

You Heard It Here First: Upcoming Changes in Relocation Policies and Programs

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U.S. General Services Administration

Federal Acquisition Service

You Heard It Here First: Upcoming Changes in Relocation Policies and Programs

**National Travel Forum, June 2010
Presenter – Julie Blanford
FAS Employee Relocation Resource Center**



FAS ERRC Update

- **Overview of GSA**
- **US Government Civilian Relocation Volumes and Trends**
- **Current Initiatives**
- **What's Ahead**

Overview of GSA

- Federal Acquisition Service (FAS) and Office of Governmentwide Policy (OGP) are “two sides of the same coin”
 - FAS: Primary focus is on programs and issues that impact agencies’ programs/operations; FAS works directly with agencies, suppliers and industry to ensure programs remain viable and to provide high-quality service at leveraged pricing.
 - OGP: Primary focus is on policies that govern how the Government must or may provide relocation assistance; assists agencies to interpret and implement policies and regulations
 - Collaborative Relationship: FAS and OGP join together in pursuit of best practices that provide high value to customers and industry by aligning programs with policy and establishing new policies/regulations to promote effective program management.

Overview of GSA continued

- FAS Acquisition Solutions Available via the FAS Employee Relocation Resource Center (ERRC):
 1. GSA Schedule 48 Relocation Services
 2. Centralized Household Goods Traffic Management Program (CHAMP)
 3. Household Goods Move Management Services



FAS ERRC Update

Volume Trends

Federal agencies authorized greater than 30,000 relocations of current and new hire employees in 2008.

- ❖ Agencies noted that they anticipated a 5% and 22% increase in authorized relocations for FY2009 and FY2010, respectively.
- ❖ The variation between the number of authorized relocations and those initiated in 2008 can be explained by the fact that relocations can span several years, many being approved in 2006 or 2007 but not actually initiated until 2008; therefore initiated relocations include both moves authorized in prior years that didn't begin until 2008, and those authorized in 2008 that began that same year.

Agency Relocations Authorized/Initiated 2008 – 2010			
	2008	2009	2010
No. of Relocations Authorized	31,209	32,751	39,975
No. of Relocations Initiated	32,231		



FAS ERRC Update

OPM provided 2008 Change of Station (CoS) statistics that showed considerable variation when compared to the 2008 relocation totals submitted by the agencies.

CoS is classified as a change in zip code of greater than 50 miles, independent of government relocation funds provided.

**DoD is projected to have the highest population of married employees in the Federal government. The OPM CoS number is partially inflated as a result of double counting relocations when a spouse and significant other are both relocated. This also applies to federal employee spouses of military personnel executing CoS.*

CFO Act Agency Relocations (Authorized/Initiated)			
Agency Name	No. of Authorized Relocations	No. of Initiated Relocations	OPM Reported Change of Station (CoS)
Department of State	6,160	6,160	Not Reported
Department of Defense	5,845	7,573	21,580*
Department of Justice	3,643	3,622	6,024
Department of Agriculture	3,621	3,460	6,918
Department of Homeland Security	2,833	2,812	10,377
Department of the Interior	2,414	2,347	3,815
Department of Health and Human Services	1,642	1,154	1,152
Department of Veteran's Affairs	1,451	1,451	6,481
Department of Transportation	742	739	2,267
Department of Commerce	681	725	705
Social Security Administration	562	562	1,722
National Aeronautical and Space Administration	360	360	220
Department of Energy	307	307	324
Nuclear Regulatory Commission	255	255	162
Environmental Protection Agency	195	195	183
Department of the Treasury	182	185	2,775
Department of Labor	70	70	514
General Services Administration	51	58	266
Department of Housing and Urban Development	24	25	213
Small Business Administration	14	14	168
National Science Foundation	13	13	11
Office of Personnel Management	9	9	136
Department of Education	2	2	34
US Agency for International Development	1	1	Not Reported

U.S. Government Civilian Transfer Volumes and Trends

- Historically, the Federal Government relocated, on average, approximately 28,000 current employees and provided homesale assistance to approximately 50% of those transferees.
- For FY2010, agencies anticipating providing relocation assistance to approximately 32,000 transferring employees. FAS projects that approximately 25% of those (8,000 homeowners) receive homesale assistance.
- Volume for some of the largest movers (Dept of State and Bureau of Prisons has increased). DoD BRAC volume is just ramping up...estimated to increase from avg. 1,000 homesales to 2,500 in next year. Homesale volume for most other agencies has declined, especially for DOI, DOT and USDA.



FAS ERRC Update

Relocation Costs

The total relocation expenditures in 2008 totaled approximately \$1.2B.

❖ These relocation expenditures reflects all agencies governed by the CFO Act as well as 19 other non-major Federal government agencies with relocation expenditures.

❖ The relocation expenditures do not correlate to the number of relocations initiated because expenditures are captured as a snapshot, reflective of a specific point in time, and can include on-going relocation expenditures from previous years as well as those costs resulting from recently initiated relocations.

❖ CFO Act agencies accounted for 99.7% of relocation expenditures in 2008.

Total Relocations and Associated Expenditures
2008
Relocation Expenditures (\$M)
\$1,198.3

Current Initiatives:

- Promoting relocation education and collaborative knowledge-sharing among agencies
- Developing quality assessment tools for homesale services
- Providing opportunities to bring agencies and suppliers together
- Examining pricing alternatives to ensure program sustainability
- Assessing relocation program security risks and considerations and providing education to mitigate risks

International HHG Personally Identifiable Information (PII) Issues/Concerns

Under 19 CFR 103.31, CBP is required to sell certain information to third-party vessel manifest information companies. Information includes the following:

- Shipper name
- Shipper address
- Consignee name
- Consignee address
- Notify party name
- Notify party address
- Information included in the marks and numbers field of a manifest.

Information does not have to be the transferee's name/address, however...
Additional data may be required by other countries...including PII

Anybody can apply to receive confidentiality for a period so that these data elements are not distributed to 3rd party vessel manifest companies.


- In 19 CFR 103.31, CBP details how a company may request confidential treatment for their shipments.
- We are working with CBP to identify alternatives for near-term and long-term methods to ensure security of PII.

- Statute change
- Regulatory change
- Modify contractual/Tender requirements
- Education

- In the interim, CBP has implemented a website whereby a transferee may apply for confidentiality on their shipments.

- The website is as follows:

http://www.cbp.gov/xp/cgov/trade/automated/automated_systems/ams/vessel_manifest_confid_form.xml



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What's New
in Trade

Vessel Manifest Confidentiality Web Form

Please complete and submit the form below. Please be sure to fill the form completely.

Requestor Name:	<input type="text" value="Brian Limperopulos"/>
Street Line 1:	<input type="text" value="5904 Richmond Highway"/>
Street Line 2:	<input type="text" value="Suite # 404"/>
City:	<input type="text" value="Alexandria"/>
State/Province:	<input type="text" value="VA"/>
Zip/Postal Code:	<input type="text" value="22303"/>
Phone:	<input type="text" value="703-317-9950"/>
Email:	<input type="text" value="brian@iamovers.org"/>
Requestor Role:	<input type="text" value="Importer"/>
Relationship of Party making Request:	<input type="text" value="3rd Party agent or representative"/>
Date of Submission:	<input type="text" value="03/05/2010"/>
Type of Confidentiality:	<input type="text" value="Inward Manifest (import)"/>
You are a:	<input checked="" type="radio"/> Individual Importing Personal Effects or Household Goods <input type="radio"/> Other Tax ID Number: <input type="text"/>
Variations of names to be Protected	<input type="text" value="John Doe, John H. Doe, John Doe Jr."/>

see also:

in Automated Manifest Systems (AMS):

- Air AMS Communication and Data Processing Services (doc - 144 KB.)
- AMS Benefits for the Trade and Participants
- Getting Started with AMS and For More Information
- AMS Requirements
- AMS Air Features
- AMS Interface Requirements (CAMIR-AIR)
- CBP Port Coordinators for Air AMS (xls - 22 KB.)
- ...more

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U.S. General Services Administration

Office of Governmentwide Policy

You Heard it Here First - Upcoming Changes
in Relocation Policy (Federal Civilian)

Ed Davis

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Nation Travel Forum

- Scope of Federal Civilian Relocation
- Domestic Partners
- Handbooks and Glossary
- Test Programs
- Relocation Resource Centers
- RBPC/GRAB Rule
- Data Collection Rule
- Taxes on Relocation Expenses Proposed Rule
- Proposed Legislation

Domestic Partners

- Domestic Partners
- Title 5 employees bound by Defense of Marriage Act (DOMA)
- Cannot apply to RITA and HHT because law mentions spouse
- Change in definition of “Immediate Family” in FTR 300-3.1
- Will apply to the rest of FTR Chapter 302

Handbooks and Glossary

GSA has developed two new handbooks and a glossary for relocation:

- Relocation Policy Guide for Federal Civilian Agencies
- Handbook for Relocating Federal Employees
- Glossary of Acronyms and Terms for Federal Civilian Relocation

See: www.gsa.gov/relocationhandbook

Relocation Test Programs

- Congress has given GSA new permanent authority to approve relocation test programs.
- GSA approved six pre-existing test programs for extensions (TVA, CBP, ICE(2), ATF, SSA).
- Maximum of 12 test programs at any one time.
- Maximum duration of four years, with extensions possible.

Relocation Resource Centers

GSA surveyed all of the Federal agencies that are providing relocation services to other agencies.

Six agencies responded – HHS, DOI, Treasury/BPD, VA, EPA, and GSA/FAS.

GSA posted all input at: www.gsa.gov/relopolicy.

Combined RBPC/GRAB Rule

Upcoming FTR changes – all in one big package:

- Reduces relocation and extensions from two years + possible two year extension to one year + possible one year extension
- Refining definition of “18,000 pounds net” for HHG
- Weight additives responsibility
- Temporary HHG storage
- Limits CONUS POV shipment to 2

Combined RBPC/GRAB Rule, cont'd

- Defines a “comprehensive, automated relocation management system” and urges agencies to move toward such systems
- Allow broader use of the MEA
- Established clear policies for UAB and PBP&E
- Encourages HHT lump sum and TQSE actual expense
- Required relocation counseling
- Require agencies to consider using comprehensive home-sale programs

Data Collection

- Proposed rule on data collection published in the Federal Register October 21, 2009.
- Data dictionary published concurrently on the GSA website, at www.gsa.gov/relopolicy.
- New rule will require agencies spending more than \$5 million annually on travel and transportation, including relocation to send:
 - Transaction-level data to a GSA-run data warehouse.
 - Annual reports to GSA. Reports must be signed by SES.

Taxes on Relocation Expenses

Proposed rule to replace FTR 302-17 – Relocation Income Tax Allowance (RITA)

Major changes:

- Question and answer format
- Agencies can choose to use a one-year RITA process
- Moving from earned income to taxable income
- Rewrites the rules on taxes on extended TDY benefits
- Employee can request RITA recalculation
- Formal listing of agency responsibilities

Proposed Legislation

- Extension of benefits to new appointees
- “Personally-managed” moves
- Lump sum process for en route travel
- HHT expenses for family members
- GSA can set regulatory lump sum for MEA
- Automated relocation management systems
- Senior executive for relocation in large agencies
- Any combination of (or all) benefits can be given as a lump sum



U. S. General Services Administration
Office of Governmentwide Policy

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Real Estate/Relocation Market Challenges And DoD Program Solutions

David Gage, SCRP

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USACE – Baltimore

June 29, 2010



®

US Army Corps of Engineers
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U.S. Dept. of Defense (DoD)

- **3 Military Departments, 25 independent agencies**
- **800,000 civilian employees**
- **+/-9,000 annual civilian moves**
- **USACE – executive agent for DoD**
 - ▶ **Centralized contract administration**
 - ▶ **Assure consistent quality services for all employees**
 - ▶ **Entitlement counseling**
 - ▶ **Program management**
 - ▶ **Supplier management**



DoD Needs & Market Challenges

Impact of economy/housing market on Government and DoD missions, transfer volumes and trends:

- **Most DoD PCS (relocation) moves are not discretionary, JTR entitlements and Departmental guidelines apply in defined situations, DoD commands/agencies don't have choice to postpone/cancel staffing decisions that require PCS moves**
- **Agency mission and employee mobility agreements, require mandatory job moves
= creates hardship, personal & financial stress for employees and service members**
- **DoD management concerns re attrition, fulfilling agency mission**



DoD Needs & Market Challenges

Impact of economy/housing market on DoD missions, transfer volumes and trends:

- **Problems are compounded due to timing of recession and BRAC**
 - ▶ **BRAC – Base Realignment and Closure Act 2005**
 - 52,000+ civilian & 130,000+ service member jobs affected
 - 47 states, 200+ installations affected, 20+ major military bases closed
 - Legislation requires all BRAC moves to be completed by 9/15/11

- **Bulk of moves to be completed in FY2010 and 2011**



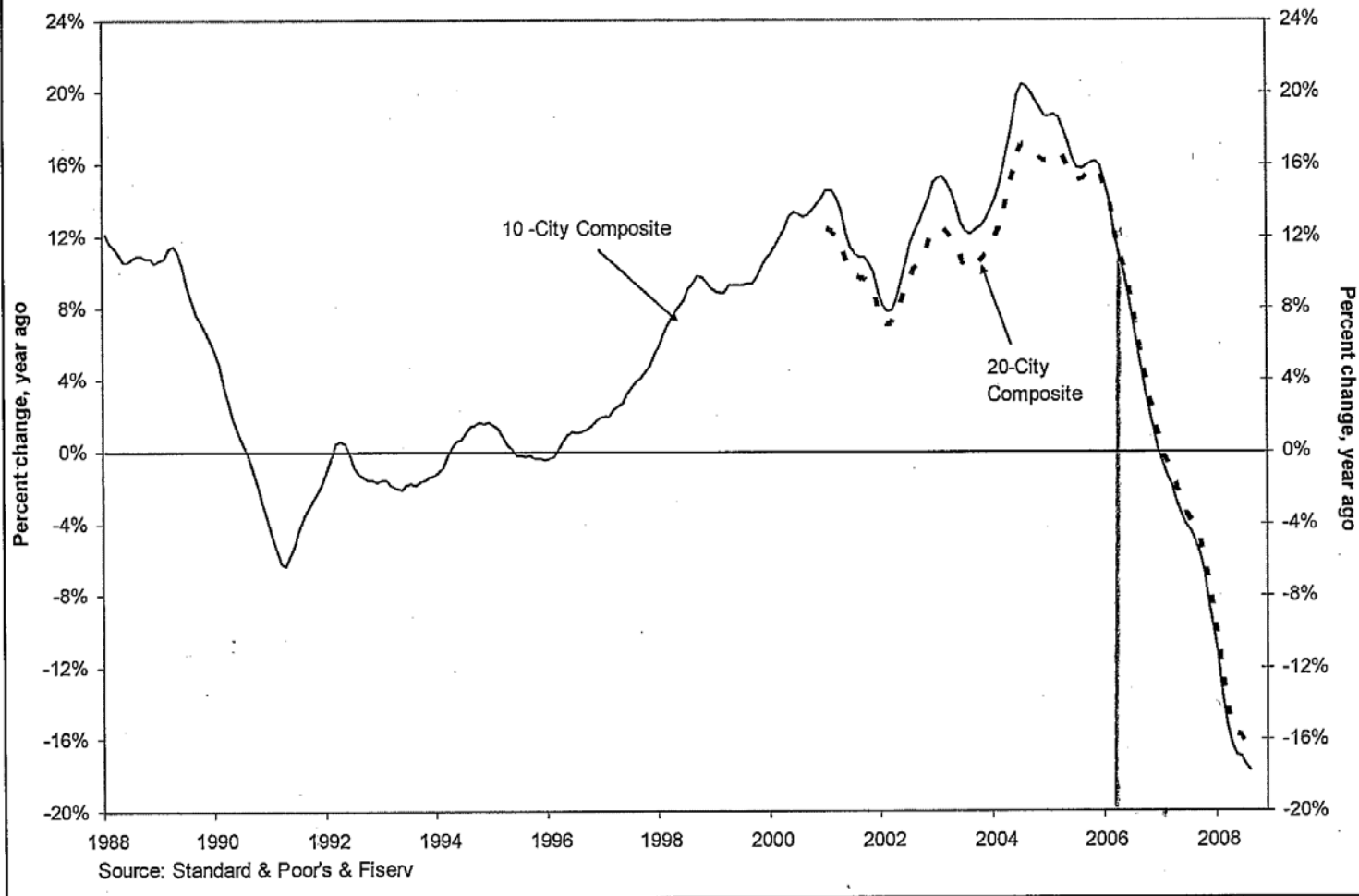
DoD Needs & Market Challenges

Impact of economy/housing market on Government and DoD missions, transfer volumes and trends:

- **R.E. Market oversupply, decreased demand, distressed property sales
= decreasing property values
= increased frequency of employee home value-related concerns
(less-than-paid and negative equity situations)**



S&P/Case-Shiller Home Price Indices



DoD has 2 primary relocation assistance programs for transferring homeowners: DNRP and HAP

DNRP

- Alternative to RE Sale Voucher
- Available at agency discretion
- Civilian employees only
- Offer reflects current value
- Use as HAP Private Sale

HAP

- Triggered by market decline
- 2 Programs: Traditional & Expanded HAP
- Assists Military & Civilian
- Benefit based on Prior Value
- Value Loss Relief



DNRP Program Overview

DNRP – Dept. of Defense National Relocation Program

- Civilian employees only
- Alternative to JTR R.E. expense reimbursement entitlements
- Traditional guaranteed home sale program
 - ▶ 2 appraisals, 10% variance, 60 day offer period
 - ▶ Utilize ERC guidelines and appraisal parameters
 - ▶ Best Practices incorporated include:
 - 60 day mandatory home marketing prior to AVO acceptance
 - initial listing price NTE 110% contractor's broker's BMA, and NTE 105% of AVO, once established
 - optional Home Marketing Incentive Payment (HMIP) sale bonus for Amended Value/BVO sales: 1-5% of sale price up to \$10,000 maximum payment
- Property Management option
- Destination Services



DNRP Overview

- Executed through national contract
 - ▶ 4 relocation management service contractors
 - ▶ \$368M contract capacity
- Baseline annual service volume = +/- 1200 orders annually; with BRAC related moves surge projections:
 - ▶ FY10: 2400 service requests
 - ▶ FY11: 3400 service requests
- Average home value: \$252,900



HAP Overview

Basis for HAP

Section 1013 of the Demonstration Cities and Metropolitan Development Act of 1966.

2 Programs

- **Conventional HAP** - Provides some financial relief for service member and civilian homeowners whose homes lose value as a result of a DOD announced closure or realignment.
- **Expanded HAP** – no requirement to prove market decline was caused by the BRAC announcement. Provides relief due to mortgage crisis.



HAP Eligibility Requirements

- **Military personnel and civilian employees (other than temporary and contractor employees)**
- **Assigned to BRAC-affected organization/installation at time of announcement (5/13/05)**
- **Position is relocated or eliminated**
- **Must have purchased home prior to 13 May 2005**
- **County home values must have declined at least 10%**
- **Individual home value must have declined at least 10%**
- **Must sell/have sold home between 1 Jul 2006 and 30 Sep 2012**

USACE has received over 7,500 HAP applications to date.



Conventional HAP Program

Provides financial assistance to eligible homeowners who face financial loss when selling their homes in areas where real estate values have declined because of a base closure or realignment announcement.

Two things must happen before a Conventional HAP can be implemented:

- 1. An announcement of a military base closing or realignment action which affects the community.**
- 2. A determination must be made that real estate values have dropped as a direct result of the base closing or realignment announcement.**

For eligible applicants, under HAP, the Government may:

- 1. Reimburse the homeowner for part of a loss incurred from sale of home.**
- 2. Pay-off negative equity mortgage deficiencies**
- 3. Purchase employees' homes by paying off the mortgage**
- 4. Provide foreclosure assistance if homeowner defaults on mortgage**



Conventional HAP Program

3 Types of Program Benefits

Private Sale

- Eligible applicants may be compensated for the difference between 95% of the appraised fair market value of the property *prior to the announcement date*, and the current market value of the property

Government Purchase

- The government will purchase homes from eligible applicants for an amount not to exceed 75% of the appraised fair market value *prior to the date of the announcement*, or the current total amount of outstanding mortgages, whichever is greater.

Foreclosure Assistance

- If foreclosure proceedings have commenced, foreclosure benefits may be paid to the applicant to reimburse for foreclosure costs incurred, or paid to third parties on the applicant's behalf.



ARRA HAP (Expanded HAP)

- **The American Recovery and Reinvestment Act of 2009 (ARRA) authorized expansion of HAP benefits:**
 - ▶ **eliminated requirement to prove market decline was caused by the BRAC announcement**

- **Provides for HAP benefits to**
 - ▶ **Wounded, Injured, Ill and Surviving Spouse homeowners**
 - ▶ **BRAC-affected DoD civilian employees & service members**
 - ▶ **Service member homeowners permanently reassigned during the home mortgage crisis**

- **Home Purchase Price Cap of Expanded HAP**
 - ▶ **NTE 2009 Fannie Mae/Freddie Mac conforming loan limits by county**
(\$417,000 - \$729,750)



ARRA HAP Benefits

- **Private Sale:** Reimburse: difference between 90% of purchase price and sale price
- **Foreclosure:** Assist after the foreclosure. Benefits may include direct cost of judicial foreclosure, expenses and enforceable liabilities according to the terms of the promissory note
- **Govt. Acquisition:** Only with approval of USACE, following a mandatory 120 day marketing effort. Applicant eligible to receive the greater of: 75% of the purchase price OR Mortgage payoff

HAP will not reimburse or pay-off second mortgages, including equity lines of credit, unless obtained when home purchased, or funds were used to improve home

For more information about HAP: <http://hap.usace.army.mil/>



Solutions to Market Challenges

DNRP and HAP may be used in conjunction with one another to provide maximum service and benefit support for transferring eligible DoD employees and BRAC-affected commands.

- **Utilize DNRP buyout as Private Sale for HAP Benefits**
- **Utilize DNRP appraisals/BMA's to document current market value for HAP claims**

For more information about HAP:

<http://hap.usace.army.mil/>



Solutions to Market Challenges

Program improvements and creative solutions implemented in DNRP to address market problems and ensure service capacity, supplier competition and participation:

- **Utilize multiple contractors**
- **Develop fair & flexible basis for billing rates to adjust with changes in market conditions**
- **SOW terms incorporate industry standards and Best Practices**
- **Allow mortgage servicing vs requiring mortgage payoffs**



QUESTIONS

