

**DEPARTMENT OF DEFENSE
GENERAL SERVICES
ADMINISTRATION
NATIONAL AERONAUTICS AND
SPACE ADMINISTRATION**

48 CFR Part 31

**Federal Acquisition Regulation;
Reimbursement of Relocation Costs
on a Lump-Sum Basis**

AGENCIES: Department of Defense (DoD), General Services Administration (GSA), and National Aeronautics and Space Administration (NASA).

ACTION: Notice of request for comments.

SUMMARY: The Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) are considering revising the relocation cost principle to expand the use of reimbursement of costs on a lump-sum basis. The Councils are requesting comments regarding this potential change. The Councils will consider the comments received in their decision whether to develop a proposed rule. Should the Councils decide to draft a proposed rule, an additional 60-day public comment period will be provided.

DATES: Interested parties should submit comments in writing on or before December 23, 2002 to be considered in the formulation of a proposed rule.

ADDRESSES: Submit written comments to: General Services Administration, FAR Secretariat (MVA), 1800 F Street, NW., Room 4035, ATTN: Laurie Duarte, Washington, DC 20405. Submit electronic comments via the Internet to: farnotice.relocationcosts@gsa.gov.

Please submit comments only and cite FAR Notice on Reimbursement of Relocation Costs on a Lump-Sum Basis in all correspondence related to this case.

FOR FURTHER INFORMATION CONTACT: The FAR Secretariat, Room 4035, GS Building, Washington, DC, 20405, at (202) 501-4755 for information pertaining to status or publication schedules. For clarification of content, contact Mr. Jeremy Olson at (202) 501-3221. Please cite FAR Notice on Reimbursement of Relocation Costs on a Lump-Sum Basis.

SUPPLEMENTARY INFORMATION: The relocation cost principle at FAR 31.205-35 permits the Government to reimburse contractors for relocation costs (with the exception of miscellaneous costs) up to the employee's actual expenses. For miscellaneous costs that are addressed at FAR 31.205-35(a)(5), the Government may reimburse the contractor a flat or lump-sum amount up to \$5,000, in lieu of actual costs. The Councils are considering revising FAR 31.205-35, Relocation costs, to permit contractors the option of claiming employee relocation costs based on actual costs, an appropriate lump-sum basis, or a combination of the two approaches.

While individual receipts are not required with a lump-sum approach, contractors would still have to demonstrate that amounts paid are reasonable and appropriate for the circumstances of each relocating employee. The Councils anticipate that this change may achieve overall benefits by reducing administrative costs for contractors and by improving employee morale. However, there is concern that permitting lump-sum payments in lieu of actual costs may result in an increase in costs to the Government. Therefore, the Councils invite interested parties to provide the following information to help assess the potential costs and benefits of the lump-sum reimbursement approach. Note that public comments provided in response to this notice will be available in their

entirety to any requester, including any requester under the Freedom of Information Act (5 U.S.C. 552). Under no circumstances should respondents provide any information unless they do so with a clear understanding that their comments will be made available to the public.

1. *Commercial practice.* What has been your company's experience in using a lump-sum approach instead of an actual cost method for reimbursement of employee relocation expenses? If used, is the practice to use the lump-sum approach for total costs of relocating employees, or only certain types of costs? If so, which types?

2. *Reasonableness.* How would your company ensure that relocation costs charged to the Government using a lump-sum approach are reasonable?

3. *Limits.* Does your company now use commercially available data, such as that developed by the Employee Relocation Council, in order to establish reimbursement limits on relocation costs? If so, what sources of commercially available data do you use, and how do you use the data? If not, what other criteria or standards could be (or are being) used to assess reasonableness?

4. *Benefits.* What are the types and amounts of savings or other benefits that you anticipate would result if reimbursement on a lump-sum basis were permitted?

5. *Costs.* What are the types and amounts of costs or other disadvantages that you anticipate would result if reimbursement on a lump-sum basis were permitted?

Dated: October 18, 2002.

Al Matera,

Director, Acquisition Policy Division.

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