

February 9, 2015

MEMORANDUM TO: Chairman Burns COMSECY-15-0005
Commissioner Svinicki
Commissioner Ostendorff
Commissioner Baran

FROM: Maureen E. Wylie */RA/*
Chief Financial Officer

SUBJECT: PROGRESS REPORT ON REVISIONS TO THE U.S. NUCLEAR
REGULATORY COMMISSION RELOCATION POLICY

In the February 16, 2005, staff requirements memorandum, Proposed Revision to the U.S. Nuclear Regulatory Commission (NRC) Relocation Policy (SECY-05-0019), the Commission approved changes to the NRC Relocation Policy and requested that the Office of the Chief Financial Officer track costs, as well as cost savings, with periodic updates to the Commission.

On January 19, 2005, in SECY-05-0019, results of the staff's examination of ways to reduce relocation costs were provided to the Commission. We described actions to reinforce the existing policy and recommended a policy change on the use of the Home Sale Program. The following five actions were recommended to reinforce existing relocation policy: (1) reduce waivers for the Home Sale Program, (2) provide 120 days advance notice of relocation, (3) decide when to use relocation as a recruitment incentive, (4) limit temporary quarters extensions, and (5) assign new hires to a permanent duty station when applicable. The recommended policy change was to limit the Home Sale Program to NRC employees only. Employees transferring from another government agency would not be eligible, unless granted a waiver from the NRC office director or regional administrator.

These changes were implemented on March 31, 2005. I am providing the tenth progress report on the NRC's relocation policy changes. This report is for the period covering October 1, 2013, through September 30, 2014. In light of the stability in the program, I recommend that this report be discontinued in the future.

SECY, please track.

Enclosure:
Progress Report

cc: EDO
SECY
OGC
OPA
OCA

CONTACT: John R. Walker, OCFO/DOC/TOB
(301) 415-7575

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OFFICE	OCFO/DOC/TOB	OCFO/DOC/TOB	OCFO/DDOC	OCFO/DOC	DCFO	CFO
NAME	JRWalker/bb	LCrawford	GPeterson	BGusack	MMuessle	MEWylie
DATE	1/6/15	1/6/15	1/8/15	1/9/15	1/12/15	2/9/15

PROGRESS REPORT

The following provides an update on the six actions to reduce relocation costs.

The “Home Sale Program” (Attachment 1) and “Change of Station Program” (Attachment 2), provide a summary of the costs for each of these programs in fiscal years (FY) 2004 through 2014.

1. Waivers for the Home Sale Program

The home sale program is a service employees can use to sell their house instead of using a real estate agent. The fee charged by the relocation company varies depending on the type of sale. There are two main types of fees. First, is the appraised value sale, where the employee sells the house directly to the contractor based on two independent appraisals. This fee is currently 25.95% of the selling price. The second fee is an amended value sale, which is based on the employee working with a realtor to find an outside buyer and the sale is handled by the relocation contractor. NRC pays a fee of 11.25% to the contractor for an amended value sale. Therefore, it is in the agency’s best interest to encourage employees to find an outside buyer and use the amended value process to sell their homes. To increase the number of amended value sales employees must first market their home with an outside realtor for 60 days before they can enter the home sale program. Prior to March 31, 2005, 23 percent of home sale participants were approved to waive the requirement to market a home for 60 days prior to entering the home sale program. This led to higher costs for the home sale program because many of the waivers resulted in appraised value sales. To control costs, waivers to the 60-day marketing period have been discouraged unless the employee can demonstrate an urgent need to enter the home sale program.

The chart below shows the number of waivers granted each fiscal year and the percentage of amended value sales. There were no waivers requested in FY 2014.

	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY14
Number of 60 Day Waivers	3	0	1	0	1	0	0	0	0	0
Amended Value Sales	66%	42%	33%	43%	38%	25%	13%	22%	33%	38%

2. 120 Day Advance Notice of Relocation

The General Services Administration (GSA) reports that the best way to reduce costs for employee relocations is for agencies to provide sufficient lead time. Measuring the actual cost savings as a result of this effort continues to be difficult because of the many variables that impact relocation costs. For example, the differences in the price of an employee’s home, the weight of household goods being shipped, or the size of an employee’s family all impact relocation costs.

Enclosure

The chart below shows the number of waivers granted each fiscal year.

	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
Number of waivers	12	25	3	24	13	11	19	20	26	12
Total Number of Transfers	71	78	111	109	53	52	74	46	71	83
Waiver Percentage	17%	32%	3%	22%	25%	21%	26%	43%	36%	14%

3. Relocation Benefits as a Recruitment Incentive

Prior to March 31, 2005, most job vacancy announcements were silent on whether or not relocation benefits were associated with the position. When the vacancy announcement is silent on whether or not relocation benefits are associated with the position, all moves are eligible for relocation benefits. Beginning February 2005, the Office of Human Resources (now the Office of the Chief Human Capital Officer) specifically states on each vacancy announcement whether or not relocation benefits are associated with the position.

There is no data to present.

4. Temporary Quarters Extensions

Extensions for temporary quarters should only be granted when compelling reasons warrant. According to GSA, a compelling reason is an event that is beyond the employee's control and is acceptable to the agency. Examples include delayed delivery of household goods due to natural disasters, unanticipated delay in settlement on the new residence, inadequate housing available in the new duty station area, and sudden illness, injury, or death in the immediate family. Staff review of requests for extension of temporary quarters concluded that each approval was based on a compelling reason.

The chart below shows the number of temporary quarters extensions granted each fiscal year. There were 9 extension requests approved in FY 2014.

	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
Extensions	6	15	16	24	14	8	7	9	18	9
Total TQ	71	59	83	82	42	32	43	40	55	48
Percentage	8%	25%	19%	29%	33%	25%	16%	23%	32%	19%

5. New Hires to Permanent Duty Station

Employees who are new to the Federal government receive limited relocation benefits and their average cost per move is substantially less than a transferring employee. Between FY 2002 and FY 2004, 22 new hires had relocated to another position within 16 months of being initially hired by the NRC. The additional cost for the subsequent moves is estimated to be over \$650,000.

The chart below shows the number of newly hired employees who were transferred to a new duty station within a 12-month period. There were no instances of this occurring in FY 2014.

	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY14
Number	0	0	0	2	3	0	0	0	1	0
Additional Cost				\$130,000	\$172,000				\$72,000	

6. Home Sale Program for NRC Employees

To reduce the overall cost of the home sale program, only NRC employees may participate in the home sale program. An employee transferring from other Government agencies may only participate in the home sale program if granted a waiver by their office director or regional administrator.

	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
Non-NRC transfers	0	2	4	4	0	0	0	0	0	0
Total Home Sale Participants	32	34	51	53	16	20	15	14	12	8

The real estate market has been improving in many areas during the past year. This has allowed several employees to sell their homes without the assistance of the home sale contractor. As a result, there have been fewer referrals to the home sale contractor.

We will continue to implement the measures that were put into place on March 31, 2005, and recognize that hiring and relocating well qualified staff to support the agency's mission is our first priority.

RELOCATION HOME SALE PROGRAM

Fiscal Year	Total Costs	Number of Participants	Percentage of Amended Value Sales
FY 2004	\$1.6M	35	34%
FY 2005	\$1.35M	32	66%
FY 2006	\$1.7M	34	42%
FY 2007	\$2.5M	51	33%
FY 2008	\$3.1M	53	43%
FY 2009	\$1.8M	16	38%
FY 2010	\$2.0M	20	25%
FY 2011	\$0.9M	15	13%
FY 2012	\$1.1M	14	22%
FY 2013	\$1.2M	12	33%
FY 2014	\$0.4M	8	38%

Definitions:

Relocation Home Sale Program - This program serves as a safety net for U.S. Nuclear Regulatory Commission (NRC) employees who are having difficulty selling their home to an outside buyer. The NRC requires employees to actively market their homes for 60 days before entering the program.

Amended Value - The lower cost alternative for the NRC, based on a seller having a full 60 days to market their home, entering the home sale program, and then finding a buyer shortly thereafter. Employees who have found a buyer during the 60-day marketing period may enter the home sale program immediately.

Number of Participants – This number represents only the number of employees who completed the process by either accepting the appraised value offer, or who sold their house to the relocation contractor using the amended value process.

CHANGE OF STATION PROGRAM

Fiscal Year	Number of Moves	New Hires		Transfers		Obligations
		Number	Average Cost	Number	Average Cost	
FY 2004	153	76	\$13K	77	\$70K	\$6.4M
FY 2005	139	64	\$14K	75	\$72K	\$6.3M
FY 2006	201	123	\$15K	78	\$91K	\$9.0M
FY 2007	232	121	\$16K	111	\$93.5K	\$12.3M
FY 2008	255	146	\$16K	109	\$68.4K	\$9.9M
FY 2009	150	90	\$19K	60	\$81K	\$6.5M
FY 2010	139	79	\$17K	60	\$84K	\$6.4M
FY 2011	119	45	\$12K	74	\$80K	\$5.9M
FY 2012	63	17	\$10K	46	\$98.6K	\$4.7M
FY 2013	124	46	\$13K	78	\$107K	\$9.0M
FY 2014	140	57	\$14K	83	\$68K	\$6.8M

Definitions:

New Hires - Employees new to Federal service and requiring relocation to their first duty station.

Transfers - U.S. Nuclear Regulatory Commission (NRC) employees transferring duty stations within the agency or current Federal employees relocating from other Government agencies to the NRC.