



**The Comptroller General  
of the United States**

Washington, D.C. 20548

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## Decision

**Matter of:** Thomas D. Wegner - Relocation Expenses --  
New Appointee

**File:** B-229304

**Date:** December 7, 1988

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### DIGEST

1. An agency ordered a new appointee to successive training assignments en route to a permanent duty assignment in Washington, D.C. Ordinarily, a new appointee must bear the expenses of travel to the first duty station; however, where the employee performs actual and substantial work duties at three locations while being trained on the job for a period of nearly 15 months, GAO would not question the agency's determination to view the transfers as changes of official duty station for reimbursement of authorized relocation expenses.
2. An employee, who knew he would be transferred in 6 months, entered into a 6-month lease containing a short-term penalty provision, rather than entering into a customary 12-month lease. Although the employee acted prudently to protect the government from a greater potential liability for breaking a 12-month lease, the employee may not be reimbursed the short-term lease penalties as though they were settlements of unexpired leases. However, they may be reimbursed as miscellaneous expenses subject to the limitations applicable thereto. There is no similar authority to reimburse an employee for a credit clearance report relating to a lease.

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### DECISION

An authorized certifying officer requests an advance decision concerning reimbursement of short-term lease penalties and a credit clearance fee in connection with a new appointee's successive training assignments.<sup>1/</sup> We conclude that the lease penalties may be reimbursed as miscellaneous

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<sup>1/</sup> U.S. Department of Agriculture, Office of Finance and Management, National Finance Center, New Orleans, Louisiana, by letter of November 13, 1987, reference A-2 WDM.

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expenses, subject to applicable limitations while the credit clearance fee may not.

#### BACKGROUND

When the United States Department of Agriculture, Agricultural Marketing Service (AMS), hired Mr. Thomas D. Wegner as a market news reporter trainee on September 1, 1985, the agency ordered him to three successive locations for a total of 15 months on the job training with the understanding that upon completion of the 15-month period his official duty station would be Washington, D.C. The program involved 3 months in the Madison, Wisconsin, market news office, 6 months with the market administrator in Chicago, Illinois, and 6 months in the New York-New Jersey market administrator's office. In connection with the latter two assignments the agency issued travel authorizations for transfers of official station from Madison to Chicago and from Chicago to New York, and reimbursed Mr. Wegner for his travel expenses and for household goods shipments.

Mr. Wegner's work-training program, as outlined by the division director, called for him to be assigned duties and to engage in activities at each location "leading to a basic understanding of the administration of the order and to the marketing of milk and dairy products by the industry." Except for the first few days of orientation at Madison, Mr. Wegner was engaged in extensive field work, involving travel with dairy inspectors and graders for first-hand experience in various marketing functions. Mr. Wegner's work-training also involved economic and statistical analysis along with writing reports and correspondence. Thus, his training was primarily conducted through on the job experience.

Mr. Wegner presented a claim for reimbursement of expenses he incurred in connection with his training: a \$20 credit clearance fee in Chicago, and two short-term lease penalties of \$90 and \$600 arising out of leases in Chicago and New York, respectively. The AMS reports that normally when leases are acquired in Chicago and New York, they are for a minimum of 12 months. Based on his approved training plan Mr. Wegner entered into 6-month leases rather than the customary 12-month leases since he knew he would have had to break the longer leases, and the penalties would have exceeded the short-term lease penalties. Mr. Wegner believes the short-term lease penalties are reimbursable as being analogous to lease termination expenses.

The AMS asks:

"1. Can Mr. Wegner be reimbursed for the \$710 in penalties he incurred when he obtained the two six-month short-term leases?

"2. Is the credit clearance fee reimbursable as a Miscellaneous Expense?

"3. Since Mr. Wegner accepted a position where the actual duty station was Washington, DC, wouldn't it have been more beneficial to the employee and agency if he had been placed on TDY from Washington, DC instead of being transferred every six months?"

#### OPINION

Mr. Wegner's claim presents two basic issues: (1) whether, as a new appointee, he was required to bear the expenses of travel, including relocation expenses to Washington, D.C., and, if not, (2) whether the particular expenses claimed were reimbursable.

#### Training En Route

In 60 Comp. Gen. 569 (1981), we cited Cecil M. Halcomb, 58 Comp. Gen. 744 (1979), for the rule that a training site may not be designated as an employee's permanent duty station for the purpose of determining whether the employee is entitled to travel expenses, unless actual and substantial duties are to be performed at the training location. We said, at 60 Comp. Gen. 572:

"As explained in 22 Comp. Gen. 869 (1943), the newly appointed employee who performs actual and substantial duty at his place of appointment--as distinguished from job training or completing administrative matters for entry on the rolls--may have this place designated as his permanent duty station. However, in the absence of such actual and substantial duty, the place of appointment or place of training is only a temporary duty station even if the new appointee's permanent duty station is not ascertained until after his appointment or training."

The record here shows that, except for the first few days of his assignment at Madison, Mr. Wegner performed actual and substantial work at all three training locations, and each assignment's duration was for an extended period. Since

the circumstances of Mr. Wegner's assignments do not reflect the short-term training circumstances that were involved in Halcomb and 60 Comp. Gen. 569, supra, we would not question the agency's consideration of his transfers as changes in official duty station which provide the basis for reimbursement of the short-term lease expenses to the extent authorized by law.

#### Specific Relocation Expenses

##### (A) Short-Term Lease Penalty

We cannot agree with the claimant's contention that payment of short-term lease penalties is analogous to unexpired lease termination expenses. The law and regulations authorize reimbursement of expenses only for the "settlement of an unexpired lease." See 5 U.S.C. § 5724a(a)(4)(A) (Supp. III 1985), and Federal Travel Regulations, para. 2-6.2h, incorp. by ref., 41 C.F.R. § 101-7.003 (1985). Instead of penalties for termination of unexpired leases, Mr. Wegner paid penalties as a condition of entering into short-term leases. These circumstances are analogous to those in Raymond J. Sexton, 65 Comp. Gen. 396 (1986), where an employee incurred surcharges incident to month-to-month leases. In Sexton, the employee, in view of a pending transfer, chose not to enter into a new 12-month lease, opting instead to lease his apartment on a month-to-month basis.

Although Mr. Sexton, as Mr. Wegner, acted prudently to mitigate the cost impact of his move, in the absence of a settlement of an unexpired lease, we held in Sexton that there is no legal basis to reimburse an employee under 5 U.S.C. § 5724a(a)(4)(A) and FTR, para. 2-6.2h. As we held in Sexton, however, this type of expense is reimbursable under FTR, para. 2-3.1, as a miscellaneous expense, subject to the limitations in para. 2-3.3, concerning the allowable amount. Accordingly, Mr. Wegner may be reimbursed on that basis subject to the applicable limitations.

##### (B) Credit Clearance Fee

The rationale for extending reimbursement of miscellaneous expenses to short-term lease penalties, however, does not apply to credit report fees. Specific provision is made for the reimbursement of the cost of preparing credit reports, and it is expressly limited to reimbursement in connection with the sale or purchase of a residence.<sup>2/</sup>

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<sup>2/</sup> Reimbursement has also been extended to credit reports for a construction loan under strict limitations.

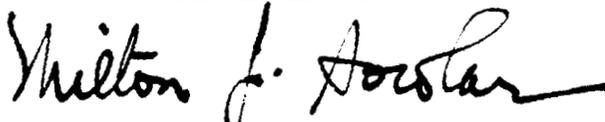
FTR, para. 2-6.3d(1)(c) (Supp. 4, Aug. 23, 1982). We find no basis to extend the reimbursement of credit report fees to the context of a lease. Accordingly, Mr. Wegner may not be reimbursed for the \$20 credit clearance fee he paid in Chicago.

Placing Employee on TDY from Washington, D.C.

The agency's third question is whether, instead of transferring him every 6 months, it would have been more beneficial if Mr. Wegner had been placed on temporary duty from Washington, D.C., since that was ultimately his official duty station.

A newly hired employee may be authorized travel allowances for travel to temporary duty sites (and per diem while there) en route to the employee's first permanent duty station less the constructive cost of traveling directly from the employee's home to the first permanent duty station. Cecil M. Halcomb, 58 Comp. Gen. at 747-748; 53 Comp. Gen. 314 (1973). Whether a location is to be considered a temporary duty station or a permanent duty station is a question of fact to be determined from the orders directing the assignment and from the nature and duration of the assignment. Peter Dispenzire, 62 Comp. Gen. 560 (1983), and cases cited therein.

As is indicated above, in the circumstances of this case we do not question the agency's treatment of Mr. Wegner's transfers between the three locations as changes in official duty station. Likewise, the agency could have designated Washington as the permanent duty station and treated the three locations as temporary duty locations under the rule stated above. However, it appears that the cost of the latter action would have been much higher. A comparison of the estimated costs to the government of each type of duty would be appropriate in making such determinations in future cases. See Robert E. Larrabee, 57 Comp. Gen. 156 (1977).

*for*   
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