

# Relocation Policy Guide for Federal Civilian Agencies



## Relocation Policy Guide for **Federal Civilian Agencies**

Spring 2010

### **Foreword**

The General Services Administration, Office of Governmentwide Policy, is pleased to issue this relocation policy guide for Federal civilian agencies. We have developed this guide to help:

- Executives understand the basic issues involved in relocation policy;
- Relocation managers develop their agency-level relocation policies; and
- Program managers determine whether to offer relocation and to select the relocation benefits that they will include.

This is one of three relocation guidance documents published by GSA. The other two are:

- “Handbook for Relocating Federal Employees”
- “Glossary of Acronyms and Terms for Federal Civilian Relocation”

To enhance readability, we have chosen to provide very few cross-references between this Guide and the Federal Travel Regulation (FTR) (available online at <http://www.gsa.gov/ftr>). However, the FTR is written in a plain language, question-and-answer format that we hope makes it easy to find what you need.

We have not sought in this Guide to define every term used here; please refer to the Glossary for definitions. Also, in this guide, “you,” “your,” “I,” and their variants refer to the agency.

Please note that this is not a regulatory document. Chapter 302—Relocation Allowances of the FTR (41 Code of Federal Regulations 302 or 41 CFR 302) contains the actual rules for relocation of Federal civilian transferees. The FTR and not this guide is the controlling source for rules governing Federal civilian relocations.

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## 1. Governmentwide Relocation Philosophy Statement

The Governmentwide Relocation Advisory Board (GRAB) recommended that the Federal government develop a relocation philosophy statement and that every Federal agency then develop one of their own. The GRAB report included a suggested government-wide philosophy statement. GSA, working with the Executive Relocation Steering Committee (ERSC), has modified and, hopefully, somewhat improved upon the statement provided by the GRAB:

The objectives of the Federal government's relocation policies are to:

1. Support agency missions and agency objectives for recruitment, retention, and knowledge transfer, by moving the right people to the right positions.
2. Move transferees into their new positions as quickly as possible.
3. Ensure that disbursements are correct, appropriate, and well documented.
4. Limit the emotional stress and the economic hardship associated with a transfer by providing various relocation services that may include items such as, policy counseling, home finding, spousal job assistance, temporary living support, and home sale and home purchase assistance.
5. Administer the services, amounts, and timeframes consistently, fairly, transparently, and in full compliance with FTR and agency rules.
6. Share responsibility for the relocation process, from beginning to end, among the transferee, the relocation program staff (including industry partners), the transferee's new manager, and agency management.
7. Use comprehensive, validated data to leverage buying power, ensure compliance, and adjust to changing market conditions.
8. Work to maintain a balance between minimizing the cost to the Government, being consistent with agency missions, and meeting the needs of the transferees and their families.

## 2. Guiding Principles for Federal Relocation Managers

The GRAB also suggested a set of guiding principles, which GSA and the ERSC have similarly modified:

The following principles should assist all parties in the decision-making process during relocation of a federal civilian transferee:

1. Relocation must be in the interest of the Government; it should actively support the agency's mission, and it may not be allowed primarily for the convenience of the transferee.
2. Relocation should be authorized and managed in a manner consistent with the agency's human capital strategic plan.
3. Relocation should be planned as far in advance as possible.
4. Relocation should be managed through a comprehensive, automated relocation management system.
5. When developing a job announcement that will include relocation, the agency should determine:
  - a) The relationship between the agency mission, the job announcement, and the need to offer relocation;
  - b) Which optional relocation benefits will be offered; and
  - c) The estimated cost.
6. No policy can (or should) cover all the expenses or remove all the inconveniences that might be involved in a relocation.
7. Not all relocation allowances are entitlements. The discretionary benefits should be provided only when they advance the interest of the Government.
8. Agencies should make every reasonable effort to limit the stress of relocation on transferees and their families.
9. Personal and financial information about the transferee and his/her family must be safeguarded.
10. Transferees are expected to make every reasonable effort to take an active role in managing their relocations, with the twin goals of minimizing overall cost to the Government and becoming productive in their new jobs as quickly as possible.

### 3. Agency Relocation Philosophy Statements and Policy and Procedure Guides

It is recommended that you create one or more agency relocation guides. These guide(s) should:

- State the agency's relocation philosophy, including, as explicitly as possible, why and when you intend to move your transferees;
- Describe how the agency's relocation philosophy relates to the agency's mission and human capital plans;
- Describe how agency components, including human resources, finance, acquisition, program management, etc., will work together to support the agency's relocation philosophy, policies, and procedures;
- Provide the agency-specific relocation policies required by the FTR and any others that the agency chooses to adopt within the limits of the FTR;
- Outline the procedures program managers should follow in determining the need to offer relocation benefits that include either the mandatory and/or discretionary items as listed in the FTR and agency specific relocation policies; and
- Outline the procedures necessary for transferees to work through the relocation process.

The FTR requires that your agency establish policies on over 50 separate issues. The following is a partial list of the FTR paragraphs that specify areas where you must establish agency-specific policies:

- Authorization of various types of relocation (302-3.500);
- Payment of allowances for subsistence and transportation for the transferee and family (302-4.700);
- Househunting trips (302-5.101);
- Temporary quarters subsistence allowance (302-6.301);
- Transportation and storage of property (302-7.300);
- Extended storage of household goods (302-8.400);
- Transportation and emergency storage of privately owned vehicles (302-9.502);

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- Transportation of mobile homes and boats that are used as primary residences (302-10.400);
- Residence expense allowance on home sale and home purchase (302-11.400);
- Use of a relocation services company (RSC) (302.12.106);
- Home marketing incentives payment program (302-14.101);
- Property management services (302-15.70); and
- Payment of miscellaneous expenses allowance (302-16.200)

Please note that taxes on relocation expenses (302-17) are specifically excluded from this list. If relocation is granted, there are extensive responsibilities for agencies to follow concerning taxes. 302-17 enumerates the need to establish internal procedures for administering the statutory requirements that Federal agencies must follow.

## 4. Recommended Best Practices for Federal Agencies

- You should disseminate and publicize your relocation policy and procedure guides as widely as possible, so that every program manager and every prospective transferee knows, at the least, where to find them.
- You should review and update your relocation guides periodically. One special focus of your periodic review should be your policies and procedures for residence transactions, because the housing market and relocation industry practices can change quickly.
- You should also periodically review how your relocation program is staffed, in order to ensure that you have the right mix of skills and staffing levels to properly assist and advise your relocating transferees.

If you move relatively small numbers of transferees annually, then you should:

- Use professional relocation management companies and/or HHG move management companies;
- Seek third-party assistance from other Federal agencies Relocation Resource Centers as available; or
- Engage in cooperative ventures with similarly-situated agencies to pool resources and obtain services to achieve economies of scale

Larger agencies, alone or in concert with other agencies, should take advantage of their relocation business volume and competition to obtain the best possible pricing for relocation services purchased from the private sector, including cost management software, integration and implementation support, and other services.

If you are contemplating hiring a commercial RSC, you should:

- Do extensive market research because each company offers a different mix of services and has different strengths;
- Use a fully qualified contracting officer's technical representative (COTR) to manage your contract; and
- Make sure that your contract or task order with the RSC includes all the management reports required by GSA and by your agency and review the data in those reports frequently.

## 5. Relocation Elements that are Mandatory for All or Most Transferees

Many of the relocation elements discussed in the FTR are mandatory for all or most transferees. FTR 302-3 provides 11 tables that lay out exactly which benefits are mandatory and which are optional for each set of circumstances. The following is a simplified list of the relocation elements that are mandatory in most cases:

### (a) Service Agreements

For a permanent change of station (PCS) relocation, the transferee must sign a service agreement. This is a statutory requirement found at §302-2. In this agreement the transferee states that if he/she leaves Government service prior to the expiration of the service agreement, he/she has incurred a debt due to the Government and must reimburse all costs that the agency has paid toward the relocation expenses including withholding tax allowance (WTA) and relocation income tax allowance (RITA).

A service agreement is not needed for a temporary change of station (TCS). Service agreements are also not required for Senior Executive Service (SES) employees' last move home. In addition, new service agreements are not required for an employee who is returning from a destination outside the continental United States (OCONUS), on the return portion of their original orders, when the new authorization is only for shipment of household goods (HHG), privately owned vehicles (POVs), and transportation of the transferee and family. If relocation is authorized to include TQSE, a new service agreement would be required.

Service agreements can range in length from 12 to 36 months depending on agency policy and whether the relocation is within the continental United States (CONUS) or OCONUS. Please note that if you approve a request to extend a transferee's relocation process beyond the standard, one-year limit, and if the original service agreement was for only 12 months, then you must also extend the service agreement.

A service agreement is only enforceable to keep the transferee in Federal government service. Leaving one Federal agency for another does not violate the service agreement because the transferee's indebtedness is to the Government not the

individual agency. For this reason, it is extremely important to place the service agreement in the transferee's Official Personnel Folder, so it will be tracked effectively and conveyed to the next agency if the transferee changes jobs prior to the expiration of the service agreement.

## **(b) Transportation and Per Diem for the Transferee and Immediate Family**

Reimbursement for transportation and per diem for the actual move, which is referred to as en route travel, largely follow the same rules as temporary duty travel. For PCS travel, there are special limits for family members traveling with the transferee, for the mileage reimbursement, for the number of miles the transferee will be expected to drive each day, and for driving more than one POV. Also, new appointees receive a per diem allowance only for themselves; there is no per diem allowance for their family members.

## **(c) Transportation of Household Goods**

Transportation of HHG probably causes more problems than any other area of relocation. The FTR has several pages of rules that concern

- The maximum weight limitation;
- Professional books, papers, and equipment (PBP&E);
- Paying for HHG shipments;
- Loss or damage; and
- Temporary storage (see the next section of this Guide).

In addition to these rules, we offer the following recommendations:

Using multiple carriers available under GSA's Centralized Household Goods Traffic Management Program (CHAMP) or working with a move management company can assist you with:

- Ensuring service during peak move times;
- Obtaining price discounts;
- Ensuring high-quality customer service; and
- Reducing damage claims.

You should ensure that each transferee is counseled thoroughly in all aspects of the process and on your agency specific policies paying particular attention to the following areas to help ensure a positive HHG experience and to decrease damage claims:

- The need to be present for the pack, load, and unload of their HHG. The transferee should make notes and inform the carrier's driver immediately of any problems or missing items. This will help prevent/reduce loss and damage issues;
- Agency specific policies on PBP&E;
- Discarding any items not used or needed, especially magazines, books, old clothes, and furniture, to help ensure that the HHG 18,000-pound weight limit is not exceeded. This amount is NOT waivable;
- Time frames for any claims that may need to be filed;
- Purchasing any additional insurance for the HHG shipment prior to the loading of the HHG;
- Conducting a walk-through of the residence (closets, cabinets, sheds, garage, basement, and attic) with the carrier's driver to ensure that all HHG have been loaded;
- The need to read carefully and receive copies of all signed documents; and
- Taking all important documents with them.

#### **(d) Temporary Storage of Household Goods**

FTR Part 302-8 currently allows an initial period of up to 90 days of temporary storage of HHG at Government expense. However, upon written request from the transferee, you may authorize an additional 90 days of storage for HHG at Government expense, provided the transferee's request is justified as stipulated in the FTR.

The following factors should be considered when developing policy and authorizing temporary storage of HHG:

- The number of days allowed for storage of HHG by private industry is typically 30 - 60 days;
- The number of days for storage of HHG should be commensurate with the number of days authorized for TQSE if any; and
- Temporary storage of HHG should end within a reasonable time based upon the carrier's ability to deliver the HHG and not at the transferee's personal preference because of such things as cleaning of carpets and painting.

## **(e) Extended Storage of Household Goods**

You may authorize extended or permanent storage of HHG to any transferee assigned to OCONUS or isolated CONUS locations, in lieu of shipment. This prevents, for example, the problems that emerge when a transferee has quarters that are too small for the amount of HHG he or she owns. Agencies need to establish a procedure for deciding what locations and assignments merit the extended storage of HHG. The payment for extended storage of HHG should be limited to only those expenses that are necessary and in the interest of the Government. Agencies must continue to monitor the companies/contractors storing the employees HHG in order to prevent damage.

## **(f) Mobile Homes that are Used as a Primary Residence**

FTR Chapter 302-10 provides for allowances for transportation of mobile homes or boats that are used as a primary residence. Moving mobile homes is not a major activity of the Federal Government, but it is a mandatory benefit for any employee moving for the convenience of the government, who requests it, within the continental United States and Alaska.

Most agencies do not ever move a mobile home, but those who do should develop an expertise in doing so, or they should be prepared with contract support. For instance, agency managers need to be aware that only a limited number of certified mobile home movers are available. This is a part of relocation that agencies with transferees in rural areas with housing shortages need to be able to perform.

Mobile homes fit under the category of "manufactured housing." However, this category also includes modular homes and HUD bulletin homes that should not be confused with mobile homes. Modular and bulletin homes are usually placed on permanent foundations, and depending on State law, may be considered to be real estate. Mobile homes, by contrast, are classified as chattel. They have running gear including axles and wheels.

The transferee must research transportation of the mobile home well in advance of any move. Most mobile home owners are not aware of the costs involved. GSA recommends that before authorizing transportation of a mobile home an agency provide detailed counseling to their transferees on the following issues:

- The Government does not pay for HHG to be transported separately. Under current statutes, the

- mobile home moves in lieu of the 18,000 pounds net household goods shipment;
- Moving HHG inside the mobile home causes stress to the unit with a high likelihood of structural damage that is not covered by insurance. Mobile homes are not designed as shipping containers even though the Federal relocation statutes may appear to treat them as such. Most carriers will not allow HHG to be transported inside the mobile home;
- If approved for inside shipment, all HHG's need to be secured to prevent damage from shifting and movement. Furniture and heavy unbreakable items need to be placed near the center of the home forward from the wheels. As little weight as possible should be left in the rear of the trailer near the wheels;
- The Government does not reimburse for replacement tires or axle rental. During the transport of a mobile home, additional axles may be required based on the unit length. It is also common to have 8 to 10 tire blowouts while en route. These expenses can cause a significant financial burden to the transferee;
- There is no national standard for transporting mobile homes. If a mobile home is moved interstate, the transferee or the contracted carrier must get prior approval from each state to move the mobile home on routes within that state. Rules for width of the mobile home, requirements for escort vehicles, etc. are different for each state; and
- The cost to ship a mobile home may not exceed the cost of shipping 18,000 pound of HHG and 90 days of temporary storage.

## **(g) Residence Transactions**

Helping transferees and their families sell their old homes and buy new ones is usually the most expensive part of any relocation program. Without careful planning and budgeting, the costs can be crippling to an agency and prevent the agency from properly utilizing relocation.

The FTR requires that agencies reimburse eligible transferees for expenses paid in connection with the sale of their residence at the old official site and in connection with the purchase of a residence at the new official site. Most of these expenses are closing costs, the largest of which usually is the broker's fee in connection with the sale of the old home.

Under the direct reimbursement method, which is still the preferred method under relocation statutes, agencies must reimburse for any allowable expenses and costs up to ten percent of the actual sale price for the sale of the transferee's residence at the old official site and up to five percent of the actual purchase price of the residence for the purchase of a residence at the new official site. A key point here is that this reimbursement is taxable income to the transferee, so the agency must gross up the reimbursement to cover these taxes and must also reimburse the taxes that the transferee will incur on the gross-up. (This is explained further in section (j)).

Other methods are available as an alternative to direct reimbursement and if the employee is ready to market and sell their home immediately upon transfer, the alternative options may be in the agency and the transferee's best interest. Not only can these options potentially save money for the transferee, mostly in tax implications, they are also designed to relieve the transferee of much of the home sale burden. These alternatives to the direct reimbursement method can also provide an end to end solution to assist agencies and their transferees. Here are a few key points on an alternative solution to direct reimbursement:

- The term for this type of service is a home sale program utilizing amended sale and appraised sale options;
- This option requires the services of a relocation services contractor for many reasons. Perhaps the most important reason why an RSC is required is that the RSC purchases the home from the transferee. (The Government is forbidden by law to take title to a transferee's home). You also need to know that, in most cases, use of an RSC avoids the tax and RIT consequences of the home sale;
- We strongly recommend that the RSC contract include guaranteed home purchase, under which the RSC will purchase the home at some point, regardless of whether a buyer has been identified or not; and
- While the fee paid to the RSC for guaranteed home purchase may seem high, the GRAB report makes it clear that using a comprehensive home sale program, including guaranteed home purchase, may save Federal agencies money in the long run.

Agencies should also consider the following best practices in administering their residence transaction programs:

- Have a counseling program or hire an RSC or destination services contractor to help the transferee

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- understand the home sale program and the area to which he/she is moving;
- Make it clear to the transferee that he/she is responsible for demonstrating that the items on his/her residence transaction voucher are customary for the geographical area in which they are selling and buying homes (i.e., the agency should not assume the charges are customary, and the agency should not have to do the research to find out);
- The sale or purchase of a residence must be incident to the transfer. The agency will reimburse the transferee for the one residence from which he/she regularly commuted to and from work on a daily basis, provided it was his/her residence at the time he/she was officially notified of the transfer to a new official site. Exception to this would be a transferee returning from a foreign area to CONUS and going to an area other than the one he/she left when originally transferred outside the United States;
- The transferee and/or an immediate family member must hold full title to the residence. If they do not, they will be reimbursed on a pro rata basis;
- If someone else advances money for the closing costs, the transferee cannot be reimbursed for them;
- Transferees should understand and work to exclude items in their mortgages that may result in higher Government costs during future moves (i.e. prepayment mortgage penalties). It is especially important to stress this need for people on mobility agreements (those employees who as a condition of their job must move at set intervals such as law enforcement personnel, resident engineers etc.) because the government or its contractor could be forced to pay these penalties during a relocation;
- If a mortgage includes a prepayment penalty, the Government or its contractor could be forced to pay this penalty for what was a personal decision made by the transferee usually in an effort to obtain a lower mortgage rate. Use of standard mortgage lenders will help avoid these and other hidden charges; and
- Transferees who rent and who expect to be transferred, especially those on mobility agreements, should always try to include a relocation clause into their leases, so that they may be able to be released from their lease

and avoid any lease cancellation charges upon their transfer to a new duty station.

## **(h) Miscellaneous Expenses**

The miscellaneous expenses allowance (MEA) is intended to help defray some of the costs incurred due to relocation. The MEA is related to expenses that are common to living quarters, furnishings, household appliances, and to other general types of costs inherent in relocation of a place of residence.

A few examples of such expenses are:

- Fees for disconnecting/connecting appliances;
- Cutting and fitting draperies, rugs, etc.;
- Registration and other fees for a driver's license;
- Utility deposits or fees not offset by refunds; and
- Costs of transporting and handling dogs, cats and other house pets.

This list is merely instructive. The allowable amounts for the MEA are provided in FTR Part 302-16 along with a more extensive list of other legitimate costs as well as a list of restrictions on use of the MEA.

Agencies should make sure that MEA vouchers are properly reviewed and audited.

## **(i) Taxes on Relocation Expenses**

Unlike temporary duty travel of less than one year, Federal tax law does not consider relocation a standard business practice. Most of the relocation allowances listed in the FTR are therefore taxable, and some are not deductible.

The Relocation Income Tax (RIT) is the additional tax burden the transferee owes due to his/her relocation. The Withholding Tax Allowance (WTA) and the Relocation Income Tax Allowance (RITA) are the payments made by the Government to reimburse transferees for substantially all of the tax liability incurred for authorized non-deductible relocation expenses. Other tax liabilities, such as a tax liability resulting from an employee's decision not to deduct moving expenses for which a tax deduction is allowable or a tax liability resulting from a relocation bonus are the transferee's responsibility.

Additionally, any capital gain on the sale of the transferee's residence is also the transferee's responsibility. Calculations of a transferee's WTA and subsequent RITA are done in two parts over two years. The amount of the WTA is revealed in

year one and the payment to the transferee for the RITA is completed in year two.

In dealing with the complex tax calculations, agencies need to be aware that the purchase of independent tax services or products can contribute to the fragmentation of management that is common in Government relocation. Agencies need to consider making the tax calculations a part of the larger cost management issues. Systems that track all aspects of relocation, including both the taxable and non-taxable parts of the relocation, will lead to better management by creating data independent of agency financial systems. Such systems will, at the same time, provide accurate and complete tax calculations.

The subject of taxes on relocation expenses is complex, and largely beyond the scope of this Guide. Please see FTR 302-17 for the details.

## 6. Agency Discretionary Benefits

Many of the relocation benefits discussed in the FTR are optional for all or most transferees. FTR Part 302-3 provides 11 tables that detail exactly which benefits are mandatory and which are optional for each type of employee relocation. The following is a simplified list of allowances that are optional in most cases:

- Househunting trip(s) (HHTs);
- TQSE;
- Shipment of POVs;
- Use of a RSC;
- Property management services; and
- Home marketing incentives.

### (a) House Hunting Trip (HHT)

The FTR allows for the authorization of a HHT expense for a reasonable period of time, not to exceed 10 calendar days, for the transferee and/or his/her spouse. The purposes of the HHT are to:

- Help the transferee seek a permanent residence;
- Facilitate and expedite the transferee's actual move;
- Minimize or eliminate the need for TQSE; and
- Help mitigate the government's overall cost for the transferee's relocation.

GSA recommends that you consider the following when developing your HHT policy and/or when deciding whether to authorize a HHT:

- A HHT should be authorized on an individual case-by-case basis after the transferee has accepted the transfer. The transferee should always execute the service agreement before you authorize any expenditure of funds;
- Whether the need for an HHT might be minimized or avoided through use of destination services. Destination services are further defined in the glossary. These services are available from your relocation services company at zero or minimal cost and are often times offered regardless of whether your transferee currently owns a home or is a renter. Destination

services can help with realtor selection, location of available homes for sale or rent, school location, elder care services, local government services, and other needs that may have a major impact upon the location of the home the transferee is seeking to buy;

- The 10 days allocated for a HHT is the maximum allowable under current relocation statutes. An agency has the discretion to authorize fewer days for a HHT if a situation warrants;
- Offering the transferee a lump sum (fixed amount) reimbursement for the HHT. This allows the transferee more flexibility and the opportunity to budget his/her expenses. Benefits of the fixed amount reimbursement method include limited expense documentation, immediate access to funds, fewer misunderstandings about HHT policy, and easier administration;
- If the transferee is a homeowner, you should require him/her to have some form of written estimate of the value of the home he/she is selling before leaving on the HHT. The intent here is for the employee to have some realistic value of their home allowing them to take into account their current mortgage and equity available for purchase of a home at the destination. This will help the transferee determine an affordable price range of residences to consider at his/her new official work site; and
- If the transferee is looking to purchase at destination, recommend that the transferee be pre-qualified for a mortgage loan prior to departure on the HHT.

## **(b) Shipment of Privately Owned Vehicles (POVs)**

Shipment of a POV is a discretionary allowance that should only be authorized when cost effective and advantageous to the Government. The FTR allows for the shipment of POVs within CONUS when agency criteria are met. On the other hand, the agency may authorize shipment of only one POV to a foreign OCONUS duty station

When deciding whether to authorize shipment of a POV, you should first determine whether it would be more advantageous and cost effective to the Government to transport the transferee's POV to the new official station at Government expense and to pay for the transferee and immediate family to travel by commercial means than to have the transferee and immediate family members drive the POV to the new official

station. Additionally, to minimize costs and promote an efficient workforce, you should consider providing the employee use of his/her POV when it mutually benefits the Government and the employee.

We recommend that the agency take the following steps before authorizing shipment of a POV:

- Take into account agency benefits of authorizing commercial transportation such as reporting to work at the new job sooner;
- Establish that the POV is licensed and in working order (e.g., State inspected);
- Establish that the POV is needed by the transferee immediately upon arrival at the new station;
- Take into consideration that the current industry trend is to establish mileage thresholds for shipment of a POV and generally allow shipment of only one or two POVs;
- Counsel transferees that rental cars at destination stations are not authorized, regardless of the delivery date for their shipped POV;
- Establish an agency policy on the minimum distance in which a POV shipment can be authorized, without extenuating circumstances; and
- Ensure that transportation of a POV always originates and terminates at the destinations specified in the FTR, as this is a regulatory requirement.

### **(c) Temporary Quarters Subsistence Expenses (TQSE)**

The decision to authorize TQSE should be based on transferee need. While the Government rules allow for 60 days with a possible 60-day extension, most private industry companies do not allow for more than 45 days total.

Agency management objectives should be to ensure that TQSE is necessary, that the transferee has adequate and comfortable temporary quarters while in transition to his/her new residence, and that the number of days of TQSE is kept to a minimum.

GSA recommends that you take the following steps before authorizing TQSE:

- Ensure TQSE is necessary;
- Consider the transferee's rental and ownership status at the new location because someone who is renting may require a shorter period of time in TQSE;

- Consider whether the transferee took a HHT and identify the outcome. The hope here is that the transferee was able to secure a permanent residence for his arrival date at his/her new location thus eliminating or minimizing the need for TQSE and storage of HHG;
- Consider the status of the home at the old duty station. If it is already sold, closing on a residence at the new location may proceed much faster making TQSE either unnecessary or required for a shorter period of time; and
- Ensure taxpayer dollars are used wisely.

#### **(d) Use of a Relocation Services Company (RSC)**

Relocation services are services provided by a private company under a contract with an agency to assist a transferred employee in relocating to the new official station. Examples include home sale programs, home marketing assistance, home finding assistance, and property management services.

Government relocation services contracts have one major difference from those in private industry. In private industry, the company, rather than the contractor, generally own homes in a home sale program. With the Government, the RSC must own the residence because the Government agency cannot take title to the residence because the statute that establishes the authority to use relocation services contracts does not include the authority to purchase homes.

GSA recommends that you consider the following issues when developing a solicitation for a contract or task order with a RSC:

- What service aspects of a relocation will you require the company to perform;
- What tax liability, if any, will the transferee incur from the contract (some payments by the agency to the relocation services company may be taxable to the transferee);
- What conditions allow a transferee to use the RSC; and
- Which transferee's will be eligible to use the RSC and under what conditions.

## **(e) Federal Acquisition Service Multiple Awards Schedule 48**

You may procure relocation services contracts on your own, or you may procure the services under the Federal Acquisition Service Multiple Awards Schedule 48, Transportation, Delivery and Relocation Solutions (TDRS). Prices negotiated under the TDRS are ceiling rates. Agencies may negotiate lower prices, especially if you can offer the contractors a significant volume of relocations per year.

## **(f) Property Management Services**

Under certain circumstances, you may choose to pay for property management services in lieu of the transferee selling his/her home at the old official work site. Property management services include such things as obtaining a tenant, negotiating the lease, inspecting the property regularly, managing repairs and maintenance, enforcing lease terms, collecting the rent, paying the mortgage, etc. The employee is responsible for the cost of maintenance and upkeep, taxes, and all other carrying costs of the residence. The RSC is not responsible for funding such costs. Please note that any payment or reimbursement for property management services is taxable income to the transferee and therefore must have a WTA added to it.

## **(g) Home Marketing Incentive Payments**

Section 5756 of Title 5 of the United States Code allows Federal agencies to pay an employee, transferring in the interest of the government, an amount to encourage the employee to aggressively market the employee's residence when selling a home as part of the agency's relocation services program. The employee must be enrolled in a relocation services program and must find a qualified buyer who completes the purchase of the residence through the agency relocation services contract.

As part of an effort to realize cost savings for permanent change of station (PCS) travel, GSA issued regulations that encourage agencies to implement an incentive awards program as a means of rewarding relocating Federal employees who through their own initiative save the agency money by finding a qualified buyer for their home while enrolled in a relocation services program. If a transferee finds a buyer, this is considered an amended sale and the fees the government pays to the third party contractor are reduced. The Government, contractor, and the employee all benefit from this situation

because the transferee gets his/her equity earlier and does not have to be present at closing. The government pays a reduced fee to the RSC, the transferee's realtor gets his/her fee, and the RSC does not have to take the home into inventory.

Transferees placed in a home sale program are assisted by the RSC in marketing and selling their home. If the home does not sell after a period of time specified in the contract, the contractor provides a guaranteed offer to buy the home, which the transferee may then accept. This type of transaction is considered an appraised sale. After buying a transferee's home the contractor places the home in its inventory and attempts to sell it. When a contractor must find a buyer for the home, the fee (which covers marketing maintenance and unlimited carrying costs, resale losses, settlement charges, and risk) is substantial, occasionally amounting to as much as one-third of a home's appraised value. Because of the higher fee associated with the guaranteed buyout, it is in the agencies interest to encourage employees to find a qualified buyer for the home.

The percentage of Federal transferees that find buyers for their homes is generally low because of the relative convenience of having the contractor handle that responsibility and the market in many areas. Contractor efforts to encourage self marketing have been very helpful, but the Government can and should do more.

Agencies need to consider under what conditions they want to offer this benefit, making sure that it will lower their overall costs. They should also carefully consider excluding certain types of dwellings (i.e. mobile homes and geodesic domes) and homes which have problems (e.g.). These types of homes and conditions may make a residence difficult to sell and can make the home not eligible for entry into a home sale program.

**7. Data Elements Required for Reporting Relocation Transactions to GSA**

(Reserved)

# Federal Civilian Agencies