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National Security and
International Affairs Division

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April 15, 1999

The Honorable Herbert W. Bateman
Chairman
The Honorable Solomon P. Ortiz
Ranking Minority Member
Subcommittee on Readiness
Committee on Armed Services
House of Representatives

Subject: Defense Transportation: DOD and GSA Personal Property Programs

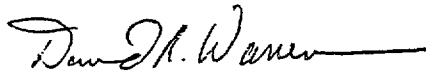
Following the March 18, 1999, hearing before your Subcommittee on the Department of Defense's (DOD) personal property program, you asked us to provide information on the General Services Administration (GSA) and DOD personal property programs. This letter and the enclosure provide the information we gathered on the agencies' current programs. It should be noted, however, that both agencies are currently in the process of reengineering their personal property programs.

We noted differences in the scope and management between the DOD and GSA personal property programs. GSA is responsible for moving between 12,000 and 15,000 government employees a year, whereas DOD handles approximately 775,000 service member moves annually. GSA deals with far fewer household goods carriers (about 330) compared with DOD (1,300 carriers). Each government agency has the option of selecting one or more carriers from a list of approved GSA carriers, while DOD makes an effort to equally distribute service member moves among its approved carriers. Another important difference is that DOD allows a second phase in the process, in which carriers are permitted to change previously offered rates to match those of the carriers offering the lowest rates.

We discussed the programs with officials responsible for managing the personal property programs at each agency and obtained information from a variety of available sources. We provided a draft of the enclosure to officials from DOD and GSA for their review and comments. The officials generally agreed with the information discussed in the enclosure. We conducted our review in accordance with generally accepted government auditing standards.

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Major contributors to this letter were Nomi R. Taslitt, John R. Beauchamp, and Jacqueline E. Snead. Please contact me at (202) 512-8412 if you or your staff have any questions.



David R. Warren, Director
Defense Management Issues

Enclosure

Department of Defense and General Services Administration Personal Property Programs

Category	DOD	GSA
Legal authority	49 U.S. Code 13712 and DOD implementing regulations.	49 U.S. Code 13712 and GSA implementing regulations.
Annual moves	775,000 service members.	12,000–15,000 civilians.
Industry involvement: prime contractors with DOD and GSA (A)	1,300 carriers and forwarders.	Over 330 carriers, forwarders, and relocation companies.
Paper companies (B)	Carrier approval process does not exclude paper companies.	Carrier approval process generally excludes paper companies.
Traffic distribution/carrier performance (C)	Traffic managers equally distribute traffic. Selection is based on a minimal acceptable level of quality with the lowest rates receiving preference.	No requirement for equal traffic distribution. Agencies may select one or more carriers from GSA's list of both quality indexed and non-indexed carriers.
Point to point move management	No.	Yes, if requested by agency.
Quality assurance procedures	Inspections required. Personal property offices perform inspections to the extent that personnel are available.	Inspections optional. GSA primarily relies on carrier approval process and customer surveys' effect on carrier selection and scope of operations to assure quality.
Small business impact (prime contractors with DOD and GSA)	No set-asides.	No set-asides.
Rate cycle	Semi-annual rate filing; two-phase bid process gives carriers opportunity to match rate.	Annual rate filing with a mid-year supplemental filing; single phase bid process, no opportunity to match lowest rate.
Weight allowances	Rank dependent, ranging from 5,000 to 18,000 pounds.	18,000 pounds for all personnel.
Customer satisfaction (D)	DOD does not solicit or consider customer satisfaction surveys. Local personal property offices do quality scoring.	GSA uses customer satisfaction surveys to evaluate carrier performance and assure quality.
Claims process	Indirect: customer submits completed government claim form with Judge Advocate General's Office for resolution.	Direct: customer deals directly with carrier to settle claim (in cases of impasse, GSA will offer recommendations).
Coverage limitations (E)	Coverage for depreciated value is capped at \$40,000.	Full replacement.
Relocation service assistance	DOD does not provide relocation service assistance.	Agencies can contract for relocation services including guaranteed home sale program, home-finding assistance, and reimbursement for sale/purchase/property management expenses.

(A) Industry Involvement

DOD's personal property program is run centrally by the headquarters office of the Military Traffic Management Command (MTMC) but administered locally at about 200 military and DOD transportation offices around the world. DOD works directly with approximately 1,300 moving van companies (carriers) and forwarders, and indirectly with thousands of agents and owner-operator truckers working for the carriers and forwarders.

GSA's Centralized Household Goods Traffic Management Program is run centrally by its Kansas City Regional Office, which offers operational assistance to federal agencies that use the moving services. GSA works directly with 332 moving van companies (carriers), forwarders, and relocation companies and indirectly with hundreds of agents and owner-operator truckers working for the carriers, forwarders, and relocation companies.

(B) Paper Companies

Carriers or freight forwarders desiring to participate in the MTMC program must provide proof or certification that they have requisite operational authority and must agree to abide by MTMC's Tender of Service. The carrier approval process does not exclude "paper companies," affiliates of larger or parent companies whose purpose is to increase shares in traffic, but do not offer additional transportation capacity.

Under the GSA program, any carrier or freight forwarder having requisite operating authority (certificates, licenses, or permits, as appropriate) must submit a written request to participate and must agree to abide by the terms and conditions of GSA's Tender of Service. The carrier or freight forwarder must also demonstrate its financial responsibility, working capital, and other financial, technical, and management resources to participate in the program. The GSA carrier approval process generally excludes "paper companies" from participating.

(C) Traffic Distribution

Each local military installation uses a traffic distribution roster. Carriers and forwarders are placed on the roster for each channel by order of rate level and quality score. Traffic managers equally distribute traffic based on a minimal acceptable level of quality with the lowest rates receiving preference.

GSA does not have a requirement for equal traffic distribution. Agencies may select one or more carriers from a listing that identifies both "quality indexed" carriers (those with a quality rating based on 70 percent quality using data from customer evaluations and 30 percent price) as well as non-indexed carriers (those without a quality rating, either because they are new in the program or have not had sufficient traffic volume and resulting evaluations to produce a quality rating).

(D) Customer Satisfaction

DOD does not administer or use customer surveys. Local transportation officials provide performance quality feedback on individual shipments based on three factors: on-time delivery, on-time pickup, and estimate of loss or damage. These factors comprise the Total Quality Assurance Program quality score used in the allocation of traffic.

GSA's personal property program solicits carrier performance evaluations from customers and uses the results to establish carrier rankings and scope of operation that can directly affect carrier selection. GSA officials reported that the customer response rate for calendar year 1998 was about 30 percent.

(E) Coverage Limitations

DOD has different weight allowances for its members according to military rank. These range from 1,500 pounds for the lowest enlisted rank with no dependents up to 18,000 pounds for higher ranked officers. Coverage in the DOD program is capped at \$40,000 for the depreciated value of damaged/lost items.

The GSA program provides full replacement protection. This approach takes into consideration the actual costs to replace a lost or damaged item with a like item rather than basing payment on the depreciated value of an item.

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