UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

July 30, 2019

MEMORANDUM TO: Margaret M. Doane
Executive Director for Operations

FROM: Ho K. Nieh, Director ***/RA/***
Office of Nuclear Reactor Regulation

SUBJECT: RESIDENT INSPECTOR RECRUITMENT AND RETENTION INITIATIVE RECOMMENDATION 5

PURPOSE:

On July 12, 2017, the U.S. Nuclear Regulatory Commission (NRC) chartered a working group to explore challenges potentially affecting the current and future recruitment and retention of resident inspectors (RIs) (Agencywide Documents Access and Management System (ADAMS) Accession No. ML17179A429). On March 29, 2018, the working group issued a memorandum outlining options and recommendations to more effectively recruit and retain staff in the RI program (ADAMS Accession No. ML18079A118). On May 11, 2018, the Executive Director for Operations (EDO) issued a tasking memorandum related to the five recommendations outlined in the report (ADAMS Accession No. ML18107A761). A survey, documented in Enclosure 3, "Analysis of Survey Results," of the March 29, 2018, memorandum, solicited feedback from current, potential, and previous RIs and non RIs to obtain information on factors that affect quality of life and could have contributed to a decision to leave or not to enter the RI program. This memorandum addresses the fifth recommendation on the challenges identified in the RI survey and potential improvements to the change-of-station (COS) process.

BACKGROUND:

The NRC established the RI program in 1978 to improve the agency's inspection program by increasing agency knowledge of conditions at licensed facilities, improving the NRC's ability to independently verify licensee performance, and improving agency incident response capability. Each licensed reactor facility, Category I fuel cycle facility, and construction site is typically staffed with a senior resident inspector (SRI) and the number of RIs appropriate to the specific site.

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Because of the demands and hardships associated with the SRI or RI position, the need to be selective in making SRI and RI assignments, and economic factors affecting RIs, the NRC has experienced periodic challenges in meeting the RI program's staffing requirements. During the March 1, 2017, Deputy Executive Director for Reactor and Preparedness Programs direct reports meeting, Regional Administrators reported challenges in attracting and retaining high quality SRIs and RIs to staff the program. They recommended changes to provide agency management with options to help attract and retain high quality RI program staff.

The Office of the Executive Director for Operations (OEDO) commissioned a working group to explore potential concerns with RI program recruitment and retention and identify possible options to improve these concerns. The tasking memorandum focused on six areas of concern: (1) disruption of a partner's career plans, (2) pay issues with promotions, (3) COS benefits, (4) the three-step pay incentive, (5) end-of-tour reassignments, and (6) the saved-pay feature. Based on feedback received, the working group also identified two additional areas of concern: (1) career progression and promotion opportunities and (2) work-life balance.

Through its review, the working group developed and evaluated 19 options intended to address all eight areas of concern. It prioritized the options based on both feasibility and the potential for benefit to recruitment and retention. The working group narrowed these options to five recommendations that it determined would collectively address the concerns that had been identified, highlight the value that the agency places on the work of the SRIs and RIs, and provide an opportunity for resource savings:

(1) Extend the RI tour length to 8 years.

(2) Provide a mobility pay increase.

(3) Modify saved-pay eligibility from 6 consecutive years to 6 cumulative years.

(4) Allow end-of-tour telework.

(5) Establish a COS working group that includes membership from regional offices and the Office of the Chief Financial Officer (OCFO). The working group would explore the challenges identified during the RI survey and potential improvements to the COS process.

Recommendations 1, 2, and 3 require Commission approval and are described in SECY-19-002, "Implementation of Changes to the Resident Inspector Program," dated January 4, 2019 (ADAMS Accession No. ML18213A373). A working group explored the implementation of changes to the RI program for end-of-tour full-time Telework (Recommendation 4), and its report is presented in "Implementation of Changes to the Resident Inspector Program—End-of-Tour Full-Time Telework," dated January 28, 2019 (ADAMS Accession No. ML18324A672). A COS working group (CWG) was formed to address Recommendation 5.

DISCUSSION:

Recommendation 5—Explore the Challenges Identified During the RI Survey and Potential Improvements to the COS Process

The EDO tasking memorandum directed the Office of Nuclear Reactor Regulation to explore the challenges identified during the RI survey and potential improvements to the COS process. Specific tasks included the following:

- Coordinate with OCFO and establish a working group to explore challenges and identify improvements to the COS process.

- Provide a summary of planned improvements to OEDO for awareness or approval.

The CWG reviewed RI survey question 2, which concerns the degree to which COS benefits affect the desirability of the RI program. The CWG reviewed the responses for the scores given on this question and the attached enclosure justifies implementing changes. The survey responses were grouped by category: financial aspects due to relocation, COS program implementation, and quality of life. The CWG explored these areas further, as described next. In addition, the CWG reviewed other Federal COS programs for objective insights and lessons learned.

Financial Aspects Due to Relocation

The CWG identified 19 concerns in this area:

- Twelve involved not having enough money to move.
- Five involved adverse tax consequences.
- Two involved significant decreases in home values.

Of these 19 concerns, OCFO advised that recommendations related to 17 of them would be restricted by regulations on lobbying Congress for statutory changes. The CWG determined that the other two concerns could be addressed without being restricted by the Federal Travel Regulation (FTR) or Office of Personnel Management (OPM) policies, as documented in the enclosure. These two concerns led to recommendations about (1) increasing relocation incentives and (2) providing a step increase for a transferee. The step-increase proposal was addressed under Item 3 of the May 11, 2018, EDO tasking memorandum and is currently with the Commission for consideration in SECY-19-002.

Recommendation—Increase Relocation Incentives

Summary of Recommendations

The CWG recommends that the 2020 RI Relocation Incentive Working Group raise the individual site relocation incentives, and the 25-percent cap on relocation incentives to 50 percent of basic pay. The CWG further recommends that the 2020 RI Relocation Incentive Working Group assess whether the impact of Public Law 115-97, “Tax Cuts and Jobs Act of 2017,” requires an added temporary increase in the RI blanket relocation incentives to compensate for the changes in employee COS tax liability. Regarding significant changes to COS policies, OCFO should continue to determine and evaluate any lessons learned and

improve the communication of significant changes to COS regulations and laws. Finally, the CWG recommends that the Regional Administrators be given the authority to consider increased incentives on a case-by-case basis for hard-to-fill sites without having to return to the Federal Employees Pay Comparability Act Senior Management Panel (FEPCA Panel) for approval.

Discussion

To continue attracting highly talented individuals, the NRC has developed a comprehensive policy implemented in Management Directive (MD) 10.51, “Recruitment, Relocation, and Retention Incentives,” dated July 27, 2018 (ADAMS Accession No. ML18165A434). The policy establishes relocation incentives to ensure that the economic disincentives to relocation are not a barrier to the staffing of agency positions. Because RI positions can be difficult to fill for a variety of reasons, the agency established a blanket policy for RIs in 1994. Blanket relocation incentives have been paid to RIs and SRIs without prior case-by-case approval with the aim of improving recruitment and retention. Since 1994, and most recently in 2015, the EDO, acting on a recommendation by the FEPCA Panel, has approved and extended the blanket relocation incentives in 5-year increments.

The FEPCA Panel identifies and establishes specialized criteria with respect to relocation in accordance with MD 10.51. The FEPCA Panel has advised that the NRC periodically reevaluate the algorithms for determining relocation incentive amounts for all RI duty locations. Specifically, the incentives are calculated based on three elements: a minimum 8-percent incentive applicable to all sites; a recruiting difficulty factor (an additional 0, 5, 10, or 15 percent); and a geographic economic factor, which is a rating for sites based on cost of living and ranges from 0 to 10 percent. Final incentive amounts reflect the sum of the minimum incentive and the percentages assigned for the two factors, up to a maximum of 25 percent of basic pay. Every 5 years, the EDO establishes an RI Relocation Incentive Working Group to reevaluate the factors, including revisions in locality pay and their relative weights in determining relocation incentive amounts. The next working group, which will be established in 2020, should review the previous incentive amounts and assess whether changes to the method for determining RI relocation incentives are warranted (such as continuing the 25-percent cap). It should also consider recommendations for changing individual site relocation incentive amounts.

Incentives to relocate have proven to be even more critical during economic downturns and are expected to become increasingly difficult to make effective given the recent COS tax revisions, which result in much higher tax liability for relocating employees. Considering the current economic, social, and tax trends, it is critically important that the next RI Relocation Incentive Working Group evaluate the options to address the increased difficulty of filling RI vacancies. The CWG recommends that the 2020 RI Relocation Incentive Working Group consider all the tools available with respect to methodologies for relocation incentive amounts, even if they have not been used before. With approval from the OPM, this cap may be raised if the total incentive does not exceed 100 percent of the employee's annual rate of basic pay at the beginning of the service period. The CWG recommends raising the cap to 50 percent of basic pay in accordance with MD 10.51.

The CWG also recommends allowing Regional Administrators to increase the relocation incentive for hard-to-fill sites without having to return to the FEPCA Panel for authorization. Although MD 10.51 incorporates a recruitment difficulty factor in the algorithm for calculating the overall relocation incentives, positions at certain sites have sometimes been particularly difficult

to fill. The CWG proposes that Regional Administrators be allowed up to an additional 10 percent that they can add to the relocation incentive when faced with new or unanticipated challenges in filling an RI position. Although the FEPCA Panel is very timely and responsive to regional requests for adjusting relocation incentives, allowing the Regional Administrators this flexibility will save time by eliminating the need to repost a difficult-to-fill position, which typically takes 1 to 2 months.

The CWG further recommends that the 2020 RI Relocation Incentive Working Group evaluate whether the impact of Public Law 115-97 warrants an additional temporary increase in the RI blanket relocation incentives to account for the changes in employee COS tax liability. Public Law 115-97 was signed on December 22, 2017, and defines which moving expenses are taxable. With this law, expenses pertaining to COS moves became taxable and are now included in an employee's adjusted gross income, excluding homes purchased under the home sale program.

For expenses paid by the transferee, the calculation of the adjusted gross income amount and the taxes withheld before reimbursement to the employee changed so that the transferee is reimbursed slightly less than before. However, for expenses that the transferee does not pay, the employee will owe that estimated tax in the year the NRC pays the expense. Although the transferee will be reimbursed for these additional tax costs through the relocation income tax allowance, which itself is taxable income, the allowance is paid after the COS process is completed and typically after the tax season. This means that the employee is required to pay the household goods tax liability out of pocket in the year the move occurs but will not be reimbursed until the following year or possibly 1 to 2 years later.

In addition to the increased tax burden resulting from the addition of household good shipment costs as income, other tax implications may exist, such as the employee moving to a higher tax bracket or losing eligibility for certain tax credits or deductions because of the artificially higher income. Before Public Law 115-97 was enacted, the NRC paid the moving company directly for the shipment and storage of household goods and the transferee was not responsible for any upfront costs. This change was communicated to the NRC staff via Yellow Announcement YA-18-004, "Change of Station Benefits Impacted by Public Law 115-97," issued February 7, 2018 (ADAMS Accession No. ML18036A016), and several staff expressed concern about the additional expenses required to address the upfront tax implications. This may have been caused by the short turnaround time to implement the Public Law into the NRC COS process. Consequently, the CWG recommends OCFO continue to evaluate any lessons learned and improve communication of significant changes to COS regulations and laws.

Change-of-Station Program Implementation

Nine concerns addressed this topic:

- Three concerns involved transparency, cooperation, and equitability of relocation service to the seller.
- Four involved NRC COS customer service.
- Two involved unfamiliarity with complex processes, regulations, and procedures.

The concerns mainly involved OCFO/Division of the Comptroller (DOC)/Financial Services Operations Branch (FSOB) staff size, timeliness of staff responses, and availability of staff to

respond to transferee questions. The recommendations resulting from these concerns included implementing COS lessons learned, gathering immediate customer feedback on the COS process, simplifying COS processes and procedures, and providing a relocation specialist for counseling and guidance.

The guide "U.S. Nuclear Regulatory Commission Change-of-Station Relocation Allowances for Transferring Employees," issued January 2019, gives a start-to-finish overview of the COS process. An April 2009 version of this document is in ADAMS (ADAMS Accession No. ML110680468). A February 2017 version of the guide exists. The CWG recommends placing the current version in ADAMS to make it more readily available to staff.

The CWG contacted NRC staff who recently used the COS process to understand and characterize any specific issues with the process. The categories of issues included COS information accessibility, COS document processing, and COS guidance. The CWG created a table of these issues titled "Recommendations to Improve COS Process" (ADAMS Accession No. ML19141A340). These issues included the following:

- challenges accessing COS information on the NRC Web site
- the need for clarity in or simplification of COS guidance and forms
- challenges obtaining answers to travel-related questions
- insufficient financial compensation for a COS-related move

When a COS is initiated, the transferee receives an e-mail with 22 attachments: six are COS related NRC forms accessible in the forms library, six are samples of how to complete the forms, seven are COS-related guides, one is relocation instructions, one is a list of corporate housing contacts, and one is YA-18-004. Transferees experienced challenges reading the attachments and understanding their contents before and during a move because either they did not thoroughly read the attachments, or they read them but found the contents unclear. Nevertheless, the e-mail includes the OCFO/DOC/FSOB staff contact information to answer travel-related questions. In a few instances, survey respondents noted difficulty or delays in obtaining replies.

<u>Recommendation—Simplify Change-of-Station Process and Formalize Feedback</u>

Summary of Recommendations

The CWG recommends formalizing feedback on the COS process to include incorporating a customer satisfaction survey and a performance metric (see the proposals in ADAMS Accession Nos. ML19141A345 and ML19141A352, respectively). Additionally, the CWG recommends that OCFO continue to conduct reviews and evaluations to simplify and enhance the COS transfer guide and place the current version of the guide in ADAMS. The CWG recommends that OCFO evaluate other Federal agencies' travel policies and guidance and incorporate best policies and practices at the NRC.

Discussion

To address the recommendation of simplifying the COS procedures and processes, the CWG reviewed OCFO-developed frequently asked questions for COS and home sale program inquiries and provided feedback to OCFO. OCFO is aware that employees often find the COS process challenging, and they have sought feedback to develop COS lessons learned.

Typically, lessons learned from applying the COS process are gathered and incorporated into the COS process, but transferees may not know this. A proposed five-question customer service satisfaction survey asks the respondent to rate a COS service on a scale of 1 to 5 and provide a written justification for the rating. To measure the NRC's performance in executing COS transfers and help identify discrepancies, the CWG recommends implementing a performance metric. The proposed performance metric includes turnaround time for COS-related documents and quality of customer service and accuracy in completing these documents.

Based on the issues outlined above and the respondents' feedback that some were unaware of necessary paperwork steps and the overall steps for processing COS information and approvals, OCFO reviewed and made several changes to the COS process. The CWG recommends that OCFO continue to conduct this review and evaluation to simplify and enhance the COS transfer guide (e.g., include a flowchart of the COS process, create checklists). Additionally, before the CWG met, OCFO added staff to support COS relocations.

The CWG reviewed OCFO's Web site, its SharePoint site, and the SharePoint site for the OCFO/DOC/FSOB to determine the agencywide availability of COS-related information. The CWG recommends that OCFO continue to improve its support for staff undergoing relocation, including resolving any OCFO Web site issues related to accessing current travel documents and placing all COS information on the OCFO/DOC/FSOB SharePoint site. OCFO should use links to the database (e.g., ADAMS, forms library) where the documents reside, instead of sending attachments, and specify the forms and documents that must be completed.

Quality of Life

Quality of life concerns included family disruptions (e.g., quality of schools, leaving friends and organizations).

The suggestion for limiting family disruptions included increasing the RI tour from 7 to 8 years, which is Item 1 in the May 11, 2018, EDO tasking memorandum and is currently under Commission consideration.

Benchmarking Effort: Review of Other Federal Agencies' Travel Policies

The CWG also reviewed COS guides from the U.S. Department of Energy (DOE), the U.S. Department of Labor, the U.S. Food and Drug Administration, and the National Aeronautics and Space Administration (NASA) to determine whether the NRC could adopt more beneficial travel policies. The CWG identified a few differences in these agencies' policies from the NRC travel policies, such as the following:

- The DOE and NASA offer their employees the option of a lump-sum reimbursement method for a house-hunting trip or temporary quarters. This may help offset initial costs to employees.

- The DOE will pay an employee a 3-percent home marketing incentive (HMI) bonus (not to exceed $9,000) based on the selling price of the transferee's home. The DOE offers this HMI when the employee is authorized to use the relocation service company contracted with DOE and under certain conditions in various FTR sections.

- NASA offers a transferring employee an HMI bonus of 3 percent of the amended value price the relocation services company paid the employee for the residence (not to exceed $15,000). The relocation services company under contract with NASA must be used to receive the HMI payment.

The CWG recommends that OCFO conduct a detailed benchmarking of other Federal agencies' travel policies and guidance to incorporate best policies and practices at the NRC, as well as other additional options to the COS process.

SUMMARY OF CWG RECOMMENDATIONS:

The CWG recommended the following nine actions:

(1) The 2020 RI Relocation Incentive Working Group should consider all the tools available with respect to methodologies for relocation incentive amounts, even if they have not been used in the past. The working group should also propose raising the individual site relocation incentives and the cap to 50 percent in accordance with MD 10.51.

(2) The 2020 RI Relocation Incentive Working Group should propose allowing Regional Administrators to increase the relocation incentive for hard-to-fill sites without having to return to the FEPCA Panel for authority.

(3) The 2020 RI Relocation Incentive Working Group should evaluate whether the impact of Public Law 115-97 warrants increasing the RI blanket relocation incentives to account for the changes in employee COS tax liability.

(4) OCFO should continue to determine and evaluate any lessons learned and improve communication of significant changes to COS regulations and laws.

(5) OCFO should continue to resolve the OCFO Web site issues and place all COS information on the OCFO/DOC/FSOB SharePoint site.

(6) OCFO should use links to the database (e.g., ADAMS, forms library) where the documents reside instead of sending attachments and specify the forms and documents that must be completed.

(7) OCFO should formalize feedback on the COS process (e.g., customer service survey and performance metrics).

(8) OCFO should continue to simplify and enhance the COS transfer manual (e.g., include a flowchart of the COS process, create checklists).

(9) OCFO should conduct a detailed benchmarking review of other Federal agencies' travel policies to determine which policies could be adopted at the NRC.

RECOMMENDATION TO THE EDO:

I reviewed the nine CWG recommendations noted in this memorandum and I endorse them with one modification. For Recommendation 1, which addresses raising the cap for individual resident site relocation incentives from 25 to 50 percent, I recommend the EDO approve it prior to establishment of the next Resident Inspector Relocation Incentive Working Group (expected to begin in early 2020). Section II. C of MD 10.51, permits a relocation incentive up to 50 percent of the employee's annual rate of basic pay in effect at the beginning of the service period. Consequently, the 25 percent cap is an administrative limit and thus latitude exists for increasing this cap. The OCFO and Office of the Chief Human Capital Officer should coordinate a reasonable but expedited timeline for implementing raising the cap.

I note that Recommendations 4 through 9 cover improvements to the COS process which are administered by the OCFO. I believe these recommendations may contribute to clarity of the COS process for the NRC staff. Therefore, I encourage the OEDO and OCFO to coordinate discussions for considering and implementing these recommendations.

Enclosure:
Survey Question 2 Change-of-Station
Improvement Proposals January 31, 2019

SUBJECT: RESIDENT INSPECTOR RECRUITMENT AND RETENTION INTIATIVE-RECOMMENDATION 5 DATED JULY 30, 2019

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DATE	6/27/19	6/21/19	6/27/19	7/ /19	6/27/19
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Survey Question 2 Change-of-Station Improvement Proposals
January 31, 2019

Challenge	Proposal	Response of Office of Chief Financial Officer/Office of Chief Human Capital Officer
Financial Aspects Due to Relocation		
Not enough money to move		
1.	Increase relocation bonus by XX%.	This is being achieved now by site or on a case-by-case basis. The Federal Employees Pay Comparability Act Senior Management Review Panel (FEPCA Panel) reviews each request, and the employee may be eligible for a temporary one-time increase. There is no across-the-board increase. Every 5 years, relocation bonuses are reviewed considering economic factors. Recruiting is reviewed to determine areas where the NRC has had difficulty recruiting and whether the agency should make any changes. The next review will be in 2020. The maximum bonus rate is usually 25 percent.
2.	Provide an X-step increase.	The Change-of-Station (COS) Working Group proposed an additional step when moving from one resident site to another. This proposal is with the Commission for a decision.
3.	The U.S. Nuclear Regulatory Commission (NRC) buys the house to minimize the taxable income and upfront costs of selling/buying a house.	The NRC cannot use appropriated funds to purchase any employee's home—this would be an illegal action. **Federal Travel Regulation (FTR) §302-12.117 May we take title to an employee's residence?** No, you may not take title to an employee's residence except as specifically provided by statute. The statutes which form the basis for the provisions of this part do not provide such authority.
4.	Make more out-of-pocket moving expenses reimbursable.	The NRC can reimburse only those expenses allowed in the FTR. Currently, a miscellaneous allowance is paid to an employee ($1,300/family, $650/individual) to cover assorted expenses. An employee can itemize expenses, with receipts, if the amounts are greater than those allowed above. **FTR §302-16.102 What amount may my agency reimburse me for miscellaneous expenses?** The following amounts will be paid for miscellaneous expenses without support or documentation of expenses: a. Either $650 or the equivalent of one week's basic gross pay, whichever is the lesser amount, if you have no immediate family relocating with you; or b. $1,300 or the equivalent of two weeks' basic gross pay, whichever is the lesser amount, if you have immediate family members relocating with you.

Survey Question 2 COS Improvement Proposals
January 31, 2019

Challenge	Proposal	Response of Office of Chief Financial Officer/Office of Chief Human Capital Officer
		FTR §302-16.103 May I claim an amount in excess of that prescribed [in] §302-16.102? Yes, you may claim an amount in excess of that prescribed in §302-16.102 if authorized by your agency; and a. Supported by acceptable statements of fact, paid bills or other acceptable evidence justifying the amounts claimed; and b. The aggregate amount does not exceed your basic gross pay (at the time you reported for duty, at your new official station) for: 1. One week if you are relocating without an immediate family; or 2. Two weeks if you are relocating with an immediate family. **Note to §302-16.103:** The amount authorized cannot exceed the maximum rate of grade GS-13 provided in 5 U.S.C. 5332 at the time you reported for duty at your new official station.
5.	Provide X% (e.g., 50%) of the maximum moving allowance to the employee.	The NRC can reimburse only those expenses allowed in the FTR.
6.	Revise locality pay based on areas (i.e., increase it for less desirable sites and those close to expensive cities).	The Office of Personnel Management (OPM) sets salaries. The NRC adheres to the location percentages (locality pay) found in OPM pay tables.
7.	Allow process of reimbursement for renting versus home buying (how do you capture loss of equity?).	No specific references in the FTR address the reimbursement of renting versus buying a home. The NRC posed this question to and requested guidance from the General Services Administration (GSA) as it is the travel policy expert and writes the FTR. The GSA responded that this is not allowed.
8.	Provide lump sum of entire move to COS employee.	The FTR allows the NRC to reimburse a lump sum for movement of household goods; this sum may not exceed the cost that would have been incurred if the NRC had arranged and paid for movement of these household goods. There is also a miscellaneous allowance paid to an employee ($1,300/family; $650/individual) to cover assorted expenses. An employee can itemize expenses, with receipts, if the amounts

Challenge	Proposal	Response of Office of Chief Financial Officer/Office of Chief Human Capital Officer
		are greater than those allowed above. All other expenses must be itemized and reimbursed per the FTR.
9.	Eliminate the mileage restrictions qualifying for relocation benefits.	**FTR §302-2.6 May I be reimbursed for relocation expenses if I relocate to a new official station that does not meet the 50-mile distance test?** Generally, no; you may not be reimbursed for relocation expenses if you relocate to a new official station that does not meet the 50-mile distance test. a. The distance test is met when the new official station is at least 50 miles further from the employee's current residence than the old official station is from the same residence. For example, if the old official station is 3 miles from the current residence, then the new official station must be at least 53 miles from that same residence in order to receive relocation expenses for residence transactions. The distance between the official station and residence is the shortest of the commonly traveled routes between them. The distance test does not take into consideration the location of a new residence. This follows the distance guidelines found in *Internal Revenue Service Publication 521, Moving Expenses*. b. The head of your agency or designee may authorize an exception to the 50-mile threshold on a case-by-case basis when he/she determines that it is in the best interest of the Government. However, the agency cannot waive the applicability of the IRC [Internal Revenue Code]; that is, all reimbursed expenses would be taxable income to you, and the agency would have to reimburse those taxes. c. Any relocation must be incidental to the transfer and not for the convenience of the employee.
10.	Eliminate "rest of U.S." per diem and provide per diem based on locality.	**FTR §302-4.200 What per diem rate will I receive for en route relocation travel within CONUS [continental United States]?** Your per diem for en route relocation travel between your old and new official stations will be at the standard CONUS rate (see applicable FTR Per Diem Bulletins available on the Internet at http://www.gsa.gov/perdiem). You will be reimbursed in accordance with §§301-11.100 through 301-11.102 of this title. **FTR §3026.102 What is the "applicable per diem rate" under the actual TQSE [temporary quarter subsistence expenses] reimbursement method?** The "applicable per diem rate" under the actual TQSE reimbursement method is as follows:

Challenge	Proposal	Response of Office of Chief Financial Officer/Office of Chief Human Capital Officer
		For temporary quarters located in / **The applicable per diem rate is** The continental United States (CONUS) / The standard CONUS rate. Outside the Continental United States (OCONUS) / The locality rate established by the Secretary of Defense or the Secretary of State under §301-11.6 of this title.
11.	Make privately owned vehicle (POV) mileage and meals and incidental expenses reimbursement equivalent with temporary duty.	**FTR §302-4.300 What is the POV mileage rate for PCS [permanent change of station] travel?** For approved/authorized PCS travel by POV, the mileage reimbursement rate is the same as the moving expense mileage rate established by the Internal Revenue Service (IRS) for moving expense deductions. See IRS guidance available on the Internet at www.irs.gov. GSA publishes the rate for mileage reimbursement in an FTR Bulletin on an intermittent basis. You can find the FTR Bulletins at www.gsa.gov/relo.
12.	Trim temporary housing benefits and provide more to a larger relocation incentive and make an allotment for temporary housing.	The FTR controls housing and temporary quarters benefits. Currently, relocation incentives can be reviewed by site or on a case-by-case personal basis. The FEPCA Panel reviews each request, and the employee may be eligible for a temporary one-time increase. There is no across-the-board increase. Every 5 years, relocation bonuses are reviewed considering economic factors. Recruiting is reviewed to determine areas where the NRC has had difficulty recruiting and whether the agency should make any changes. The next review will be in 2020. The maximum bonus rate is usually 25 percent.
Tax implications (reimbursement increases tax bracket)		
1.	Treat as a business expense.	Public Law 115-97 (the "Tax Cuts and Jobs Act of 2017") was signed on December 22, 2017, and mandates which moving expenses are taxable. With this law, all expenses pertaining to COS moves became taxable and included in an employee's adjusted gross income, excluding homes purchased under the home sale program under the NRC's contract with Allegiance Government Relocation.
2.	Consult OPM for a tax change.	Public Law 115-97 (the "Tax Cuts and Jobs Act of 2017") was signed on December 22, 2017, and mandates which moving expenses are taxable. With this law, all expenses pertaining to COS moves became taxable and included in an employee's adjusted gross income, excluding homes purchased under the home sale program under the NRC's contract with Allegiance Government Relocation.
3.	Make relocation COS nontaxable income.	Public Law 115-97 (the "Tax Cuts and Jobs Act of 2017") was signed on December 22, 2017, and mandates which moving expenses are taxable. With this law, all expenses pertaining to COS moves became taxable and included in an employee's

Challenge	Proposal	Response of Office of Chief Financial Officer/Office of Chief Human Capital Officer
		adjusted gross income, excluding homes purchased under the home sale program under the NRC's contract with Allegiance Government Relocation.
4.	Provide a $XK (e.g., $6K) stipend for taxes.	It is not appropriate to give stipends to cover tax changes or perceived taxes because each transferee has unique circumstances. The Council for Community and Economic Research (C2ER) does not consider taxes in compiling the Cost of Living Index, largely because it is prohibitively expensive to determine effective (as opposed to claimed) tax rates on residential property. Three C2ER committees over the past 25 years have recommended that the index remain a measure of after-tax differences in living costs.
5.	Provide a three-step increase to offset state taxes.	It is not appropriate to give step increases to offset tax changes or perceived taxes because each transferee has unique circumstances. The C2ER does not consider taxes in compiling the Cost of Living Index, largely because it is prohibitively expensive to determine effective (as opposed to claimed) tax rates on residential property. Three C2ER committees over the past 25 years have recommended that the index remain a measure of after-tax differences in living costs.
Significant decrease in home values when COS is required		
1.	Reimburse XX% of the difference in home value loss.	**FTR §302-12.119 Under a home sale program, may we pay an employee for losses he/she incurs on the sale of a residence?** No, under a home sale program, you may not pay an employee for losses he/she incurs on the sale of a residence, but this does not preclude you reimbursing a relocation service's company for losses incurred while the contractor holds the property.
2.	Pay the employee the amount (or some portion of the amount) of the fee that the agency would otherwise pay the relocation company for its appraised purchase/buyout service.	**FTR §302-11.304 Will my agency reimburse me for losses due to market conditions or prices at the old and new official station?** No, losses incurred due to market conditions or prices at your old and new duty station are not reimbursable when incurred by you due to: a. Failure to sell a residence at the old official station at the price asked, or at its current appraised value, or at its original cost; or b. Failure to buy a dwelling at the new official station at a price comparable to the selling price of the residence at the old official station; or c. Any losses that are similar in nature to (a) or (b).

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Challenge	Proposal	Response of Office of Chief Financial Officer/Office of Chief Human Capital Officer
COS Program Implementation		
Transparency, cooperation, and equitability of relocation service to the seller		
1.	Select a higher rated relocation company.	For the current contract, three employees familiar with relocation and the home sale program studied the proposals. All the companies received an equal rating; however, Allegiance Government Relocation had the most experience in working with multiple Federal agencies and handled more home sale service moves than the other offerors.
2.	Provide a hotline to the NRC to resolve issues/concerns with home relocation companies.	Given the small number of employees in the home sale program, a hotline is unnecessary because an employee can reach out to the point of contact for the program via telephone and e-mail and the relocation company will promptly assist.
3.	The NRC buys the house to minimize the taxable income and upfront costs of selling/buying a house.	The NRC cannot purchase homes from employees. **FTR §302-12.117 May we take title to an employee's residence?** No, you may not take title to an employee's residence except as specifically provided by statute. The statutes which form the basis for the provisions of this part do not provide such authority.
NRC COS customer service		
1.	Increase COS branch staffing, including at headquarters and by using regional relocation specialists.	The Office of the Chief Financial Officer (OCFO) will add a second full-time staff member to support the COS process.
2.	Assign a personal relocation specialist or counselor, or both, for each COS event (move).	With, on average 5 moves per year, assigning an individual relocation specialist is not justifiable.
3.	Establish customer response performance metrics and measure them through surveys.	The CWG provided examples of performance metrics (ADAMS Accession No. ML19141A352) and customer service surveys (ADAMS Accession No. ML19141A345).

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Challenge	Proposal	Response of Office of Chief Financial Officer/Office of Chief Human Capital Officer
4.	Establish a corrective action/lessons-learned process for relocation issues.	OCFO currently updates processes and procedures and takes corrective actions as necessary when anything out of the ordinary occurs.
Unfamiliarity with complex processes, regulations, and procedures		
1.	Simplify processes and procedures.	OCFO is currently developing frequently asked questions for COS and home sale program inquiries. If other documentation is unclear, please let OCFO know the specific problem instead of asking the office to "simplify." OCFO must abide by the FTR, which can be complicated. The office quotes or annotates the regulations as part of the processes and procedures. OCFO then gives examples of what the FTR means and provides sample voucher forms and instructions on how to fill out the form to receive reimbursement. If the working group can articulate specific problems, OCFO will review these instances and make appropriate changes.
2.	Establish mandatory home-buyer counseling that includes an overview of processes and regulations.	Allegiance Government Relocation currently offers home marketing assistance, home finding assistance, rental assistance, buyer's assistance, and mortgage counseling, all of which are available before the employee enters the home sale program. In addition, to a transferring NRC employee can always reach out Allegiance Government Relocation to address any concerns or questions the employee may have before entering the home sale program. The relocation company is very knowledgeable about the GSA's regulations. OCFO does not feel this service should be mandatory if not all employees require such assistance. If transferees want this overview and assistance, they can arrange for it at a convenient time.
Quality of Life		
Family disruptions (quality of schools, leaving friends and organizations)		
1.	Increase resident inspector tour of duty by X years.	The COS Working Group proposed increasing the tour of duty by 1 year. This proposal is with the Commission for a decision.
2.	Provide a step increase to cover private school tuition.	Additional funding or increases cannot be provided for private school tuition. The COS Working Group proposed an additional step when moving from one resident site to another. This proposal is with the Commission for a decision.
3.	Increase the number of days to move to avoid use of annual leave.	The current policy will stay in effect: • up to 40 hours to prepare for and attend to business or arrangements directly related to a permanent change-of-duty move • 10 days/9 nights for a house-hunting trip

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Challenge	Proposal	Response of Office of Chief Financial Officer/Office of Chief Human Capital Officer
		• en route travel