



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

IN REPLY  
REFER TO:

B-199549 (BRP)

August 7, 1980

The Honorable Abraham Ribicoff  
Chairman  
Committee on Governmental Affairs  
United States Senate

Dear Mr. Chairman:

We refer to your letter of June 26, 1980, in which you request our views regarding the provisions of S. 2652, 96th Congress, 2d Session, and any recommendations we may have concerning possible action thereon by the Committee on Governmental Affairs, United States Senate.

On March 31, 1980, this Office recommended to the Congress that legislation be enacted to permit Federal agencies to reimburse their employees for residence sale and purchase expenses upon transfer from an overseas post to a new duty station in the United States. The pending bill, S. 2652, would carry out our recommendation.

At the present time, such expenses are not reimbursable by virtue of a statutory provision, 5 U.S.C. § 5724a (a)(4). We feel that the cited provision is unduly harsh and impacts heavily, from a financial standpoint, on Federal employees who are recruited to perform overseas tours of duty and who, upon completion of such tours of duty, are reassigned to duty stations in the United States other than the ones from which they were transferred to the overseas posts of duty.

Currently, 5 U.S.C. § 5724a(a)(4) provides for reimbursement of the expenses incurred in the sale of a residence at the old duty station and the purchase of a residence at the new duty station when the old and new duty stations are located within the United States, its territories or possessions, the Commonwealth of Puerto Rico, or the Canal Zone. Consistent with the limiting language of this section, paragraph 2-6.1 of the Federal Travel Regulations (FPMR 101-7, May 1973), and administrative regulations such as paragraph C 14000-1 of the Joint Travel Regulations, Volume 2, prohibit such payments to employees who are transferred to or from a duty post outside the United States.

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The severe impact of section 5724a(a)(4) was demonstrated in our decision of March 31, 1980, B-194423, copy enclosed, in which we held that approximately 50 employees of the United States Army Corps of Engineers were not entitled to reimbursement of real estate expenses incurred incident to a mass transfer from Livorno, Italy, to Berryville, Virginia, in 1976. You will note that prior to the transfer, the employees were seriously concerned regarding reimbursement of real estate expenses they would incur in transferring directly to Berryville. In order to insure that the continuity of the function being performed in Italy would be maintained, high-level officials of the Corps of Engineers assured the employees that their problems "would be taken care of." The administrative report of the agency states the position of the 50 employees as follows:

"Acting in good faith and in reliance upon those assurances, the employees involved elected to transfer directly to Berryville, rather than take the alternative that would assure them of reimbursement for real estate expenses but could also adversely affect the mission. Due to the circumstances surrounding the move, both in Italy and in Berryville, many people suffered considerable financial losses. One of the factors that caused the greatest financial impact was that, contrary to the assurances of favorable treatment, no reimbursement of real estate expenses was allowed."

In attempting to avoid the harsh consequences of section 5724a(a)(4), Federal agencies have considered the circumvention of the requirement that both the old and new duty stations be located in the United States by reassigning the employee to perform a short tour of duty at the old duty station in the United States after the overseas tour and before the transfer to the final duty station. We objected to this practice and held that employees may not be reimbursed for real estate expenses if they are transferred from overseas to their old station and shortly thereafter transferred to another duty station. B-172594, March 27, 1974.

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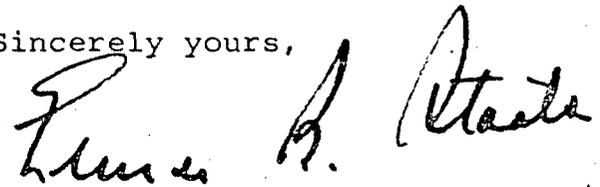
In addition to the claims of the 50 employees of the Corps of Engineers, we have consistently been required to deny reimbursement of real estate expenses to other Federal employees who, upon completion of overseas tours of duty, have been reassigned to duty stations in the United States other than those from which they were transferred when assigned to the overseas posts of duty. We are forwarding copies of several of our decisions which are illustrative of the adverse impact of section 5724a(a)(4) on certain Federal employees.

Prior to submission of our recommendation to the Congress, this Office consulted with the General Services Administration (GSA). The GSA informally recommended favorable consideration of remedial legislation. In addition, a survey of selected Federal agencies by the Office of Management and Budget (OMB) in 1976 showed general approval of the liberalization of section 5724a(a)(4).

For the reasons stated above, we believe that the desirability of an amendment of section 5724a(a)(4), title 5, United States Code, is compelling and deserving, based upon equitable considerations. Accordingly, we urge the Committee on Governmental Affairs to give favorable consideration to S. 2652 as soon as possible.

We invite your attention to the Statements of Purpose appearing in S. 2652. On the first line of each Statement of Purpose, the reference should be to section 5724a of title 5, United States Code.

Sincerely yours,



Comptroller General  
of the United States

Enclosures