**Calendar No. 528**

109TH CONGRESS, 2d Session | SENATE | REPORT 109–289

# TO EXTEND RELOCATION EXPENSES TEST PROGRAMS FOR FEDERAL EMPLOYEES

## REPORT

OF THE

## COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS UNITED STATES SENATE

TO ACCOMPANY

## S. 2146

TO EXTEND RELOCATION EXPENSES TEST PROGRAMS FOR FEDERAL EMPLOYEES

JULY 21, 2006.—Ordered to be printed

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# TO EXTEND RELOCATION EXPENSES TEST PROGRAMS FOR FEDERAL EMPLOYEES

JULY 21, 2006.—Ordered to be printed

Ms. COLLINS, from the Committee on Homeland Security and Governmental Affairs, submitted the following

## R E P O R T

[To accompany S. 2146]

The Committee on Homeland Security and Governmental Affairs, to which was referred the bill (S. 2146) to extend relocation expenses test programs for Federal employees, having considered the same reports favorably thereon and recommends that the bill do pass.

## I. PURPOSE AND SUMMARY

The purpose of S. 2146 is to extend the authority for the General Services Administration to conduct relocation expenses test programs for federal employees for an additional four years. The original authority, enacted as part of the 1998 Travel and Transportation Reform Act,[1] expired on October 20, 2005.

## II. BACKGROUND

The federal government provides worldwide relocation assistance to approximately 28,000 federal civilian employees each year under various relocation rules and regulations at an estimated cost of more than $800 million.[2] The relocation of federal employees has traditionally been governed by the Federal Travel Regulation (FTR),[3] which implements the statutory requirements[4] and Executive branch policies for relocation and travel by federal civilian employees and others authorized to travel at government expense.

[1] P.L. 105–264; 112 Stat. 2350.
[2] Government Relocation Advisory Board, Findings and Recommendations, September 2005, p. 2.
[3] 41 CFR 300–304. Chapter 302 of the FTR contains federal civilian relocation policies.
[4] 5 U.S.C. §§ 5721 through 5739.

The FTR is promulgated by the Administrator of General Services. The General Services Administration's relocation management policy seeks to improve the effectiveness and efficiency of the federal government in providing or obtaining "best value" relocation services through the implementation of governmentwide policies and tools.[5]

Under existing FTR requirements, certain relocation expenses must be reimbursed, including transportation and per diem for en route travel to the employee's new duty station, miscellaneous expenses, residence transactions, and the transportation and temporary storage of household goods.[6] The FTR also identifies expenses that may be reimbursed at agency discretion, including costs associated with finding a home, securing temporary quarters, and the use of a relocation services company for guaranteed home sale and other services.[7]

Reducing federal travel costs has been a longstanding goal of the Congress. The Federal Employee Travel Reform Act if 1996[8] made improvements in federal travel and relocation services. The Travel and Transportation Reform Act of 1998[9] authorized federal agencies to participate in travel pilot tests expected to save taxpayer dollars.[10] The authority was limited to 10 pilot programs upon approval of the General Services Administration. The Act requires agencies to include in any request to the Administrator of General Services for approval of such a test program an analysis of the expected costs and benefits and a set of criteria for evaluating the effectiveness of the program.

*Use of the authority provided by the Travel and Transportation Reform Act of 1998*

Currently, Customs and Border Protection (CBP) deploys more than 30,000 front line personnel, including nearly 12,000 border patrol agents, at the ports and along the country's borders to protect the nation against instruments of terror, facilitate international trade and assist in other national security efforts. CBP has found the average historical cost to the federal government to move a border patrol agent to be $72,000 under the FTR.[11]

As the seriousness of international threats escalated after 9/11, the Office of Border Patrol (OBP) within CBP identified a need to relocate hundreds of agents to critical U.S. border locations. Border patrol agents volunteered to transfer to border locations deemed most vulnerable. Yet, the high cost of these transfers limited CBP's ability to relocate agents in a timely and cost-effective manner, and CBP sought alternative funding sources.

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[5] *www.gsa.gov/relo*

[6] Under the FTR regime, expenses for which the Agency is responsible include: transportation and a per diem for employees and immediate family members (Part 302–4); miscellaneous moving expenses (Part 302–16); the transaction costs for the sale or purchase of the new and old residences, or obtaining or breaking of a lease (Part 302–11); transportation and temporary storage of household goods (Part 302–7); extended storage of household goods (Part 302–8); and a relocation income tax allowance (RITA).

[7] These are items for which a relocating employee may be compensated at the discretion of the relevant office. Discretionary items include: house hunting (Part 302–5); temporary quarters subsistence expense (Part 302–6); shipment of privately owned vehicle (Part 302–9); property management services (Part 302–15) and home marketing incentives (Part 302–14).

[8] P.L. 104–201.

[9] P.L. 105–264.

[10] Senate Report 105–295.

[11] Report from CBP Acting Commissioner Deborah J. Spero to David L. Bibb, Acting Administrator, General Services Administration, February 9, 2006.

In 2004 and 2005, CBP sought and received approval from GSA to conduct two relocation expenses test pilot programs designed to provide the Border Patrol greater flexibility to expeditiously relocate agents at a significant savings. Under both programs, transferees were fully responsible for arranging their own moves, rather than submitting expense reports supported by receipts, and received a predetermined single payment to cover all expenses incurred from the move.[12] The lump-sum amount paid to relocating employees was dependent on the agents' family status and ranged from $5,000 for relocation of a single, nonhomeowner, to $20,000 for a multi-person household owning a home. The programs, known as the Voluntary Relocation Program and the Alternative Relocation Payment Program, were developed through cooperative efforts with the federal employee unions representing border patrol agents.

The lump-sum payments have the added benefit of reducing the administrative burden. CBP found that administrative resources previously required to file and review detailed vouchers and process payments were reduced. From April 2004 through September 2005, CBP processed 435 relocations at an average cost of $16,888 per move, resulting in estimated savings of $23,693,500 in relocation costs.[13]

CBP has adjusted the program to be more responsive to the needs of its employees. For example, as a direct result of input from participating employees, CBP increased the lump-sum amounts by an incremental margin to offset the tax burden on employees participating in the program.[14] CBP's final report to the General Services Administration on the pilot programs indicate that participating employees appreciated the additional flexibility provided by the program and expressed interest in its continuation.[15]

GSA approved the Federal Bureau of Investigation's (FBI) Relocation Test Program in March 2003. The pilot program ended in April 2005. In its September 2005 report, the Governmentwide Relocation Advisory Board stated that the program "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 of benefits to fill positions deemed critical in addressing the war on terrorism."[16] The FBI reported a savings of more than $1.3 million with 878 employees electing the fixed-rate reimbursement under the Relocation Test Program.[17]

The capability to efficiently relocate personnel, while simultaneously minimizing costs, can be of significant benefit to federal agencies as they continue to recruit and retain a highly-skilled

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[12] Mandatory and discretionary reimbursable relocation expenses are set out in the Federal Travel Regulation, Part 302.

[13] Report from CBP Acting Commissioner Deborah J. Spero to David L. Bibb, Acting Administrator, General Services Administration, February 9, 2006.

[14] In the initial survey of participating CBP employees, a small minority expressed concern that the lump-sum payment was inadequate to cover the costs of the move. Consequently, CBO increased the lump-sum payment to offset the tax burden to $6,750, $13,500, $20,250, or $27,000 according to the category of employee.

[15] Report from CBP Acting Commissioner Deborah J. Spero to David L. Bibb, Acting Administrator, General Services Administration, February 9, 2006.

[16] Government Relocation Advisory Board, Findings and Recommendations, September 2005, p. 37.

[17] Government Relocation Advisory Board, Findings and Recommendations, September 2005, p. 37.

workforce. In its September 2005 report, the Government Relocation Advisory Board concluded that employee relocation should be completed in a cost-efficient manner and in the shortest time practicable to allow the transferee to be settled in the new location and focused on the new assignment.[18] The Committee hopes that agencies will avail themselves of the relocation expenses test program authority as part of their broader human capital plans.

## III. Legislative History

S. 2146 was introduced by Senators Collins, Lieberman, and Akaka on December 20, 2005, and was referred to the Committee on Homeland Security and Governmental Affairs. On January 27, 2006, the bill was referred to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, which favorably polled the legislation on April 21, 2006.

On June 15, 2006, the Committee considered S. 2146 and ordered the bill reported favorably by voice vote without amendment. Members present were Senators Collins, Voinovich, Coleman, Coburn, Chafee, Bennett, Lieberman, Carper, Dayton, and Pryor.

## IV. Section-by-Section Analysis

*Section 1—Extension of Relocation Expenses Test Programs*

(a) Amends 5 U.S.C. § 5739 to strike the provision limiting the relocation expenses test program to 24 months. Extends the authority for agencies, upon approval of the Administrator of General Services, to conduct relocation expenses test programs for an additional four years.

(b) Provides that the amendments would take effect as though enacted as part of the Travel and Transportation Reform Act of 1998.

## V. Estimated Cost of Legislation

JUNE 30, 2006.

Hon. SUSAN M. COLLINS,
*Chairman, Committee on Homeland Security and Governmental Affairs, U.S. Senate, Washington, DC.*

DEAR MADAM CHAIRMAN: As you requested, the Congressional Budget Office has prepared the enclosed cost estimate for S. 2146, a bill to extend relocation expenses test programs for federal employees.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Matthew Pickford.

Sincerely,

DONALD B. MARRON,
*Acting Director.*

Enclosure.

[18] Government Relocation Advisory Board, Findings and Recommendations, September 2005, p. iv.

*S. 2146—A bill to extend relocation expenses test programs for federal employees*

With the approval of the General Services Administration (GSA), federal agencies were able to test new and innovative methods of reimbursing their employees for travel and relocation expenses without seeking a waiver of current rules or law prior to the start of fiscal year 2005. (The authority for such relocation expense test programs expired on October 20, 2005.) S. 2146 would reauthorize the relocation expenses test program until October 20, 2009.

CBO estimates that implementing S. 2146 would reduce federal administrative expenses associated with employee reimbursement by about $15 million annually, assuming amounts provided in appropriation acts are correspondingly reduced. Enacting the legislation would not affect direct spending or revenues. S. 2146 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

Under existing Federal Travel Regulation (FTR) requirements, certain relocation expenses must be reimbursed, including transportation and per diem for travel to the employee's new duty station, real estate sales and settlement expenses, and the transportation and storage of household goods. Other expenses that may be reimbursed at an agency's discretion are costs associated with finding a home, securing temporary quarters, and the use of a relocation service company.

Before authority to operate a relocation expenses test program expired, the U.S. Customs and Border Protection and the Federal Bureau of Investigation each initiated a voluntary relocation program. Those programs allowed employees being transferred to arrange and pay for their own moves using a predetermined lump-sum payment rather than submitting expense reports to obtain reimbursement. Based on information from GSA, CBO estimates that the two agencies reduced moving costs by about $15 million annually by implementing test programs outside of the requirements of the FTR. Assuming a similar level of participation, CBO estimates that implementing S. 2146 would reduce relocation costs by about $15 million a year. Those savings would be achieved only to the extent that amounts provided in appropriation acts are correspondingly reduced.

The CBO staff contact for this estimate is Matthew Pickford. This estimate was approved by Jeffrey Holland, Chief, Projections Unit.

## VI. Evaluation of Regulatory Impact

Pursuant to the requirements of paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee has considered the regulatory impact of this bill. CBO states that there are no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and no costs on state, local, or tribal governments. The legislation contains no other regulatory impact.

## VII. Changes in Existing Law

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill, as

reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic and existing law, in which no change is proposed, is shown in roman):

# TITLE 5, UNITED STATES CODE: GOVERNMENT ORGANIZATION AND EMPLOYEES

## PART III—EMPLOYEES

## SUBPART D—PAY AND ALLOWANCES

### CHAPTER 57—TRAVEL, TRANSPORTATION, AND SUBSISTENCE

**Subchapter II—Travel and Transportation Expenses, New Appointees, Student Trainees, an6 Transferred Employees**

**5739. Authority for relocation expenses test programs.**

(a)(1) Notwithstanding any other provision of this subchapter, under a test program which the Administrator of General Services determines to be in the interest of the Government and approves, an agency may pay through the proper disbursing official [for a period not to exceed 24 months] any necessary relocation expenses in lieu of any payment otherwise authorized or required under this subchapter. An agency shall include in any request to the Administrator of such a test program an analysis of the expected costs and benefits and a set of criteria for evaluating the effectiveness of the program.

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(e) The authority to conduct test programs under this program shall expire [7 years] *11 years* after the date of enactment of the Travel and Transportation Reform Act of 1998.

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