weight Shipped
- Mileage
- Transportation Charge
- Employee's Last Name
- TSP Tax Identification Number

Schedule 48, Move Management Services, stipulates specific reporting requirements, including the following management information reports:

- GSA Quarterly Shipment Summary: A summary of the total number of shipments handled for the specified period broken down into the following incremental categories: number of shipments by agency, number of shipments by carrier, number of CONUS interstate shipments, number of CONUS intrastate shipments, and number of OCONUS shipments. For each category, the total line-haul and accessorial charges are shown.
- GSA Quarterly Claims Summary: A summary of the total number of loss/damage claims handled for the specified period broken down into the following incremental categories: number of claims by agency, number of claims by carrier, number of CONUS interstate claims, number of CONUS intrastate claims, number of OCONUS claims, average number of days between date of claim filing and date initial settlement offer was issued, average number of days between date initial settlement offer received and date of final settlement, average amount claimed and settled CONUS interstate, average amount claimed and settled CONUS intrastate, and average amount claimed and settled OCONUS. (See the Claims Section of this document for further claims information).

If requested by the ordering agency, the Contractor will also provide the following reports in the manner specified by the agency with regard to format, content, and frequency. The ordering agency also may revise the report format:

- Monthly Move Analysis Report: A summary of the total number of shipments handled for the specified period broken down into the following incremental categories: number of shipments by agency activity, number of shipments by carrier, number of CONUS interstate shipments, number of CONUS intrastate shipments, and number of OCONUS shipments. For each category, the total line-haul and accessorial charges are shown.
- Claims Summary: A summary of the total number of loss/damage claims handled for the specified period further broken down into the following incremental categories: number of claims by agency activity, number of claims by carrier, number of CONUS interstate claims, number of CONUS intrastate claims, number of OCONUS claims, average number of days between date of claim filing and date initial settlement offer issued, average number of days between date initial settlement offer received and date of final settlement, average amount claimed and settled CONUS interstate, average amount claimed and settled CONUS intrastate, and average amount claimed and settled OCONUS.
- Counseling Contact Summary Report: A summary report of counseling contacts showing employee name, date of initial contact, and current status of the move including date for the pre-move survey, packing date, pickup date, and actual or proposed delivery date(s) into SIT and/or residence.
- On-Time Services Summary Report: A summary report listing employee name, scheduled pickup date, actual pickup date, scheduled delivery date(s) into SIT and/or residence, actual delivery date(s) into SIT and/or residence, scheduled date for delivery out of SIT, and actual date for delivery out of SIT. When the scheduled and actual dates are different, the Contractor must explain the difference.
- Customer Satisfaction Survey Summary Report: A summary of the numbers of employees surveyed and moved during the previous month and the satisfaction levels for contractor and carrier services.
- Specially Requested Reports: Special reports furnished to the ordering agency not more frequently than once a quarter when the Responsible Transportation Officer requests such reports.

In addition to the mandatory reports required by Schedule 48, agencies may have different service-quality data-collection elements because each contractor reports its own information to the individual agencies; no standardized quality matrix exists.

The Board also noted the lack of a data collection requirement or reports for storage-in-transit or non-temporary storage. The TRIP report requires minimal information, but because storage does not generate an Industrial Funding Fee (IFF), GSA does not collect storage data.

The Board urges a review of the quality survey instruments used by the third parties under Schedule 48, in consultation with agencies and service providers, to determine what data elements 3080 also collects. Some of the same information is collected and, in some cases, more information is collected.

To protect competitive information, the Government may need to turn to an independent entity to collect the data from the various contractors on Schedule 48. The deliverable would be an aggregation of the data elements in a format that retains confidentiality.

### General Policy

This topic focused on the evaluation of eligibility issues, policy tiers, and handling of exceptions. The primary objective was to determine whether eligibility requirements were adequate, the process and issues with exceptions, and whether to recommend tiered policies for household goods moves.

The Board reviewed information from CHAMP reports and data provided by the Worldwide ERC. State Department representatives also provided data regarding previous use of tiering and their explanation for eliminating the program; for example:

“The Department of State’s household effects limited shipping weight entitlement for furnished posts was established in 1984 by means of an agreement between the Department, AFSA, and AFGE, and after passage of Public Law 98-151, Nov 14, 1983, which raised the statutory personal effects maximum from 11,000 to 18,000. The limited shipment weight was established at 40% of the full 18,000, or 7,200 pounds, for every employee regardless of rank or family status.

Prior to 1984, the shipping weight entitlement was based on a tiered system of weights based on rank and number of family members, which over time increased and decreased, and ranged from as few as five tiers up to as many as 99. The limited shipping weights ranged from a low of 1,500 pounds for an employee with less than two family members, to a high of 5,900 pounds for an employee with nine family members. The 1984 limited shipping weight entitlement increase represented a substantial weight increase for all employees, and also simplified and standardized the entitlement, while providing fair treatment for all Department employees.

Unaccompanied air baggage entitlements are tiered by weight, based on number of family members. The employee’s entitlement is 250 gross pounds, followed by 200 gross for family member one, 150 gross for family member two, and 100 gross for each additional family member.”

A need exists to make relocation more attractive and provide “incentives” to relocate. No other allowances or services are tiered, although several discretionary allowances are offered to one group, but not another. The Board believes that the use of tiers for household goods moves is

unfair to lower grades and larger families, and too subjective. An actual expense module is also available for people who want to move on their own.

### Procurement Programs

The Board weighed the advantages and disadvantages of the contractual issues and use of various procurement programs, including CHAMP, the Federal Supply Schedule, and customized agency-specific programs. The Board also evaluated Government-specific regulations or procurement rules that affect the transportation process, including the advantages and disadvantages of Government contracting principles.

The Federal Government obtains transportation and transportation-related services either through: (1) normal, competitive acquisitions subject to the FAR; or (2) acquisitions under Government rate tenders pursuant to 49 USC §10721 (pertaining to rail carriers) or 49 USC §13712 (pertaining to motor carriers) through a bill of lading. These programs allow multiple vendors to participate.

The Board received position papers from GSA and advisory participants who provided detailed information and opinions on the various program attributes. Significant discussion focused on the benefits of the various systems and the goal of providing the greatest value and flexibility to the Government for household goods transportation, storage, and move management services. Ed Davis from the GSA also provided a paper regarding FAR vs. Tender. (See **Attachments 6-1, 6-2 and 6-3.**)

At the AMSA/GSA Forum in February 2005, a non-scientific “show of hands” indicated that all of the 81 Government and industry participants in the focus group session preferred having a choice of programs. The consensus was that any change would eliminate current flexibility. GSA distributed a formal questionnaire at the Forum, and the survey results, on a variety of topics, can be found in the Attachments to this report (see **Attachment 6-4**).

While opportunities may exist for streamlining the procurement process and gaining administrative efficiencies, the existing choice of programs offers greater flexibility for the individual agencies. No other Government program requires agencies to use “one” program only. Although one might argue that a single, aggregated Federal program would provide greater discounts through leveraging volume, no economy of scale is possible because Federal agencies operate independently and their programs vary in policy, practices, and size. The Board concluded that competition from the multiple programs actually drives costs down, while at the same time supporting small businesses and direct carriers.

### Tariff Usage

Currently, GSA’s CHAMP program uses the 415-G tariff exclusively, although they are considering offering the Tariff 400-N as an option. The Schedule 48 move management program offers agencies the option of using the 415G under CHAMP or the contractor’s commercial arrangements under the 400N tariff. However, the choice essentially exists on paper

only because the move manager is not permitted to charge a commission if CHAMP and the 415-G Tariff are used, so nearly all Federal agencies on the Schedule are steered to the 400-N.

The majority of Government agencies are still using the Tariff 415G under CHAMP, while some agencies have moved to the 400N under the Schedule 48 contract. The Tariff 400-N was developed in response to requests for pricing provisions that were easier to use and understand. It is a simplified, electronic version of its predecessors and uses 3-digit zip codes and the weight of the shipment to rate shipments quickly and accurately between any points in the US and Canada.

GSA understands that some agencies prefer the 415-G rather than the 400-N because they have more control over accessorial charges. Each accessorial service is billed based on a separate rate rather than averaged as one simple rate as in the 400-N. However, benefits could be obtained in using the 400-N, and GSA hopes to offer the 400-N as a choice in TMSS after the current programming is complete.

The structure of the two tariffs is different in areas like packing, unpacking, and many of the common accessorial charges. Offerors and agencies are able to customize the scenarios to their desired outcome. Also, the 400-N and 415 tariffs are not subject to the same level of discount in the marketplace because the base-rate levels differ (400-N is higher by an average of about 5%) and the accessorial charges are priced differently.

Each agency's move profiles will impact whether the 400-N yields a more favorable pricing structure or not. For example, the 400-N tariff was structured to be regionally price-sensitive in the area of line-haul in addition to the accessorial services. Each agency's move patterns will impact the outcome. Government agencies have a higher incidence of storage, averaging 50% of shipments destined for storage - with some agencies as high as 70%. The storage discounts offered under the CHAMP program are not as aggressive as they are under the 400-N because the storage base-rate levels in 400-N are higher. The 400-N incorporated a packing and unpacking option for pricing to be based on weight, as opposed to individual carton pricing in the 415 tariff. The number of cartons for each shipment varies based on a customer's personal effects; therefore, the 415 rates are different because the packing depends upon the number of cartons, not the shipment weight. The 415-G has separate charges at both origin and destination for long carries, stair carries, elevator carries, appliance service, piano handling, and ATC charges. Each shipment's service profile dictates which accessorial rates apply. The 400-N tariff has one, standard, average accessorial-rate item, Item 135, to account for all service-related accessorial charges. Again, each provider will price to a preferred outcome, if it is not clear what is included in the move pricing.

Given the differences in base rates, packing rates, and accessorial rates, as well as the different level of carrier rate bids (percentage discounts), filed against each base tariff, an easy way to compare the resulting revenue (cost) associated with using the two different base tariffs does not exist.

The only way to evaluate the two pricing structures accurately would be to have a representative number of invoices pulled from various agencies, of which 50% should have storage, and all the specific move details and line item charges for each move should be provided. The party providing pricing should rate those invoices in accordance with the current 415-G Tariff effective today, using the discounts they have filed under the current CHAMP program, and then rate these same moves under the discounts they would have filed if CHAMP allowed them to bid using the 400-N tariff. The problem is that no method exists to indicate what discounts carriers would file off the 400-N under CHAMP because the discounts on file in Schedule 48 include a commission, which CHAMP does not.

#### Weight Allowances

The key issue of weight allowances is the current 18,000-pound net weight maximum weight limit. Although Worldwide ERC reports that 92% of corporations do not have any weight restrictions, AMSA data indicated that the average shipment weight was less than 10,000 pounds. AMSA data also indicated a cumulative average weight increase of approximately 10% over the last 10 years. According to available data from CHAMP, approximately 5.4% of Government-relocated employees exceeded the 18,000-pound limit.

Input from various agencies indicates that the weight allowance cap should remain to prevent excessive shipment sizes.

Unlike the packing allowance established for the Uniformed Services (i.e., Army, Navy, Marine Corps, Air Force, Coast Guard, Public Health Service commissioned officers, and National Oceanic and Atmospheric Administration commissioned officers), GSA does not give employees an allowance for packing. DoD has used a 10% allowance for many years, based on average weights of paper, boxes, and cloth pads. The Board also discussed differences between domestic and international moves and the weight allowances for CONUS, OCONUS, and Foreign Moves.

#### Commuted Rate

The Board considers the commuted rate option to be “obsolete.” It is currently available under Title 5 USC §5724(c):

Under regulations prescribed under § 5738 of this title, an employee who transfers between points inside the continental United States, instead of being paid for the actual expenses of transporting, packing, crating, temporarily storing, draying, and unpacking of household goods and personal effects, shall be reimbursed on a commuted basis at the rates per 100 pounds that are fixed by zones in the regulations. The reimbursement may not exceed the amount which would be allowable for the authorized weight allowance. However, under regulations prescribed under § 5738 of this title, payment of actual expenses may be made when the head of the agency determines that payment of actual expenses is more economical to the Government.

The commuted rate option is perceived to be used only for administrative convenience or, perhaps, to provide a more favorable allowance to an employee. The costs can be substantially higher – more than double a standard household goods move – because the full tariff is the basis for the rate. The employee receives a cash payment, based on the rate per 100-weight (cwt).

If an employee is unable or unwilling to use the standard household goods moves, other options exist for personal procurement and reimbursement. The Traffic Manager should conduct a cost comparison and the lump sum to the employee should not exceed the actual expense to the Government for a standard move, at the discounted rate, with an 18,000-pound net weight limit.

#### Claims and Liability

The Board analyzed corporate and Government claims processes and determined that they are fairly comparable, and that the average dollar value of claims has declined for the Government over the years. Through analysis of CHAMP reports and Worldwide ERC data, the Board evaluated the claims process and liability and insurance issues.

The cornerstone of the CHAMP program is service (70%) over price (30%). The CHAMP program was started because agencies believed they were not receiving the quality service they needed from the carrier industry. Since the beginning of the program, service levels have improved for qualified and approved carriers in the CHAMP program.

If the employee has a claim, they first work directly with the carrier. If the initial claim process fails, then the agency's coordinator and GSA's Program Office become involved.

At a minimum, the CHAMP Claim Settlement Spreadsheet and Schedule 48 move-management reporting requirements consist of the following data:

- Standard Carrier Alpha Code
- Transportation Type
- General Domestic
- General International
- Direct Domestic Move Management
- Direct International
- Type of Move
- Federal Agency Identification Code
- Date Claim Received
- Date Claim Settled
- Number of Days to Settle
- Amount Claimed
- Amount Settled
- Settlement Delay Codes
- Identification Number

The CHAMP program does not incorporate Direct Procurement Methods (DPM). Because of segmented movement or remote agencies, DPM may be the only available method. While it is considered a major problem, no solution is readily evident.

#### Performance Measurements

Key issues included current GSA evaluation of carriers and employee surveys. The Board analyzed data from CHAMP reports, contractors' individual surveys, and DOD surveys.

Research issues included employee satisfaction and corporate management criteria. Additional information is needed to determine baseline reporting and ensure a statistically valid return rate to guarantee confidence in the data. Performance measurements should be developed and tracked for carriers, move managers, transportation service providers (TSP), and RMC.

The goal is to continually increase quality for the employee and to document the quality performance of the carrier.

The GSA 3080 Form is based on an 18-point scale. The relocating employee fills out part of the form and the B/L issuing officer/agency move coordinator fills out the remaining part of the form and sends it to the GSA office shown on the top of the first page under "Instructions." The rating is primarily for the TSP, not the carrier specifically; however, other evaluation tools may be used.

The GSA Form 3080 Return Rate for 2004 was:

Domestic – 3,245 Received – 13,388 Shipments – 24.24%  
International – 188 Received – 800 Shipments – 23.5%

Overall return rate of 24.20%. (Not all 2004 shipments have been accounted for nor all 3080s collected and indexed).

With CHAMP, the employee evaluates the carrier, but agencies have not established any performance measurement standards. Some agencies have worked hard to get evaluations and assign ratings, using email follow-ups and personal phone calls. However, improving the rate of return is a challenge.

Currently, CHAMP, individual Schedule 48 contractors, and individual Federal agencies decide measurements independently. If the data were compiled consistently and used collectively, it would be more meaningful.

#### Transportation Invoicing

Transportation Service Providers have three years to bill the Government for shipment of household goods. During this three-year period, agencies are subject to receiving amended, supplemental, corrected, or initial bills from the carrier, and this can create difficulty in getting a

proper bill from the carrier. *(The timetable and statute are shown at the end of this section).*

Some corporate accounts or brokers require invoices to be submitted within 180 days, but many others do not set a limit. Through a CHAMP session in early 2001, some agencies requested that the Government limit the time for billing to one year (or less). This reduction would greatly improve the fund control and administrative processing of documents related to shipment of household goods.

A GSA requirement allows three years to bill back overcharges. The post-pay audit can take up to three years although the pre-pay audit falls under the prompt payment act. Many carriers and agencies are using electronic billing, and the audit is automated; therefore, there should be a way to improve this time frame.

Given the potential for storage, the time period should start when the move is completed, with delivery to the residence. The transportation industry has expressed concern that agreeing to a reduction in the carrier's time to submit an invoice can not occur unless it is predicated on a concurrent reduction in the time for charge-backs, as this would be unfair to some parties. The transportation industry could support a reduction in the time to submit an invoice to one year after completion of the move **only** if the time for charge-backs were also reduced to one year after the invoice. There is limited value without the recommended law change.

### **Timetable and Statute**

As the table shows, the time limits on a TSP transportation claim against the Government differ by mode:

<b>Mode</b>	<b>Freight Charges</b>	<b>Statute</b>
(a) Air Domestic	6 years	28 USC §§2401, 2501
(b) Air International	6 years	28 USC §§2401, 2501
(c) Freight Forwarders	3 years	49 USC §14705(f) (subject to the IC Act)
(d) Motor	3 years	49 USC §14705(f)
(e) Rail	3 years	49 USC §14705(f)
(f) Water	3 years	49 USC §14705(f) (subject to the IC Act)
(g) Water	2 years	46 USC §745 (not subject to the IC Act)
(h) TSPs exempt from regulation	6 years	28 USC §§2401, 2501

There are statutory time limits for a TSP on filing an administrative claim with the GSA Audit Division. The GSA Audit Division or its designee (the agency where the claim arose) must

receive an administrative claim within three years, beginning the day after the latest of the following dates (except in time of war):

- (a) Accrual of the cause of action;
- (b) Payment of charges for the transportation involved;
- (c) Subsequent refund for overpayment of those charges; or
- (d) Deductions made to a TSP claim by the Government citing 31 USC §3726.

The specific law provisions are found in 31 USC §3726 which is included among the attachments to the report. (**Attachment 6-5**)

#### 6.3.4 BEST PRACTICES

Current Government relocation allowances, policies, and procedures were compared with corporate best practices, based on information from Worldwide ERC and AMSA, as well as data from the corporate client base of the participating relocation companies.

#### **6.3.5 RECOMMENDATIONS**

**TS-01:** Consistent with BDT-27, the Board recommends that GSA's Office of Governmentwide Policy (OGP) take the necessary leadership to define a core set of relocation data elements to be reported by agencies and departments and align systems to ensure consistent, standardized collection of data.

**TS-02:** The Board does not recommend tiering of household goods shipment allowances by grade level as it is unnecessary.

**TS-03:** The Board recommends that GSA allow the continued choice of Centralized Household Goods Traffic Management Program (CHAMP), Schedule 48, and other agency-specific procurement programs and discuss implications of these choices through the Formal Consultative Mechanism.

**TS-04:** The Board recommends that GSA allow a choice of tariff options and assume responsibility for developing a tool for agencies to make pricing structure comparisons.

**TS-05:** The Board recommends that GSA maintain the existing 18,000-pound net weight limit but allow a 10% packing material allowance (i.e., not to exceed 2,000 lbs., when computing net weight from gross weight), so that the weight of the shipping container itself and packing materials (cardboard and paper packing materials) are not included in the net weight calculation.

**TS-06:** The Board recommends that GSA eliminate the commuted rate option.

**TS-07:** The Board recommends that GSA allow temporary storage in connection with

household goods transportation according to the following table:

Origin	Destination	Initial Storage	Extension	Maximum Storage Time
CONUS	CONUS	60 days	00 days	60 days
CONUS	OCONUS	90 days	90 days	180 days
OCONUS	OCONUS	90 days	90 days	180 days
OCONUS	CONUS	90 days	90 days	180 days

Note: We include discussion of extensions to these timeframes for extenuating circumstances in the attachments to this report (**Attachment 6-5**).

**TS-08:** The Board does not recommend any changes in the claims process, although some changes may be appropriate in the area of claims data collection, similar to those described and recommended in the data collection topic (TS-01).

**TS-09:** The Board recommends that GSA develop and implement standardized TSP performance measurements for the household goods programs and ensure use of these performance measurements by all Government agencies to improve the consistency and quality of the reporting and evaluation process.

**TS-10:** The Board, in keeping with good business practices, recommends that 90 days be the maximum period for invoicing by service providers *and* 180 days to charge back the Federal Government.

## 6.4 Privately Owned Vehicles (POVs)

### 6.4.1 BACKGROUND

#### Shipping & Rental Allowances

The FTR §302-9.102 currently allows for the transport of one POV to a duty post (OCONUS). This subpart also allows for a replacement vehicle when authorized under §302-9.172. FTR §302-9.302 currently allows for the transport of any number of POVs within CONUS, provided the employee's agency determines such transportation is advantageous and cost effective to the Government.

No FTR provisions are in place for employees moving on behalf of the Federal Government to acquire a rental vehicle at Government expense in conjunction with a permanent change of station. Agencies do not have the authority to authorize a rental vehicle when no reasonable or cost effective means are available for the employee to perform assigned duties to include mass transit, shuttle, taxi service or other local means. All POVs authorized for transport at Government expense must be in working/running order and accepted by the service provider for shipment. The agency must determine that transport of any POV is advantageous and cost effective to the Government.

### Valuation

The Surface Deployment and Distribution Command's (SDDC) Global POV Contract currently insures POVs at a maximum of \$20,000 per vehicle. This maximum insurance level has been in place since the 1970's. SDDC's first Global POV contract became effective in 1998, and the current contract became effective in 2003. GSA's CHAMP requires the service provider to insure the employee's POV based on the current market value of the vehicle. The CHAMP market valuation has been in place at least since the mid 1980s. Vehicle prices have increased significantly since the 1970's, yet the SDDC valuations have not changed.

### Storage (in Conjunction with PCS)

FTR §302-9.400, Emergency Storage of a POV, currently requires two situations to occur before a POV can be stored at Government expense. 1) The employee's POV was transported to the employee's post of duty at Government expense, and 2) The head of the employee's agency determines the employee's post of duty is within a zone from which the immediate family and/or household goods should be evacuated. The Uniformed Services allow POV storage for uniformed personnel per the law in 10 USC §2634(b) as implemented in Joint Federal Travel Regulations, Volume 1 (JFTR) when transportation of one or two POVs to an overseas location is restricted (i.e., significant modification required) or prohibited. A legislative proposal affecting 5 USC §5727, similar to the authorization in 10 USC §2634(b) appears to be required.

### Ship/Drive Threshold

FTR §302-4.400 currently states that an agency may establish a reasonable minimum driving distance that may be more than, but not less than, an average of 300 miles per calendar day. FTR §302-9.505 currently outlines to the agency what must be considered in determining whether transportation of a POV within CONUS is cost effective. They include:

1. Cost of traveling by POV;
2. Cost of transporting the POV;
3. Cost of travel if the POV is transported;
4. Productivity benefit derived from the employee's accelerated arrival at the new official station; and
5. Compliance with the FTR requirement that the en route driving distance shall not be less than an average of 300 miles per day when performing en route PCS travel.

## 6.4.2 PROBLEM

### Shipping & Rental Allowances

The FTR allows for the shipment at Government expense of one POV for OCONUS moves while any number of POVs may be shipped by the Government for CONUS moves if the employee's agency determines such transportation is advantageous and cost effective to the Government. The POV Work Group believes that OCONUS and CONUS POV authorities should mirror each other when practical.

While the POV Work Group believes an unlimited number of POVs is excessive, and also believes one POV is often not sufficient when there are multiple family drivers. Authorization of two OCONUS POVs brings uniformity with the proposed CONUS GSA policy of two POVs. Additionally, during the POV shipping process the employee may be without sufficient transportation (unless out of pocket expenses are incurred) to accomplish his/her Government responsibilities where reasonable public transportation is not available.

#### Valuation

The Federal Government (specifically DoD in this case), through its POC Contract, may not fully reimburse an employee if his or her POV has a valuation that exceeds \$20,000 and is lost or destroyed. Many vehicles moved under the SDDC POV Contract exceed the \$20,000 valuation threshold. SDDC has not increased POV valuation since the 1970's. The FTR does not mention POV valuation when an employee's POV is shipped at Government expense.

#### Storage (in Conjunction with PCS)

Employees are often required to store POVs at their own expense, transport a second vehicle at their own expense if the host country allows, or sell a POV(s) sometimes at a loss – all of which may create a hardship on the employee. The existing lack of legislative authority to store one or more POVs may also have an effect on employee recruitment and retention.

#### Ship/Drive Threshold

The FTR does not stipulate a ship/drive threshold. Waivers of this threshold would be needed to accommodate unusual circumstances (e.g., special needs) in which a POV could be shipped even though the distance between permanent duty stations did not exceed the threshold.

### 6.4.3 RESEARCH/BEST PRACTICES

#### Shipping & Rental Allowances

The Worldwide ERC, Research Information Summary Report 2004; “*A sampling of policies indicates that approximately two-thirds of organizations will move 1-2 cars.*” 2) Identified commercial trends. 3) GSA Legislative and Regulatory Recommendations – August 4, 2003. 4) Federal Register, November 23, 2004 (Volume 69, Number 225) Proposed Rule – Federal Travel Regulation; Relocation Allowances. 5) Identified commercial trends (Unitrin SLI– one auto). Limiting factor: Host country Status of Forces Agreements (SOFAs) and customs/import duty requirements for multiple international POVs.

#### Valuation

1) Worldwide ERC, Research Information Summary Report 2004; “*Organizations typically provide insurance coverage for [Kelley] blue book value of the car.*” 2) Identified commercial trends.

#### Storage (in Conjunction with PCS)

1) There is a strong market for POV storage. Industry knows there is a POV storage need based upon requests. No commercial policy found. 2) The Department of State (DOS) stores up to one POV when an employee is sent to a restricted area or when modifications to the POV are excessive. No hard dollar threshold was given to determine whether storage would be authorized or if the modification could be claimed as a miscellaneous expense. DOS has five POV storage sites in the Washington, DC area and one in Belgium.

#### Ship/Drive Threshold

1) The Employee Relocation Council/Worldwide ERC, Research Information Summary Report 2004; “*Organizations report shipping threshold of 300-500 miles.*” a) Atlas Van Lines current sample relocation policy – 350km, b) FDIC move policy – 300 miles, c) Unitrin SLI relocation assistance – 400 miles.

### **6.4.4 RECOMMENDATIONS**

**TS-11:** The Board recommends that GSA authorize transportation, at Government expense, of up to two roadworthy and properly licensed POVs (one POV for a single employee without eligible dependents) as part of a permanent change of station to/from an OCONUS permanent station/post, or any combination of transporting /driving up to two POVs (e.g. on an OCONUS-to-OCONUS move, ship one POV and drive the second from Germany to Italy), provided the host country allows import of the first and second POV.

**TS-12:** The Board recommends that GSA authorize transportation, at Government expense, of up to two roadworthy and properly licensed POVs (one POV for a single employee without eligible dependents) as part of a CONUS-to-CONUS permanent change of station or any combination of transporting/driving up to two POVs.

**TS-13:** The Board recommends that GSA, when POV is shipped at Government expense, allow rental of one motor vehicle at origin or destination for use by employee during time POV is in transit provided the “relocation approving official” determines the rental is justified. This applies to both OCONUS and CONUS relocations.

**TS-14:** The Board recommends that when an inconvenience claim is filed because of a missed Required Delivery Date, through no fault of the employee, that the shipping contract obligate the contractor to offer and arrange for the use of a motor vehicle at the contractor’s expense. The motor vehicle must be the same or comparable size/model as the POV the employee shipped.

**TS-15:** The Board recommends that, for a lost or destroyed POV and its accessories, fair market value should be determined using the retail value in the National Automobile Dealers Association (NADA) Official Used Car Guide, for the region in which the customer will file the claim.

- For vehicles shipped to destinations outside the US, the fair market value is the retail

value according to the same publication at the US port from which the vehicle was shipped.

- If above instance does not apply, the POV retail value is determined based upon original stateside shipping point from which the employee had the POV initially sent OCONUS or the CONUS shipping point to which a new POV would ordinarily be shipped.

This fair market value recommendation applies only to POVs transported or stored at Government expense.

**TS-16:** The Board recommends that GSA authorize storage for up to two POVs (one POV for a single employee without eligible dependents) in lieu of transportation at Government expense instead of transport when the employee is stationed OCONUS.

**TS-17:** The Board recommends that GSA implement a 400 driving-mile minimum ship vs. drive threshold on shipment of POV(s) such that the employee is not automatically authorized shipment of POV(s) if the distance between duty stations does not exceed 400 driving miles.

## **6.5 Mobile Homes**

### 6.5.1 BACKGROUND

Specific Mobile Homes transportation issues were explored to assist the Board in achieving its goals and objectives for cost control, review of associated policies and regulations, and improving the efficiency of the employee relocation process. Issues were discussed in relation their impact on the relocating employee and his/her family.

### 6.5.2 PROBLEM

Movement of mobile homes is authorized by 5 USC §§5724(b) and 5738; 20 USC §905 (a); E.O. 11609, 36 FR 13747, 3 CFR, 1971–1975 Comp., p. 586 and implemented by FTR Amendment 98, November 20, 2001. This authorization is limited to transporting a mobile home at a cost not to exceed the cost of shipping 18,000 pounds of household goods and 90 days of temporary storage. No provisions exist for shipment of household goods or other essential items outside the mobile home.

Mobile homes are not constructed to transport the additional weight that is usually added when an employee procures the items necessary for health, comfort, and normal living. Additionally, new mobile homes are not equipped with the heavier furniture that is desirable for comfortable living; thus, when the employee adds furniture, it is usually considerably heavier than the standard mobile home furniture. Most mobile home parks require the employee to fully skirt the mobile home and provide a storage bin for all items not kept in the mobile home. Because provisions have not been made to ship furniture, tools and skirting in a separate shipment, all this

added weight is placed in the mobile home for transporting.

Mobile home tires, brakes, and frame deteriorate while in place in a mobile home park. This deterioration exacerbates the problems created by the added weight of heavier furniture, groceries, clothing, tools, and other household goods.

The process of transporting used mobile homes is plagued with problems associated with over weight, blown tires, broken frames and tow bars, and damage from shifting of items inside the mobile home.

### 6.5.3 RESEARCH

To appreciate the causative factors of the problems encountered in transporting a mobile home, the Board contacted transportation service providers, mobile home manufacturers, independent towing companies, mobile home park managers and agencies that had experience in relocating employees with mobile homes. This research identified the basic problem associated with transporting a mobile home as one of weight. Without exception, the stock answer to eliminating the majority of problems associated with transportation of a mobile was to authorize a separate shipment of household goods and outside fixtures for the mobile home.

Another common recommendation was to ensure that all the tires were new before the mobile home was transported. Very few transportation service providers covered by GSA contracts provide actual transportation services for mobile homes. A local or independent towing company usually accomplishes the transportation of a mobile home with the arrangements made by a van line, move-management company or Schedule 48 contractor. The company that provides the actual towing service usually requires payment in advance and little recourse is available to the van line or employee when damage occurs or the job is not completed satisfactorily. This is especially true when structural damage is attributed to the mobile home being in an overweight.

### 6.5.4 BEST PRACTICES

Transporting mobile homes is so infrequent; we were unable to identify a large private-sector company that had a policy covering mobile homes. When the transportation of a mobile home was authorized, it was considered a necessity and reimbursed on a negotiated basis.

### **6.5.5 RECOMMENDATION**

**TS-18:** The Board recommends that GSA amend 5 USC §5724(b) and use the authority in 5 USC §5738 to authorize that transporting of a mobile home not be limited to the cost of shipping household goods and temporary storage.

## 7. BIOGRAPHIES

### 7.1 GRAB Co-Chairs

**CO-CHAIR:**

**May Caffi**

**Senior Director of Relocation Services**

**Marriott International, Inc.**

May Caffi has been in the relocation and real estate industry for 20 years. She is Senior Director of Relocation Services for Marriott International. She is responsible for administering Marriott International's relocation program where she manages the relocation policies, the home purchase program, the broker referral network, processing relocation expense reports, and completing the relocation income tax gross-up process.

She has her real estate brokers license, holds the SCRCP (Senior Certified Relocation Professional) designation from Worldwide ERC. She has served as president of ERC and the Greater Washington Employee Relocation Council. She remains active in the relocation industry.

May is currently serving as the Co-Chair on the Governmentwide Relocation Advisory Board (the Board).

**CO-CHAIR:**

**James (Jim) L. Harte**

**Policy Analyst**

**General Services Administration**

**Office of Governmentwide Policy**

**Travel and Transportation Policy Formulation**

Jim Harte has spent his Government career, spanning 4 decades, in various Government travel and transportation positions. Currently Jim is with the Office of Governmentwide Policy of the General Services Administration, Travel and Transportation Policy Formulation. Jim leads the effort to write to Federal Travel Regulation, review per diem rates for travel within the United States and continually seeks new and better ways to enhance Government travel and relocation programs and save taxpayer dollars.

Jim is a recipient of the Vice President Al Gore's "Hammer Award" for his participation and membership on the Joint Financial Improvement Program Task Force for the Reinvention of Temporary Duty and Relocation travel entitlements. The task group recommendations were estimated to save the taxpayer over \$800 million. Jim also has received Vice President Al Gore's

"No Gobbledygook" Plain Language Award for his contribution to the re-writing of the Federal Travel Regulation. In addition, Jim has been awarded the Deputy Administrator's Giraffe Award for sticking his neck out.

Jim is currently serving as the Co-Chair on the Board.

## **7.2 Governmentwide Relocation Advisory Board Members**

### **H. Cris Collie, CAE Executive Vice President Employee Relocation Council**

In his role as Executive Vice President of the Worldwide ERC, Cris Collie directs the planning and implementation of Worldwide ERC's programs, publications, and services and serves as the relocation industry spokesman to the media, Congress, and Governmental agencies.

Cris currently sits on the boards of the Greater Washington Board of Trade, the Foundation for the International Association of Convention and Visitor's Bureaus, and is a member of the Advisory Board of the National Association of Hispanic Real Estate Professionals. He is a former member of the Professional Convention Management Association (PCMA) Board of Directors as well as the PCMA Foundation Board. He was recently recognized with a Professional Achievement Award by PCMA. In addition to his membership in PCMA, Cris is a member of the American Society of Association Executives and is a former Chairman of the Greater Washington Society of Association Executives.

Cris serves on the Residence Transactions Subcommittee for the Board.

### **Gail S. Davis Director of the Center for Mobility Services Ernst & Young**

Gail Davis has been with Ernst & Young since 1985. As the Director of the Center for Mobility Services, she is responsible for all of the domestic and international relocation services, including policy administration, visa and immigration, billings and collections, expatriate payroll and International Human Resources. Prior to joining Ernst & Young, Gail spent eight years at Gulf Oil Corporation in Human Resources. Within Human Resources, she handled employee benefits, employment, compensation and relocation.

Gail has been active in the relocation industry for over 25 years. She is a member of the Employee Relocation Council, having served on its Board of Directors for five years and as

President in 1991. She received the President's Award in 1994 from Employee Relocation Council for leadership in creating "A Guide to the Bid Process for Home-Sale Assistance."

Gail serves as Chair of the Residence Transactions Subcommittee for the Board.

**Tauna T. Delmonico**  
**Director, Travel and Transportation Management Division**  
**General Services Administration**  
**Federal Acquisition Service's Office of Transportation and Property Management**

Tauna Delmonico joined the General Services Administration in 1998 as Deputy Director of the Office and Scientific Equipment Center. She became Chief of the Travel Programs Branch in the Federal Acquisition Service's Office of Transportation and Property Management in July 2000, and was promoted to her current position as Director of the Travel and Transportation Management Division in February 2001. Ms. Delmonico has spearheaded the effort to automate the transportation process for both Household goods and Freight via GSA's Transportation Management Services Solution or TMSS.

Tauna began her Federal career in 1981 as a contracting intern with the Department of the Army's Communications and Electronic Command (CECOM) at Fort Monmouth, New Jersey. For the next seventeen years she held contracting positions with the Marine Corps, Army, and Navy.

Tauna serves on the Administration and Management Subcommittee for the Board.

**Joseph (Joe) Harrison**  
**President and CEO**  
**American Moving and Storage Association**

Joe Harrison has been involved in the trucking industry for over 35 years and with the moving and storage industry since 1981, rising through the ranks to positions in a variety of motor carrier associations. On January 1, 1998, Joe was appointed President of the American Moving and Storage Association, the moving industry's lone national trade association, formed as the result of the merger of the American Movers Conference (AMC) and National Moving & Storage Association. He was appointed president of the Household Goods Carriers' Bureau (Bureau) in 1981, and in January of 1991 was also appointed president of the American Movers Conference when the Bureau and AMC merged. In the 1990s he oversaw the merging these three industry associations into one which provided efficiency and cost savings to the industry, while providing association members with greater service.

For the past 24 years Joe has been deeply involved with the moving industry, working with representatives of van lines, agents and independent movers, as well as corporate and Government relocators and other shippers. He has participated in numerous moving industry meetings, Congressional hearings and regulatory conferences.

Joe serves on the Transportation and Storage Subcommittee for the Board.

**John (Jack) Kelly**  
**Policy Analyst**  
**Office of Management and Budget**

Mr. Kelly began his Federal career over 28 years ago as a Senior Policy Analyst on what was then known as the “management side” of OMB. Over the years, he has been involved in a wide variety of Governmentwide reform efforts, including reorganizations, the first Governmentwide review of Federal travel policies and costs, setting and enforcing workspace utilization standards and real property disposal targets, developing a generic real property management system and improvements to the worldwide inventory of Federal real property, establishing the Cooperative Administrative Support Unit (CASU) program, and writing OMB’s policy on the management and use of Federal aircraft.

For the past several years, Mr. Kelly has been OMB's lead analyst on the reinvention of GSA and on GSA’s implementation of the Government Performance and Results Act (GPRA). He was also a member of OMB’s Program Evaluation Team (PET), which developed the Program Assessment Rating Tool (PART), a questionnaire used to evaluate Federal programs. For the past three years, OMB and the agencies have been using the PART to assess a growing number of the programs as input to the annual Budget Review process. This year, Mr. Kelly has been working with GSA on PART reviews of the travel and transportation programs.

Mr. Kelly’s current responsibilities also include examining the budgets of GSA’s Office of Governmentwide Policy (OGP), the Office of Inspector General (OIG), and several administrative accounts within GSA. He continues to be involved in the development of policies related to travel, transportation, aircraft, motor vehicle fleets, personal property and real property management, and the review of the implementation of those policies.

Jack serves on the Budget Tracking and Data Subcommittee for the Board.

**Edward (Ed) D. Mahaney**  
**Associate Director, Division of Finance**  
**Federal Deposit Insurance Corporation**

Ed Mahaney has worked for the FDIC for 33 years. Over the past five years, he has overseen FDIC's travel and relocation programs. During 2002, under Ed's direction, the FDIC conducted a travel and relocation best practices review of its travel and relocation programs. As a result of the review, the FDIC adopted many of the best practices recommendations.

Among his responsibilities at the FDIC over his career, Ed served at the Resolution Trust Corporation (RTC) in several capacities in Washington, DC between August 1989 and July 1995. He served as the Associate Director of Conservatorship Operations with responsibility for overseeing the establishment of the national policies governing the operation of the more than 700 savings and loans that came under Conservatorship. In this capacity, he also oversaw the development of a national sales process designed to transfer over \$500 billion in mortgage servicing rights and related mortgage-banking assets back to the private sector. He subsequently served as the Director, Office of Systems Development assisting the RTC through several challenging systems development efforts. He also served as the RTC's Vice President, Department of Operations, and completed his RTC service during the last two years of the RTC, as the Vice President, Department of Information Resources Management.

Ed serves as Chair of the Budget Tracking and Data Subcommittee for the Board.

**Jerome (Jerry) D. Mikowicz**  
**Manager, Salary and Wage Systems Group**  
**Office of Personnel Management (OPM)**

In his position as Manager, Salary and Wage Systems Group, Center for Pay and Performance Policy, Strategic Human Resources Policy Division, Jerry Mikowicz oversees the development and administration of compensation policies for three Governmentwide programs. The first covers pay adjustments for white-collar employees covered by the worldwide General Schedule pay structure (including locality pay in the 48 contiguous States and the District of Columbia). In this capacity, Mr. Mikowicz provides OPM staff assistance to the Federal Salary Council, a Federal Advisory Committee Act (FACA) entity. The second involves pay policies for blue-collar employees covered by the worldwide Federal Wage System (including OPM staff support for the Federal Prevailing Rate Advisory Committee, another FACA entity). The third is the administration of the Federal cost-of-living allowance program and post differentials in nonforeign areas (i.e., Alaska, Hawaii, Guam, Puerto Rico, and the U.S. Virgin Islands).

Among other past assignments, Jerry served as staff on the President's Council on Y2K Conversion, consulted with Russian Government officials on U.S Federal pay practices and concepts at the Organization for Economic Cooperation and Development, Paris, has been active in OPM's Continuity of Operations Plan (COOP), and serves as the Chair of the Human Capital Subcommittee of the Interagency COOP Working Group. He also served as staff for the Presidential Commission on Executive, Legislative and Judicial Salaries and worked for a

number of years on Foreign Service compensation and classification matters at the U.S. Department of State.

Jerry serves as Chair of the Administration and Management Subcommittee for the Board.

**Linda Owen**  
**Corporate Relocation Manager**  
**Circuit City Stores, Inc.**

Linda Owen, SCRP, joined Circuit City in March 1994 to design, develop, and implement an in-house relocation function. Today, Linda is responsible for all aspects of Circuit City's Corporate Based Relocation Program. She designed, created and developed the systems, staffing, policy, and procedures.

Prior to joining Circuit City, Linda was the Relocation Director for a major real estate firm in Richmond, VA. Linda's duties included all aspects of relocation management including business development, sales and inventory management for third party clients.

Linda spent ten years with Merrill Lynch/Prudential Relocation Management as a Senior Real Estate Specialist where she was awarded five Presidents awards, and four Director awards for excellence in performance. She worked directly with Client Relations to support their corporate clients in four states.

Linda has received the Senior Certified Relocation Professional (SCRP) designation from the Employee Relocation Council and has 28 years real estate/relocation experience. She is past President of the Richmond chapter of the Women's Council of Realtors. Linda obtained her Brokers license in 1980. She started her career as a Realtor listing and selling corporate inventory for third party companies in 1977.

Linda serves on the Budget Tracking and Data Subcommittee for the Board.

**William B. (Bill) Tirrell, Sr.**  
**Chief, Travel and Transportation Branch**  
**Per Diem, Travel and Transportation Allowance Committee (staff)**  
**Department of Defense**

Mr. Tirrell retired from active duty in the Navy in 1988 as a Commander. While on active duty, he served for over nine years from 1978 to 1988 as a Navy representative to the Military Advisory Panel (MAP) of the Per Diem, Travel, and Transportation Allowance Committee. While in that position, he drafted numerous law changes and participated in the early to mid-1980s in the overhaul of the Joint Federal Travel Regulations, Volume 1 (JFTR) that annually

affects the travel of over two million uniformed personnel and their dependents.

Following retirement from the Navy, Mr. Tirrell's positions have included: Being a functional expert in the area of military travel and transportation entitlements supporting a private sector contract with the Compensation Directorate of the Office of the Secretary of Defense, working for GSA as a technical writer, and serving as the Military Advisory Panel representative from the U.S. Coast Guard for three years, leading to the position he's held from September 1995 as Branch Chief of the Travel and Transportation Branch of the Per Diem, Travel, and Transportation Allowance Committee staff. He has taught travel and transportation allowances to various groups of military and civilian personnel and has taught for GSA's Interagency Training Agency. Mr. Tirrell has also been a regular presenter at MTMC (now SDDC), GSA, Department of State/GSA, Worldwide ERC, Joint Service Relocation Training Conference and Navy and Coast Guard workshops, expos, forums, conferences, and symposia.

Bill is a recipient of Vice President Al Gore's "Hammer Award" for his participation and membership on the Joint Financial Improvement Program Task Force for the Reinvention of Temporary Duty and Relocation travel allowances.

Bill serves as Chair of the Transportation and Storage Subcommittee for the Board.

**Richard L. Trent, CRP**  
**Chief, Travel and Relocation Branch**  
**Alcohol, Tobacco, Firearms and Explosives**

Richard Trent has over 25 years of Federal Government service in the travel, transportation and relocation field. In his current position as Chief of the Travel and Relocation Branch, Alcohol, Tobacco, Firearms & Explosives (ATF), a Bureau of the Department of Justice, Richard is responsible for the development of all travel policy to include local travel, business travel, conference travel and employee relocations. He oversees a staff that provides personalized relocation counseling services and guidance on travel and relocation policy. He is responsible for managing the Relocation Budget and tracking the related relocation expenditures by ATF organizational offices. Additionally, Richard manages several relocation contracts to include Move Management Services, Direct Billing Services, Third Party Relocation Services contracts, and managing a service provider for Travel Management Services who arranges travel and transportation needs for business travel.

Richard is a recipient of the 1998 Travel Manager of the Year Award given by Government Executive Magazine for his endeavors in reengineering relocation processes and outsourcing relocation functions while serving at the U. S. Customs Service. Mr. Trent served as a co-Team Leader on the Travel Reform Act of 1998 endeavor and he was instrumental working on the development and passage of the Travel & Transportation Reform Act of 1998 which changed the way in which the Federal Government handles employee relocations and received the prestigious

Hammer Award from former Vice President, Al Gore for that effort. He is a frequent speaker or moderator at relocation conferences and seminars in the Federal Government, local relocation councils and for the Employee Relocation Council.

Richard is a past President of the Greater Washington Employee Relocation Council; has served on Worldwide ERC's Program Planning Committee, and currently serves as a member of the Worldwide ERC Board of Directors, a member of the Worldwide ERC Industry Advisory Council and Public Policy Committee. Richard has attained the Certified Relocation Professional (CRP) designation from the Employee Relocation Council.

Richard serves as Chair of the Relocation Reimbursement Subcommittee and as a member of the Administration & Management Subcommittee for the Board.

### **7.3 Board Participants**

#### **David Gage Principal SYNAXIS**

Dave Gage is a principal with SYNAXIS, an independent relocation management consulting firm in Alexandria, Virginia. He has over 30 years experience in all aspects of relocation management, including sales, account management, operations and developing and managing outsourced relocation management programs for corporate and Government clients.

Gage's industry experience includes seven years with Capital Relocation Services, where he was the founding executive with overall responsibility for the growth and development of the company. Prior to that, he was president of DFG Associates, a consulting firm providing professional services to companies in support of Federal relocation and transportation marketing and Government contract administration. He has also held management positions with several leading relocation management firms.

Dave is an active member of the Worldwide ERC, holds the CRP designation from Worldwide ERC and is a 2003 recipient of Worldwide ERC's Meritorious Service award. He is a member of ERC's Public Policy Management Committee and a director of the Greater Washington Employee Relocation Council.

Dave serves on the Transportation and Storage Subcommittee for the Board.

#### **Thomas (Tom) L. Goodkind, CRP Vice President, Relationship Management Prudential Relocation**

Tom Goodkind has been with Prudential Relocation since 1994 and in the relocation industry since 1989. He has served in account management, operations, sales and management positions, with a primary focus on Federal Government organizations and their relocation programs.

Tom has served on committees of the Worldwide ERC and the Greater Washington Employee Relocation Council (GWERC). He has been invited to participate on panel discussions at the GSA National Travel Forum, GSA Expo and the Worldwide ERC Management Forum conferences and received the Worldwide ERC's Meritorious Service Award in 2002. Tom completed GSA's Relocation Allowances Federal Travel Regulation training in 1994 and earned his Certified Relocation Professional (CRP) designation in 1996.

Tom serves on the Administration and Management Subcommittee for the Board.

**Thomas F. Higgins**  
**Vice President Government Relocation Sales**  
**SIRVA Relocation**

Tom Higgins comes to the Government Relocation Advisory Board with over 20 years of hands-on sales, marketing, relocation, and management experience. Tom is presently the Vice President of Government Relocation for SIRVA Relocation, a division of SIRVA Corporation. SIRVA is a \$2 billion global relocation and transportation services company. Prior to joining SIRVA, Tom worked for EDS Corporation. Tom was responsible for the sale and implementation of EDS services to strategic enterprises in the home mortgage industry and Government-sponsored enterprises on a domestic and international basis.

Prior to joining SIRVA, Tom worked with PHH Relocation (which later became Cendant Mobility) beginning in 1980. While at PHH Relocation, Tom held various positions including National Account Executive, Regional Sales Manager, Director of Sales and Vice President of Sales and Marketing for PHH Asset Management. Tom began working with Federal sector clients in 1984. Over the next five years, he worked with many Federal agencies including the General Services Administration.

Tom serves on the Residence Transactions Subcommittee for the Board.

**Kevin Lanagan, SCRP**  
**Project Officer**  
**Social Security Administration**

Kevin Lanagan serves as Project Officer for the relocation program at the Social Security Administration, which he has done since 1987. Kevin is a former officer and Board member of

Worldwide ERC and has attained the SCRCP designation from that organization. Kevin often speaks on relocation topics at conferences and seminars and has written articles for industry publications.

Before joining the Social Security Administration, he worked in the investment banking industry, and also as an economist with the Department of Agriculture. He is a part-time business instructor at Johns Hopkins University.

Kevin serves on the Relocation Reimbursement Subcommittee for the Board.

**Kathy Lane,  
Director of Government Programs  
Oakwood Worldwide**

In 1999, Ms. Lane was tasked to develop a National Federal Sales Program for Oakwood Worldwide. During this time, she developed a strategic Federal program to assist Oakwood Worldwide in positioning the organization to partner with the various Governmental agencies. Ms. Lane has raised the awareness level of the Corporate Housing Industry and its economical viability to the Government. Ms. Lane served as an Industry Expert on GSA's Office of Governmentwide Policy Per Diem Federal Advisory Committee in 2003.

Ms. Lane is actively involved with the NDTA, SGTP, NBTA and the Employee Relocation Council. She sits on the American Hotel and Lodging Association's Extended Stay Council and the U.S. Organization of Metro Washington Senior Enlisted Advisory Committee. In addition, Ms. Lane has addressed numerous Government and industry gatherings, including the Professional Housing Management Association, NDTA, and GSA's National Travel Forum. She has written articles, some of which have appeared in Defense Communities and Defense Transportation Journal.

Ms. Lane has attained the designation of CRP (Certified Relocation Professional), the qualifications of which are set by the Employee Relocation Council. She is a licensed Realtor in the State of Virginia. She received her B.A. in 1982 from the University of Northern Iowa.

Kathy serves on the Relocation Reimbursement Subcommittee for the Board.

**Calvin (Cal) N. Pierce  
Chief, National Relocation Programs Office  
U.S. Army, Corps of Engineers  
Baltimore District**

A native of Baltimore, Cal Pierce has been with the U.S. Army Corps of Engineers as a military officer and civilian since 1968 serving in various capacities to include Adjutant of the 299th Combat Engineer Battalion in Vietnam, Management Analysis Officer, Realty Officer, and Relocations Program Officer in the Baltimore District. He is currently the Chief of the National Relocation Program Office located in the Corps' Baltimore District Real Estate Division.

Cal was instrumental in establishing the Department of Army relocation program in 1987, and has been the program manager for the consolidated Department of Defense National Relocation Program since 1994 and has served as a member of the GSA Relocation Best Practices Committee. Cal estimates that, since the inception of these relocation programs in 1987, his office has serviced over 17,000 transferring civilian DoD homeowners with total residential real estate valued in excess of \$2 billion.

Cal serves on the Residence Transactions Subcommittee for the Board.

**Cindy Salter**  
**Senior Vice President**  
**Cendant Mobility**  
**Government and Military Services**

Since 1979, Cindy Salter has held several positions with Cendant Mobility including, accounting, sales, destination services, marketing, and operations. In her current role as Senior Vice President of the Government and Military Services Group, she focuses on assisting Government and military clients. Cindy oversees all elements of our Government and military business, including operations, service delivery, client relations and sales.

Cindy holds her CRP & GMS designation, is a 2000 recipient of the Meritorious Service Award from Worldwide ERC, an active member of the NAACP, WBE and NSMDC organizations

Cindy serves on the Administration and Management Subcommittee for the Board.

**Arthur (Art) H. Stoddard, CRP**  
**Vice President**  
**Corporate Relocation Services Corporation**  
**Corporate and Government Affairs**

Art Stoddard has served in the relocation industry for more than twenty-five years and has been actively involved in relocation program design and implementation in both the public and private sectors. He was one of the first relocation industry representatives involved with agencies of the United States Government to contract for relocation assistance services in 1984.

Art's corporate experience includes the headquarters group move of over 1,700 employees. He has been involved in both the operations and sales functions of the relocation service industry. Art is affiliated with a number of professional organizations, and was one of the original group awarded the Certified Relocation Professional (CRP) designation from the Employee Relocation Council, and was awarded the Meritorious Service Award (MSA) in 1991. Art and his family have personally relocated twelve times.

Art serves on the Transportation and Storage Subcommittee for the Board.

**Patricia (Pat) Tooman**  
**Client Services Director**  
**Primacy Relocation LLC**

Pat Tooman joined Primacy Relocation in 2004 and heads its Washington, DC regional office as Vice President, Government Services. As Primacy's main point of contact to Government agencies, Pat's current responsibilities include monitoring administrative and operational functions of Primacy's Government business, providing guidance in benchmarking, best practices and problem solving, overseeing property management for international assignees, taking responsibility for Government/group move presentations as well as the preparation and presentation of RFP responses.

Pat has over 24 years of management experience in the relocation/real estate industry, including several years in account management of Government agency clients. She has held several operations leadership positions during this time. Within these roles, Pat directly managed personnel delivering home-sale, marketing assistance, destination services, Government entitlement counseling, inventory control, and temporary housing. She also built and refined property management and household goods processes and procedures to comply with Government specific requirements.

A graduate of Bryant & Stratton College in Buffalo, New York, Pat holds the CRP and Global Mobility Specialist (GMS) designations from Worldwide ERC. She also holds a Training Certificate (2004) for the GSA FTR/JTR Relocation Allowance Seminar.

Pat serves on the Budget Data and Tracking and Relocation Reimbursement Subcommittees for the Board.

**Rod Ulrich**  
**Chief, Relocation Services Section**  
**Federal Bureau of Prisons**

Rod Ulrich has been with the Federal Bureau of Prisons since 1990. He has 10 years experience working in the travel, transportation, and relocation area. As part of the centralized relocation

program, he is responsible for all Bureau of Prison relocation activity including administration of regulation and policy, employee counseling, and controlling and obligating financial resources and records. He has served as a member of the GSA Relocation Best Practices Committee.

Rod serves on the Residence Transactions Subcommittee for the Board.

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## 9. GLOSSARY

This section clarifies terms used in this document.

*Acceptance Period:* Typically a fixed period of time (typically 30 to 90 days) during which the offer to buy an employee's primary residence is valid. Also referred to as the contract marketing period.\*

*Accession:* A personnel action that results in the addition of an employee to the rolls (staff) of a Federal agency.

*Acquisition:* The passing of beneficial ownership of a home from an employee to the purchaser.\*

*Acquisition and Carrying Costs:* Those fees and charges associated with establishing an appraised value, taking a home into inventory (except for formal closing costs in which title passes from the employee to the purchaser), and keeping a home in inventory until resale. Typical fees and costs often associated are: ERC Summary Appraisal Reports; Broker's Market Analysis and Strategy Reports; inspections; certificates of occupancy; bank information; miscellaneous acquisition costs; insurance, utilities, and property taxes; maintenance fees; condo/association/homeowner/common area fees; mortgage interest; miscellaneous recurring carrying costs; home maintenance; repair fees; capital improvements; mortgage assumptions; assessments; rental management fees; miscellaneous non-recurring carrying costs; rental income credit; and interest on equity.\*

*Administrative Costs or Expenses:* Corporate expenses to either operate an in-house home-sale program or oversee the service performance of a third party supplier. In either case, this also includes all those employees involved in operating the corporation's home-sale process, such as explaining the home-sale program, distributing forms and booklets, updates, appeals, and so forth. These expenses are not readily associated with the handling of a specific property and include salaries and wages, rent depreciation, amortization of mortgages or loans, utilities, office supplies, telephone, postage, travel and living expenses, data processing, and employee benefits. These expenses could include those costs for services provided by corporate employees outside of the home-sale operating group itself, such as Legal, Tax, Financial, Auditing, Human Resources, Purchasing, and so forth that support the home-sale operation. Also, the allocated cost (e.g., salary, overhead, benefits, etc.) of any executives that have overall responsibility for the home-sale program but are not a part of the operating group are included. In some cases, however, when agreed to by the parties certain of these charges may be billed to individual properties as incurred. Examples could include prorated shares of costs of trips to examine inventory properties, express mail expenses, and the cost of wire transfer of funds. Also referred to as Overhead Expenses. See also Indirect Expenses or Indirect Costs.\*

*Agency:* May refer to any of the following:

- (a) An executive agency as defined in Title 5 USC §105 (an executive department an independent establishment, the General Accounting Office, or a wholly owned Government corporation as defined in section 101 of the Government Corporation Control Act, as amended (31 USC § 9101), but excluding a Government controlled corporation;
- (b) A military department;
- (c) A court of the United States;
- (d) The Administrative Office of the United States Courts;
- (e) The Federal Judicial Center;
- (f) The Library of Congress;
- (g) The United States Botanic Garden;
- (h) The Government Printing Office

*Allowance for Overseas Tour Renewal Travel:* A reimbursement for roundtrip travel and transportation expenses between an overseas post of duty and the employee's actual place of residence in the U.S.

*Amended Value:* A relocation policy provision which, among other things, provides that after an appraised value has been determined, an offer to purchase the home has been made to an employee, and during the period in which the purchaser's (either the employer's or the home purchase company's) written offer is outstanding, the employee may or may not be required by policy to seek a potential buyer willing to pay a price higher than the appraised value. As in an appraised value transaction, the employee may enter into a listing agreement with a real estate broker, in which case the employee must include in the listing agreement a provision to the effect that the broker will earn no commission if the employee sells the home to the purchaser ("exclusion clause"). If a potential buyer is found, the purchaser will often verify that the offer is bona fide. If the purchaser determines that the offer is bona fide, the purchaser will amend its appraised value offer to the employee to reflect the offer ("amended value"). This offer from the purchaser (often called an "offer to purchase" or a "home purchase agreement") at the higher price is unconditional and is not contingent. In selling to the purchaser in an amended value transaction, the employee executes and returns to the purchaser the offer to purchase and related documents, modified to include the amended value amount in place of the appraised value. As with a sale at the appraised value, upon execution of the offer to purchase, the purchaser may pay the employee a portion, or all, of the employee's equity in the home based on the amended value. When the employee vacates the home and/or closes with the purchaser, final equity and adjustments are computed (based on the amended value) and paid in accordance with the employer's relocation policy. Pursuant to the terms of the offer to purchase, the purchaser is the sole beneficial owner of the home and bears all of the burdens of ownership including the responsibility for all expenses related to maintaining and disposing of the home. The employee bears no risk that the potential buyer will not buy the home or that the home may ultimately sell for less than the amount the purchaser paid to the employee. The listing agreement between the broker and the employee is terminated pursuant to the exclusion clause, which is an integral part of the listing agreement. Since the employee has sold the home to the purchaser, the employee has no obligation to pay a commission to the real estate broker. The structure of the amended value transaction does not permit the employee to accept the offer from the potential buyer.

He/she may not enter into a contract nor sign any document with the potential buyer. Accordingly, there is never a binding agreement between the employee and the potential buyer, either at the time the purchaser amends its offer or thereafter. The purchaser enters into a new listing agreement with a broker who earns commission in connection with a sale of the home only if and at such time as the property is sold. In many cases, the offer by the potential buyer of the home is sent to the purchaser. If the potential buyer is still available and if his/her offer is acceptable to the purchaser, it may be accepted by the purchaser. The employee exercises no control over the purchaser's sale to the potential buyer or anyone else. If the anticipated sale by the purchaser to the potential buyer is not closed, this has no effect on the purchaser's obligation to pay the employee the amended value.\*

*Amended Value Amount:* When pursuant to a relocation policy, an employee finds a potential buyer for his/her home, and the purchaser (either the corporation or home purchase company) determines that the offer is bona fide, the purchaser will then amend its appraised value offer to reflect the value of the offer. This new value, based upon a bona fide market offer, is the amended value amount.\*

*Ancillary Services:* Contracted services and fees related to the relocation process that are not a part of the home-sale services. Examples would include services such as expense management, property management, direct billing of purchase closing costs.\*

*Application Fee:* A fee charged by a lender for accepting a loan application and initiating the loan review process. It usually covers the nonrefundable charges (such as appraisals, credit reports, etc.) a lender incurs when deciding whether a loan can be granted.\*

*Appraised Value:* The anticipated sales price of real estate established by the relocation appraisal process.\*

*Appraised Value Transaction:* A relocation program established by an agreement between an employer and a purchaser (typically a relocation management company or an employer). Generally the process begins when the purchaser is advised that an employee is to be relocated. The purchaser then contacts the employee and typically orders two independent appraisals of the employee's home to obtain an estimate of its market value. Generally, either the purchaser selects the appraiser directly, or the employee selects some or all of the appraisers from a list prepared by the purchaser. If the values in the appraisals are within a stated range (often 5 percent of the higher), the average of the two is taken and that average becomes the appraised value. If the variance between the appraisals is greater than the permitted range, a third appraisal or other valuation is obtained and the appraised value is determined, depending on the program, by averaging some combination of the appraisals. Typically, a review process is conducted to ensure the appraisals were competently prepared and are complete. Once an appraised value is determined, the purchaser offers to buy the home for this price. The offer is made in the form of an offer to purchase between the purchaser and the employee. If the employee desires to sell to the purchaser, he/she can accept the appraised value as the market value of the home. Depending on the employer's relocation program, the employee may have a period of time (usually between 30 and 90 days) from the date of mailing of the offer to purchase to elect to accept the

purchaser's offer at the appraised value. The employee exercises this election by executing the offer to purchase and returning it and other documents to the purchaser. Upon receipt of the signed offer to purchase, the purchaser signs it and pays the employee a portion or all of the employee's equity in the home. When the employee vacates the home and closes with the purchaser, the balance, if any, of the employee's equity is paid. Pursuant to the terms of the offer to purchase, the purchaser, as contract buyer, is the beneficial owner of the home and bears all the burdens of ownership including the responsibility for all expenses related to maintaining and disposing of the home.\*

*Assignment:* The method or manner by which a right, obligation, or contract is transferred from one person or another.\*

*Attorney Fees:* In real estate transactions, attorney fees are typically for the review of the real estate contract, title, and representation at a real estate closing.\*

*Benchmark:* The outcome that results from use of a best practice. A benchmark is a measurement of success; a viable benchmark is both measurable and attainable.

*Best Practice:* A method, approach or application that simplifies or otherwise redesigns a work process to reduce costs, improve effectiveness or efficiency, enhance customer satisfaction and/or promote maximum use of available resources or technology. Notably, best practices are not "one size fits all" and can vary significantly from one organization to the next, depending on goals, resources, culture, etc. Moreover, practices designated as "best" can change rapidly as external influences, such as changes in the economy or enhanced technology, impact organizational goals and resources.

*Broker:* An individual, licensed in a state, who acts as an agent for another in negotiating sales or purchases in return for a fee or commission.\*

*Broker's Commission:* Payment of money and/or other valuable consideration to a real estate broker for services rendered in performance of a contractual agreement.\*

*Broker's Market Analysis (BMA)/Broker's Price Opinion (BPO):* A written market analysis on recent comparable sales and listings with suggestions for marketing strategies.

*Buyer's Value Option (BVO):* A buyer value option transaction is a variation of the amended value transaction in which no appraisals are obtained and usually no initial offer is made to the employee. Although these transactions are sometimes referred to as "amend-from-zero" or "offers prior to appraisal," there is no initial appraised value offer to "amend." Rather, the only unconditional offer is made at the "buyer value," that is, the fair market value as determined by an offer from a potential buyer. (Also referred to as an "amend-from-zero" transaction.) The procedures generally are as follows: After the purchaser (relocation management company or in-house relocation department) is notified that the employee is to be relocated, the purchaser contacts the employee, explains the buyer value option, and offers home marketing, broker

selection, or other assistance available under the relocation program. The employee proceeds to market the home, seeking a potential buyer. As in the appraised value and amended value transactions, the employee may choose to enter into a listing agreement with a real estate broker that he or she selects, in which case the employee must include in the listing agreement a provision to the effect that the broker will earn no commission if the employee sells the home to the purchaser ("exclusion clause"). If a potential buyer is found, the purchaser verifies that the potential buyer's written offer is bona fide. If the purchaser determines the offer is bona fide, the purchaser makes an offer to buy the home from the employee for an amount equivalent to the price offered by the potential buyer. This involves making any necessary adjustments to reflect the differences between the offer from the potential buyer and the offer from the purchaser so that the two offers may be compared on an all-cash basis. This comparison of terms is for the benefit of the employer and ensures the reasonableness of the marketplace offers. For example, if the employee offered to pay the buyer's points in exchange for a higher purchase offer, then an adjustment would be made to make the offers comparable on an all-cash basis. This offer from the purchaser at the buyer value is unconditional and is not contingent on any event. Thereafter, the procedures are as described in the amended value option.\*

*Cancellation Fee:* Typically, a charge to the corporation to cover the third party or in-house program administrative costs of deleting files and database information; sending disclaimers and cancellation notices to employees; and placing stop orders on relocation appraisals, inspections, and similar services which are in process.\*

*Carrying Costs:* Recurring costs and extraordinary charges of holding a property in inventory. This could include insurance, utilities, mortgage interest, condominium dues, taxes, homeowner association dues, maintenance expenses, assessments, and repairs. All costs of holding and operating a property during the inventory or marketing period should be charged to this category.

*Chief Human Capital Officer (CHCO):* As prescribed by the Chief Human Capital Officers Act of 2002, the CHCO serves as his/her agency's chief policy advisor on all human resources management issues and is charged with selecting, developing, training, and managing a high-quality workforce.

*Closing:* Usually a meeting between or among the parties to the contract of sale, their attorneys, and others who have an interest in the sale, such as a representative of the company issuing title insurance, if applicable. When all the details have been settled and terms of the contract complied with, the seller signs and delivers the deed to the buyer; and the buyer in turn authorizes payment of the proceeds of the sale to the seller. In relocation, all or parts of a closing may be handled by mail between the purchaser and the employee.\*

*Closing Agent:* A firm retained for purposes of processing the closing of the sale of the home.\*

*Closing Assistance Option:* Typically a relocation policy which applies in the situation in which an employee obtains a potential buyer for his/her home before being initiated into a corporation's

relocation program and before an appraised value has been determined for his or her house. Here, the employee usually has already signed an agreement to sell the home to a potential buyer, and under the terms of the closing assistance policy, the only assistance already offered by the purchaser is to pay the employee his/her equity in the home and to close the sale to the potential buyer. In some programs, the employee may sign an offer to purchase to sell the home to the purchaser and assign the agreement with the potential buyer to the purchaser to close. In these programs, one alternative is for the employee to be relieved of his/her obligations with respect to the home when the offer to purchase between the employee and the purchaser is executed. If for some reason the closing with the potential buyer does not occur, the home is processed as an appraised value transaction with the employee being paid on the basis of the price in the agreement with the potential buyer. Another alternative is that the employee may not be relieved of his/her obligations with respect to the home until the closing with the potential buyer actually occurs. If for some reason the closing does not occur, the home is returned to the employee for subsequent disposition by the employee, which may include going through the program as an appraised value transaction.\*

*Closing Costs:* Fees and charges associated with the closing, typically include broker's commission, transfer taxes, legal and title expenses, revenue stamps, recording fees, and any other costs required by the mortgage lender. Usually considered direct costs. Also referred to as Settlement Costs.\*

*Closing Fees:* Fees charged by an attorney, title company, lender, escrow agent, or trust company to prepare the necessary documents for closing a sale. These fees are separate and distinct from attorney fees, title costs, and lender fees defined elsewhere.

*Closing (Settlement) Statement:* The statement of financial adjustments between the buyer and seller as of the day of closing to determine the amount of money the buyer must pay to the seller to complete the purchase of the real estate and seller's new proceeds. Most commonly reflected on a HUD-1 or similar statement.

*Commuted Rate:* A price rate used to calculate a set amount to be paid to an employee for the transportation and temporary storage of his/her household goods. It includes cost of line-haul transportation, packing/unpacking, crating/uncrating, drayage incident to transportation and other accessorial charges and costs of temporary storage within applicable weight limit for storage including handling in/out charges and necessary drayage.

*CONUS (Continental United States):* All areas in the 48 contiguous states and the District of Columbia.

*Cost Reimbursable Contractor (CRC):* An employee of a privately owned firm performing business on behalf of the Government as a subcontractor. Generally, these employees are reimbursed at the Government per diem rates.

*Days in Inventory:* The time period from the date of execution of the offer to purchase with the employee through the resale closing date. Accurate comparison of one corporation's days in inventory to another's requires recognition and appropriate adjustment if different dates are used.\*

*Deductible Expenses:* Deductible expenses are those that are included in the employee's taxable income for which he/she is entitled to claim a Federal or state tax deduction.\*

*Destination Services:* A wide array of services to corporations and their relocating employees and families at the destination location. Destination services may include the following: home-finding assistance, area counseling, mortgage financial counseling, rental assistance, temporary housing assistance, spouse-employment assistance, home inspection, and so forth. Some may have fees associated with their provisions.\*

*Direct Costs or Direct Expenses:* Typically, those costs charged directly against a specific property, which are then billed back to a corporation by either a third party company or in-house program. Usually, acquisition and carrying costs as well as disposition and selling costs are included.\*

*Direct Reimbursement Program:* Typically, a type of home-sale program in which the corporation does not guarantee an appraised value nor does it purchase the property from the employee but does reimburse some or all direct selling costs.\*

*e-Travel:* Name given to the Federal Government's effort to create an end-to-end electronic environment encompassing travel authorization to travel arrangements, and procurement, travel expense auditing, and reimbursement.

*Effective Date:* The date on the Notification of Personnel Action when the employee is scheduled to report for work at the new official station. See Report Date.

*Employee Incentives:* Any amount of money and/or valuable consideration or service granted to an employee to sell his/her home prior to its being acquired by the purchaser.\*

*Extended Storage:* Storage of household goods while an employee is assigned to an official station or post of duty to which he/she is not authorized to take or unable to use the household goods or is authorized in the public interest. Also referred to as non-temporary storage.

*External Management Fees:* Any of several different charges to a corporation for third party or in-house program services. Usually these charges are made according to a previously set schedule and are identifiable to a specific property. An example would be the use of an independent contractor to inspect properties to ensure completion and quality of repairs or improvements performed by another vendor.\*

*Fair (Current) Market Value:* The most probable price that a willing and well-informed buyer would be justified in paying and an equally informed seller would accept for a home placed in a competitive and open market for a reasonable period of time.\*

*Federal Travel Regulation:* Also known as the FTR. The FTR comprises Title 41 Code of Federal Regulations, Chapters 300-304. Chapter 302 governs relocation travel and transportation allowances and other relocation-related policies for Federal civilian employees. Visit [www.gsa.gov/travelpolicy](http://www.gsa.gov/travelpolicy) for information.

*Fixed Buy-Out Fee:* Typically, a charge to an employer by a relocation management company to purchase an employee's home. Usually expressed as a percentage of appraised value and generally includes expenses for direct costs, resale loss, overhead, and profit opportunity. Adjustments to the fee are often not made on a home-by-home basis but may be made on a periodic basis--annual, for example--and the adjustments may be calculated based on a variety of factors, including actual cost experience, economic index rates, and so forth.\*

*Formal Consultation Mechanism:* As set forth in recommendations by the Board, a collaborative group coordinated by GSA consisting of Federal agency relocation professionals and appropriate non-Federal relocation industry professionals that meet regularly for purposes of sharing information, benchmarks, and best practices, discussing relocation issues, and providing views (making recommendations) to GSA relative to relocation policies and administration.

*Gain on Sale:* Actual dollar difference between the appraised value of a property and the higher ultimate sales price after the purchaser (corporation or relocation company) has acquired the property. This is generally shown as a credit to the corporation.\*

*Gross-up:* The extra personal income tax withholding provided by an employer to offset any additional personal income tax liability due to the fact the employer added taxable wages to the employee's W-2.

*Guaranteed Offer:* The offer by the relocation management company or the employer to purchase an employee's principal residence, typically based on the average of two appraisals, with a fixed acceptance period.

*Home:* The employee's primary residence that is being sold in a home-sale program. Typically, it is defined as real property containing an amount of land customary for the area and may include condominiums, cooperatives, mobile homes, and multi-family properties. Generally, it is neither investment property nor a second home.\*

*Home Marketing Assistance Period:* Proactive marketing assistance designed to help the employee market the primary residence by designing a customized marketing strategy and assist with offer negotiations. This assistance may be provided independently or in conjunction with the Home-sale Assistance Program.\*

*Home Marketing Period:* Time during which the employee may try to sell the home in the original location. This period may run throughout the appraisal process and/or Guaranteed Offer's Acceptance Period. Some employers require a mandatory marketing period before the employee is eligible to accept the Guaranteed Offer.\*

*Home Purchase Companies:* Companies that buy and sell homes for corporations on a contractual basis, nationally or regionally. Also known as relocation management companies or third party companies.\*

*Home-Sale Assistance:* Reimbursement for expenses incurred in selling and/or purchasing a residence.\*

*Home Selling Expenses:* Expenses arising out of the sale of real estate such as brokers commission, transfer taxes, attorney and inspection fees, deed and recording fees, escrow or abstract fees, mortgage prepayment penalties, and incentives paid by the seller.\*

*Home-Sale Program:* That part of an employer's relocation policy designed to facilitate a relatively fast, convenient means by which an employee may sell his/her home with a minimum of time and effort. Usually accomplished through a relocation management company or a corporate in-house program, by appraised value, amended value, buyer value option, or assigned sale transactions.\*

*Household Goods (HHG):* Property, unless specifically excluded, associated with the home and all personal effects belonging to an employee and immediate family members on the effective date of the employee's change of official station orders (the day the employee reports for duty at the new official station) that legally may be accepted and transported by a commercial HHG carrier. HHG also includes:

- (a) Professional Books, papers and equipment (PBP&E);
- (b) Spare parts of a personally owned vehicle POV (see definition of POV) and a pickup truck tailgate when removed);
- (c) Integral or attached vehicle parts that must be removed due to high vulnerability to pilferage or damage, (e.g., seats, tops, wench, spare tire, portable auxiliary gasoline can(s) and miscellaneous associated hardware);
- (d) Consumable goods for employees assigned to locations where the Department of State has determined that such goods are necessary;
- (e) Vehicles other than POVs (such as motorcycles, mopeds, jet skies, snowmobiles, golf carts, boats that can be transported in the moving van (e.g., canoe, kayak, rowboat, O/I motorboat (14 ft or less)).
- (f) Ultralight Vehicles (defined in 14 CFR part 103 as being single occupant, for recreation or sport purposes, weighing less than 155 pounds if unpowered or less than 254 pounds if powered, having a fuel capacity NTE 5 gallons, air-speed NTE 55 knots, and power-off stall speed NTE 24 knots.

*Househunting Trip/Homefinding Trip:* A trip made by the employee and/or spouse to the new official station locality to find permanent living quarters to rent or purchase. The term “living quarters” in this part includes apartments, condominiums, and cooperatives in addition to townhouses and single family homes.

*Human Capital:* The stock of knowledge and skill, embodied in an individual as a result of education, training, and experience, which makes them more productive; the stock of knowledge and skill embodied in the population of an economy, an industry or selected employer. Within the Federal Government: Refers to the education, knowledge, skills, and competencies of the personnel of an agency.

*Immediate Family:* Any of the following named family members who are residing in the employee’s permanent quarters prior to the notice of relocation and who are relocating with the family unit to the new official station: spouse; children (including stepchildren and adopted children) who are unmarried and under 21 years of age (or under 24 years of age if attending an institution of higher learning), or who are physically or mentally incapable of supporting themselves regardless of age; or parents of the employee or the employee’s spouse, who are claimed as dependents on the employee’s tax return in accordance with IRS regulations.

*Incidental Expenses:* Fees paid to porters, baggage carriers, bellhops, hotel maids, and for transportation between places of lodging/business, where meals are taken, and postage to mail in travel vouchers.

*Indirect Expenses or Costs:* Typically, a relocation management company’s expenses related to the operation of a home-sale program, which expenses are not readily associated with the handling of a specific property. Examples include salaries and wages, rent, depreciation, amortization of mortgages or loans, utilities, office supplies, telephone, postage, public relations, marketing, travel and living expense, data processing, and employee benefits. However, in some cases, certain specific charges may be billed to individual properties as incurred. Examples could be prorated shares of costs of trips to examine inventory properties, express mail expenses, and the cost of wire transfer of funds. Also known as Overhead Expenses. See also Administrative Costs or Expenses.\*

*In-house Program:* A relocation service provider or group created within a corporation to provide home-sale services to employees being relocated. In some instances, the in-house program staff may administer the corporation’s relocation policy as well as the home-sale program.\*

*Initiation:* That part of the home-sale program in which the steps necessary to authorize relocation services are implemented, including creating files and the record-keeping devices necessary for reporting and tracking.\*

*Inventory:* Any property that has been acquired by the purchaser whether an appraised value, amended value, buyer value option, assigned sale, directed offer, or special transaction.\*

*Loss on Sale:* Actual dollar difference between the appraised value of a property and the lower ultimate sales price after the purchaser (employer or relocation management company) has acquired the property. Typically shown as a charge to the employer.\*

*Management Fee:* An amount charged to the corporation by a relocation management company to manage the sale of a transferee's home. Examples range from simple flat per-case fees and fees calculated as a percentage of the appraised value (or sales price) to more elaborate fees based on a relocation management company's total cost performance and/or employee service satisfaction.\*

*Mandatory Marketing Period:* The period of time when participants in the third-party Home-Sale Program are required to make a good faith effort to market their home. Typically, in order to participate in the Home-Sale Program, the employee must market the home at a price not to exceed a specified percentage of the average of two Broker's Market Analyses (BMAs). See Broker's Market Analysis/Broker's Price Opinion.

*Market Analysis:* Methodology used by a broker in comparing a house to comparable homes and competitive listings on the market in order to determine a recommended listing price and probable sales price.\*

*Mileage Allowance:* A rate per mile established by the IRS in lieu of actual expenses of operating a privately owned vehicle or in connection with towing a mobile home.

*Miscellaneous Expenses:* Costs associated with:

- (a) Discontinuing the transferee's residence at the old official station, and/or
- (b) Establishing a residence at the new official station.

*Mobile Home:* Any type of house trailer or mobile dwelling constructed for use as a residence and designed to be moved overland, either by self-propulsion or towing. Also, a boat (houseboat, yacht, sailboat, etc.) when used as the employee's primary residence.

*MOBIS:* Management, Organizational, and Business Improvement Services -- is a multiple award schedule offered by GSA's Federal Supply Service (FSS OR FAS?) that lists many contractors that have been awarded a contract by GSA that can be used by all Federal agencies to acquire services and/or products to help improve their management and organizational effectiveness through the use of specialized consulting, facilitation, survey, and training services.

*Mortgage Interest Differential Allowance (MIDA):* Limited compensation that is provided for a specified time period to an eligible relocating employee when interest rates are higher at a new official station.

*New Appointee:* May include the following:

- (a) An individual who is employed with the Federal Government for the very first time (including an individual who has performed transition activities under section 3 of the Presidential Transition Act of 1963 (3 USC § 102 note), and is appointed in the same fiscal year as the Presidential inauguration);
- (b) An employee who is returning to the Government after a break in service (except an employee separated as a result of reduction in force or transfer of functions and is re-employed within one year after such action); or
- (c) A student trainee assigned to the Government upon completion of his/her college work.

*Offer Period:* The period of time from the issuance of an offer to purchase by the purchaser until expiration of the offer. The length of the offer period varies widely.\*

*Offer to Purchase:* A contract of sale extended to an employee by the purchaser to buy the employee's property. The amount is computed according to the corporation's relocation policies or program relying upon the use of the relocation appraisal process.

*Official Station:* An "official station" is defined in part 300-3 of CFR title 41. For purposes of this part, an "official station" may be within or outside the continental United States (OCONUS).

*Overseas Tour Renewal Travel:* Transferee and immediate family travel returning to a home in the continental U.S., Alaska, or Hawaii between overseas tours of duty. See FTR §302-3.222 for travel to an actual place of residence in other than the United States.

*Overseas Tour of Duty:* An assignment to a post of duty outside the United States or its territories, commonwealths, and possessions.

*Per Diem:* A rate established by the GSA for reimbursement of lodging, meals, and incidental expenses for Federal civilian employees while traveling overnight on official business within CONUS (i.e., the 48 contiguous states and the District of Columbia). The rate should provide sufficient reimbursement for Government travelers to eat in safe and comfortable full service/chain style dining establishments, and lodge in safe and comfortable accommodations. Similar rates for non-foreign overseas locations (e.g., Hawaii, Guam, Commonwealth of the Northern Mariana Islands) are set by the Per Diem, Travel and Transportation Allowance Committee while the Department of State sets similar rates for foreign countries.

*Permanent Change of Station (PCS):* An assignment of a new appointee to an official station or the transfer of an employee from one official station to another on a permanent basis. Also known as Permanent Duty Travel (PDT).

*Post Duty:* An official station outside CONUS.

*President's Management Agenda:* A strategy to improve the management and performance of the Federal Government in areas with the greatest need. The Agenda includes five Government-wide initiatives and multiple program-specific initiatives.

*Primary Residence:* A residence which the employee occupies as his/her principal residence.\*

*Privately-Owned Vehicle (POV):* A motor vehicle not owned by the Government and used by the employee or his/her immediate family for the primary purpose of providing personal transportation; an operable wheeled motor vehicle, intended for road use, legally licensed in the employee's name or in the name of a member of the employee's immediate family, which is regularly used by the family for personal transportation on a daily basis. Automobiles, station wagons, four-wheel drive vehicles, motorcycles and all similar vehicles are included. An antique car or a POV that is not regularly used to commute to and from work on a daily basis would not fit this definition for relocation purposes.

*Professional Books, Papers and Equipment (PBP&E):* Includes, but is not limited to, the following items in the employee's possession when needed by the employee in the performance of his/her official duties:

- (a) Reference material;
- (b) Instruments, tools, and equipment peculiar to technicians, mechanics and members of the professions;
- (c) Specialized clothing (e.g., diving suits, flying suits, helmets, band uniforms, religious vestments and other special apparel); and
- (d) Communications equipment used by the employee in association with the MARS (see DoD Directive 4650.2, Military Affiliate Radio System (MARS) which is available electronically from the world wide web at <http://dtic.mil/web7.whs/directives.osd.mil>).

*Referral Fees:* A fee that is a portion of the broker's commission that is paid to another broker, pursuant to an agreement, which provided either a listing prospect or selling prospect. Also, any other fee or rebate paid to the purchaser for services rendered to the employee or property including payments from movers, title companies, carpet and paint suppliers, lenders, inspectors, appraisal firms, etc.\*

*Regular Transaction:* See Appraised Value Transaction.

*Reimbursed Expenses Accountable Plan:* Payment(s) made to an individual for charges incurred on behalf of the affiliate. If the payment represents reimbursement to the individual for actual expenses paid, documented and submitted to the affiliate, the payment to the individual is treated as a non-taxable reimbursed expense. The individual must submit paid receipts for all expenses incurred. By submitting paid receipts to the affiliate, the individual has accounted for expenses and neither the individual nor the affiliates are required to report the payments or the expenses to the IRS.

*Reimbursed Expenses Non-Accountable Plan:* Payment(s) made to an individual as compensation for costs incurred or expected to be incurred in performing union services. No expense report or other accounting for these funds is required. All payments made under the "Non-Accountable Plan" are considered compensation and are treated as taxable income to the recipient. Examples of these payments include car allowances, officer allowances, stipends and convention advances for which no accounting is required or expected.

*Reimbursement Options:* One of the components of the decision-making process Flow Chart. The component identifies the most efficient and reasonable way to reimburse the traveler for travel expenses that have been, or will be, incurred.

*Relocation Appraisal:* The process by which the Anticipated Sales Price of a residential housing unit, using the market data approach to value, is established. Also, the form by which the Anticipated Sales Price is reported. The purpose of this appraisal is to establish the Anticipated Sales Price for a relocated employee's residence and assumes an arm's length transaction. Most often done according to the procedures in the ERC Summary Appraisal Report.\*

*Relocation Incentive:* A payment made to relocating employees as an inducement for accepting an assignment that requires a transfer.\*

*Rental Management Fee:* A fee paid to an independent firm to oversee rental or leasing of a property. Technically, it could be a fee to manage any aspect of a rental property.\*

*Renters:* Either employees who rent their primary residence, or tenants who are leasing the employee's residence.\*

*Report Date:* The date on the Notification of Personnel Action (SF-50) when the employee is scheduled to report for work at the new official station. This date is normally the same as the "effective date" on the SF-50 unless the report date is delayed because the employee is required to undertake a temporary duty assignment. In the event of a delayed report date, the allowed one year period for completing the relocation cannot exceed one year from the effective date on the SF-50 approving the relocation.

*Request for Information:* Also known as RFI. Before it purchases a product or service, the Government may issue a request for information seeking to gauge a market's ability to meet the Government's needs, identify potential suppliers, identify technical issues, identify potential risks, and seek guidance from the market place on how best to fulfill the Government's needs.

*Request for Proposal:* Also known as RFP. "Solicitation" means any request to interested parties to submit offers or quotations to provide services or products to the Government. Solicitations under negotiated procedures are called "Requests for Proposals."

*Relocation Management Company:* A service company supplier retained by an employer to provide home-sale services to its relocated employees. In some instances, the third party company may administer a corporation's home sale program and policies. Synonymous with "purchaser," third party company, and home-purchase company.

*Revenue Procedure 97-45:* The lodging per diem is a reimbursement requiring substantiation and payment is capped at the per diem, unlike M&IE, which is paid as a lump sum allowance not requiring substantiation. However, under Revenue Procedure 97-45 (Internal Revenue Bulletin No. 1997-41), an agency can satisfy the substantiation requirement without submission of receipts.

*Service Agreement:* A written agreement between a Federal employee and his/her agency, signed by the employee and an agency representative, stating that he/she will remain in the service of the Government for a period of time as specified in FTR §302-2.13, after the employee is relocated.

*Special Transaction:* That aspect of the home-sale program which, because of unusual selling situations such as value over a specified amount, excess acreage, or other conditions unusual on similar properties, require extra efforts on the part of the purchaser to sell the property. Typically, any home designated as special has a separate fee charged against it.

*Special Transaction Fee:* Fees billed by a home purchase company for handling a property designated as a "Special Transaction."

*Storage:* Placement of household goods in either short- or long-term storage facilities. May be provided in conjunction with the transportation of household goods.\*

*Storage in Transit (SIT):* Temporary off-vehicle storage incidental to or in the course of transit from consignee to consignor; the stopping of freight traffic at a point located between the point of origin and destination to be stored and re-forwarded at a later date.

*Tax Assistance:* A payment by a corporation to an employee in recognition of the fact that many of the payments associated with relocation are considered income to the employee and thus are taxable. This payment, which is also taxable, may pay for all or part of the additional taxes incurred.

*Temporary Change of Station (TCS):* The relocation to a new official station for a temporary period while performing a long-term assignment, and subsequent return to the previous official station upon completion of that assignment.

*Temporary Quarters:* Lodging obtained for the purpose of temporary occupancy from a private or commercial source.

*Temporary Quarters Subsistence Expenses (TQSE):* Subsistence expenses incurred by an employee and/or his/her immediate family while occupying temporary quarters. TQSE does not include local transportation expenses incurred during occupancy of temporary quarters (see FTR §302-6.18 for details).

*Temporary Storage:* Storage of HHG for a limited period of time at origin, destination or en route in connection with transportation to, from, or between official station or post of duty or authorized alternate points. Also referred to as storage in transit (SIT).

*Third Party Company:* See Relocation Management Company.

*Transferred Employee:* An employee who transfers from one official station to another. This may also include employees separated as a result of reduction in force or transfer of functions who are re-employed within one year after such separation.

*Travel Reporting Information Profile (TRIP):* As required by Public Law 103-329, dated September 30, 1994, and codified in Title 5 of the USC, § 5707(c), a report that GSA must submit to the Director of OMB based on, at minimum, biennial research of travel, transportation, and relocation activities in the Federal Government which includes analysis of estimated total agency payments for travel, transportation, and relocation based on a sampling survey, a list of agencies that spent more than \$5 million during the previous fiscal year on travel, transportation and relocation payments, and presents such items as average costs, duration of trips and purposes for official travel.

\* Denotes definitions reprinted with permission of Worldwide ERC(r)/Employee Relocation Council from the ERC Glossary.

## ATTACHMENTS

Attachment	Title
1-1	GRAB Agency Survey
1-2	GRAB Transferee Survey
2-1*	Flat Versus Tiered Policies for Relocation Allowances
2-2	Snapshot of Federal Employee Employment, Accessions, and Relocations
2-3*	EHRI Tool Set
2-4*	Overview of Federal Position Classification System
2-5*	Overview of Federal Government Training Rules
2-6*	Overview of Certified Relocation Professional Program
2-7*	Overview of Certified Relocation Professional Certification Eligibility Requirements
3-1	Survey of RMC's & Exp Management Companies on Tax Allowance Practices and Industry Recommendations
3-2	RMC's & Exp Management Companies Recommendations on the Tax Allowance Process & BTB Subcom Recommendations
3-3	GRAB Data Element Document Comments & Guidance
3-4	Data Element Table
3-5	GRAB Data Element & System Interface Charts
3-6	GRAB Systems Interface Document
5-1	Simulated Relocation Timeline
5-2A	Cost Comparison Tool Direct Reimbursement
5-2B	Cost Comparison-Amended Rate
6-1*	Position Paper-Purchasing Options for Transportation Services
6-2*	Position Paper-Review of Purchasing Options for Transportation Services and Procuring Transportation: Federal Acquisition Regulations vs. Tender
6-3*	Position Paper-Procuring Transportation: Federal Acquisition Regulations Versus Tender
6-4*	AMSA/GSA Forum Survey Results
6-5	Specific Law Provision 31 USC §3726

\* Attachment available in hard copy only.