Response to

Notice-MA-2017-02

Evaluation of Existing Federal Travel Regulations

Presented to:
General Services Administration

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1.0 EXECUTIVE SUMMARY

mLINQS®, LLC (mLINQS) is pleased to provide this response to the General Service Administration's (GSA) *Notice-MA-2017-02, Evaluation of Existing Federal Travel Regulations (FTR)*.

mLINQS comments on the FTR are focused on Chapters 300 and 302 as they govern employee relocation travel. mLINQS comments can be summarized in the following major points:

1. Overall, **the FTR is an excellent document** that comprehensively provides a set of rules for relocation travel. The rules are needed because relocation travel, by its very nature, is a complex, expensive endeavor. Transferees are engaged in an activity- relocation- that greatly impacts their life and their smooth transfer under fair rules is important to employee morale and agency efficiency. It is also paramount that these monies are accounted for and expended as efficiently as possible because, unlike some corporate comparisons, this is not an entitlement or benefit for the transferee; instead it is a large expenditure of taxpayer money to further the mission of the agency.
2. **Eliminate lump sum.** In line with our previous point, we assert that lump sum policies are detrimental to minimizing relocation expenditure or supporting transferee welfare. Unlike a small commercial company that may utilize lump sum because it only relocates a small number of employees per year, the federal government relocates 20,000+ employees. With such a large volume and the added responsibility to account for and spend taxpayer money efficiently, the FTR should (and does) have detailed relocation rules and information system(s) should be available to automate those rules in a cost-effective manner.
   In a lump sum transaction, one thing is certain: either the government will overpay or the employee will be underpaid; neither of these outcomes is a characteristic of a good corporate relocation policy. Furthermore, the transferee, who is not a relocation expert, is left on their own and will generally overpay for services and undue hardship often ensues. The only stated benefit of lump sum is to reduce administrative expense; however, if the government utilizes an information system that automates the process, the administrative expense is minimized equally, if not more, than under lump sum rules.
3. **Category Management principles** state that federal agencies should standardize acquisition of like systems with an enterprise-level approach, so acquisition is streamlined and overall cost of ownership expense is minimized. As stated above, the government relocates a large number of transferees under standardized rules (i.e., the FTR); therefore, **agencies (or the government as a whole) should acquire and utilize a uniform information system to track all relocations**. This would provide uniform detailed data for reporting, oversight, charge card usage, and vendor negotiation.
4. **Shared Service approach** is a perfect fit for relocation because relocation is a complex process that does not fit in the "wheel house" of expertise of most agencies. Significant economies of scale will be gained if relocation processing is consolidated into two shared service franchises to be determined by GSA/OMB.
5. **Pilot programs should be closely monitored** and should not be endless pilot programs. Instead, we have witnessed "pilot programs" that are everlastingly constantly renewed and are merely a way for agencies to circumvent the FTR. If a particular pilot program truly has merit, then the FTR should be amended to incorporate its concept.

2.0 FTR CHANGE RECOMMENDATIONS

This section of the document provides mLINQS specific change recommendations on the existing FTR.

2.1 FTR Section 300-80.4 How many test programs may be authorized by GSA throughout the government?

Change:
"No more than 12 relocation expense test programs…"

To:
"No more than ~~12~~ **6** relocation expense test programs…"

Rationale:
There are too many test programs underway with constant extensions that are testing duplicative concepts, usually lump sum programs. With constant extensions, these "test programs" are merely ways for agencies to circumvent the FTR. The test programs should be finite and, if a given concept is worthy of continuance, then the FTR should be modified to allow the new concept.

2.2 FTR Section 300-80.5(g) What factors will GSA consider in approving a request for a relocation expenses test program?

Change:
"Uniqueness of proposed test."

To:
"Uniqueness of proposed test **(i.e., no other pilot program is testing or has tested this concept)**."

Rationale:
There have been too many test programs that test duplicative concepts.

2.3 FTR Section 300-80.7 How long is the duration of test programs?

Change:
"The Administrator of General Services may grant test program extensions of up to an additional four years."

To:
"The Administrator of General Services may grant test program extensions of up to an additional ~~four years~~ **two years in the extraordinary situation where the Administrator determines the test program has not reached a "steady state" of deployment**."

Rationale:

Constantly renewing "test programs" is an abuse of the concept of the test programs. Test programs should be finite, measured, and evaluated. Once the program reaches steady state and is evaluated adequately, the given program should be terminated and any worthy concepts should be incorporated into the FTR.

2.4 FTR Section 302-1.100 What is a comprehensive, automated relocation management system?

Change:
"A comprehensive, automated relocation management system is a system that integrates into a single, electronic environment, information related to all aspects of employee relocation, including these and similar items:
- (a) Authorizations;
- (b) Reimbursements to employees and service providers;
- (c) Househunting trips;
- (d) Travel to the new permanent duty station;
- (e) Temporary quarters;
- (f) Transportation and storage of property;
- (g) Residence transactions;
- (h) Use of relocation services companies;
- (i) Property management services;
- (j) Miscellaneous expenses;
- (k) Relocation income taxes and allowances;
- (l) Appropriate electronic connections to agency payment and finance processes for all of the above; and
- (m) Standard and unique reports for use by agency relocation managers, agency executives, GSA, and others as needed."

To:
"A comprehensive, automated relocation management system is a system that **is compliant with the FTR (i.e., rules compliance, per diem rates, RITA rates, etc.) and** integrates into a single, electronic environment, information related to all aspects of employee relocation, including these and similar items:
- (a) Authorizations;
- (b) Reimbursements to employees and service providers;
- (c) Househunting trips;
- (d) Travel to the new permanent duty station;
- (e) Temporary quarters;
- (f) Transportation and storage of property;
- (g) Residence transactions;
- (h) Use of relocation services companies;
- (i) Property management services;
- (j) Miscellaneous expenses;
- (k) Relocation income taxes and allowances **and capability to print W-2 and 941 data**;

(l) Appropriate secure electronic connections (e.g., FISMA/FedRAMP- compliant) to agency payment, e -Authentication, and finance processes for all of the above; and
(m) Standard and unique reports for use by agency relocation managers, agency executives, GSA, and others as needed.
(n) Receipt management so receipts and other attachments (e.g., service level agreements) can be stored electronically and indexed logically with their reference documents (e.g., authorizations, vouchers, etc.) in accordance with National Archive and Records Administration (NARA) guidelines."

Rationale:
Agencies must ensure their systems are robust automated solutions that meet the FTR and government security requirements, so data is safeguarded and accessible for reporting and oversight of compliance.

2.5 FTR Section 302-1.101 What actions are agencies expected to take concerning the comprehensive, automated relocation management system?

Change:
"Agencies should work toward unifying all aspects of relocation into a comprehensive, automated relocation management system."

To:
"Agencies ~~should work toward unifying~~ **must unify** all aspects of relocation into a comprehensive, automated relocation management system **hosted by one of the GSA/OMB approved Employee Relocation Resource Centers (ERRC). Each agency must submit to GSA their plan to migrate their relocation processing to an ERRC by September 30, 2018, which will include milestones to (1) select their preferred ERRC by March 31, 2019; (2) begin migration by April 30, 2019; and (3) conclude migration by December 31, 2019**."

Rationale:
Significant economies of scale will be gained if relocation processing is consolidated into two shared service franchises to be determined by GSA/OMB. Two franchises would compete with each other thereby providing options for agencies. However, each franchise should utilize the same backend relocation expense management system, hosted in the cloud, so data can be aggregated and analyzed. For agencies that have extraordinary security concerns, the same system would be available for them to install on premises, or perhaps an additional ERRC could be formed that caters to the intelligence community.
A common system is important because many agencies do not adequately track relocation spending. When GSA issues a relatively simple data call to agencies, many agencies provide incomplete and unsatisfactory data. A common expense management system platform for relocation will provide many benefits, including, but not limited to transparency into each agency's:

- adherence to the FTR and relocation practices
- compliance with tax laws
- adherence to government regulations for storage of financial records

- transferee trends
- charge card usage
- expenditure with each vendor
- interest paid on vendor invoices
- charge card usage and rebates
- average expense for each entitlement (e.g., household goods (HHG) shipment, HHG storage, real estate transactions, temporary quarters, etc)
- average length of temporary quarters stay
- average expense for sale of real estate by type (i.e., traditional, government home sale program, etc).

2.6 FTR Section 302-5 Allowance for Househunting Trip Expenses

Delete:
All references to the current lump sum program for househunting trip (HHT) expenses.

Rationale:
The current lump sum program for HHT does not save the government money and it is dubious if it saves any administrative time. With the current program, transferees receive a lump sum to cover 6.25 days of per diem and lodging at the locality rate. The locality rate is nearly always higher than the CONUS rate, which is used in "actuals" HHT. However, despite this lump sum approach, approvers are still required to review all other expenses associated with the trip such as rental car, parking, air fare receipts, etc., so only review of lodging receipts is avoided with lump sum. With an automated system that enforces per diem and lodging calculations, transferees would enter actual costs and be reimbursed within policy. Throughout this process, due to the relocation system's efficiency, administrative costs are minimized, just as in lump sum, and taxpayer money is saved. In addition, by including HHT lodging under the agency purview, the transferee will be able to secure lodging at negotiated government rates with the government charge card and with oversight by the agency.
The HHT is very similar, in fact, to a temporary duty travel (TDY) trip, which, according to FTR Chapter 301, does not allow any kind of "lump sum" trip for TDY.
Furthermore, the likelihood of transferee hardship and fraud/abuse would be eliminated if the FTR only allowed actual expenses for HHT.

2.7 FTR Section 302-6 Allowance for Temporary Quarters Subsistence Expenses

Delete:
All references to the current lump sum program for temporary quarters subsistence expenses (TQSE).

Rationale:
The current lump sum program for TQSE does not save the government money and it is dubious if it saves any administrative time. With the current program, transferees receive a lump sum to cover 30 days of per diem and lodging at the locality rate; they are not allowed any extensions even if a hardship ensues such as housing not available. In many agencies, this payment/bonus is

paid whether the transferee actually incurs TQSE or not. With an automated system that enforces per diem and lodging calculations, transferees would enter actual costs and be reimbursed within policy. Throughout this process, due to the relocation system's efficiency, administrative costs would be minimized and taxpayer money would be saved. In addition, by including TQSE under the agency purview, the transferee will be able to secure lodging at negotiated government rates with the government charge card and with oversight by the agency.
Furthermore, the likelihood of transferee hardship and fraud/abuse would be eliminated if the FTR only allowed actual expenses for TQSE.

2.8 FTR Section 302-16 Allowance for Miscellaneous Expenses

Delete:
All references to the current miscellaneous expense allowance (MEA) lump sum and require that miscellaneous expenses be itemized for approval/reimbursement.

Rationale:
The current lump sum program for miscellaneous expenses does not save the government money and it is dubious if it saves any administrative time. With the current program, transferees receive a lump sum based on their salary and marital status, and capped at a maximum amount, regardless of whether they incur miscellaneous expenses. In many agencies, this payment/bonus is paid whether the transferee actually incurs qualified miscellaneous expenses or not. With an automated system that enforces approved miscellaneous expense items along with threshold maximums, transferees would enter actual costs and be reimbursed within policy. Throughout this process, due to the relocation system's efficiency, administrative costs would be minimized and taxpayer money would be saved.

3.0 ABOUT THE AUTHORS: mLINQS, LLC

mLINQS is a service-disabled veteran-owned small business founded in 2003 by senior consultants in the travel industry. The founders of mLINQS have over twenty years' experience in the travel industry and have consulted with nearly every federal agency regarding their temporary duty and relocation travel processes. mLINQS premier product is its **FedRAMP compliant relocation expense management system**, which has processed thousands of government employee relocations for over 30 federal agencies over the past 13 years.

As a next step, mLINQS would be happy to meet with GSA to discuss these recommendations.