



**United States General Accounting Office**  
**Washington, DC 20548**

**National Security and  
International Affairs Division**

B-285940

September 27, 2000

Congressional Committees

**Subject: Defense Transportation: Final Evaluation Plan Is Needed to Assess  
Alternatives to the Current Personal Property Program**

The Department of Defense spends about \$1.2 billion annually to move the household goods and unaccompanied baggage of relocating servicemembers and their families. The Department has long been concerned about the quality of services it provides military personnel and their families when they relocate. Past problems include poor service from movers, excessive loss or damage to property, and high claims costs to the government. All of these problems have contributed to poor quality of service for people using the personal property program.

Currently, the Department's Transportation Command is developing an evaluation plan to assess alternatives to the existing personal property program. The Command originally expected to have its plan in place by spring 1999 and to begin collecting data from the current program and two pilot projects no later than January 2000 to develop recommendations for a new personal property program. These goals have not been achieved because the Department has not yet concluded what methodology will be included in the evaluation plan to analyze costs and because one of the pilot projects will not be ready to be assessed until late February 2001. In the meantime, the Command decided to begin collecting data in June 2000 for completed sections of the evaluation plan from the current program and the other pilot project, which is in its second year of operation. The Transportation Command and the Military Traffic Management Command, the office administering the ongoing pilot project, have awarded contracts to obtain assistance in developing the evaluation plan and in gathering and analyzing data for this year's assessment. The Military Traffic Management Command has also awarded contracts to private sector transportation companies that will be moving the servicemembers' household goods and unaccompanied baggage.

This report provides an update on the Transportation Command's efforts to evaluate alternatives to the current personal property program. Our objective was to assess the Command's decision to begin data collection efforts before the evaluation plan was completed. Our involvement in this issue stems from the conference report<sup>1</sup> on

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<sup>1</sup> House Report 104-863 p. 866 (Sept. 28, 1996).

the fiscal year 1997 Defense Appropriations Act and a request from the House Armed Services Subcommittee on Military Readiness after our testimony<sup>2</sup> during its March 18, 1999, hearing on the Department's personal property program.

### RESULTS IN BRIEF

The Transportation Command's decision to begin collecting data from the ongoing pilot project and current program in June 2000 was reasonable because (1) the Command needs to determine this year whether its evaluation plan can be successfully executed so that any necessary changes can be made before any further assessments of pilot projects are initiated in 2001; (2) the current evaluation plan, although incomplete, provides sufficient guidance to allow the Command to begin collecting time-sensitive and other data required for analysis; and (3) the collection of data during the high-demand summer moving season in this year's assessment allows the Department to begin determining whether its pilot projects can provide the level of services desired for its servicemembers and their families when they relocate. The current evaluation plan is incomplete because methodological issues related to how total costs will be measured remain unresolved. If the Command does not finalize its evaluation plan and complete its current assessment, it will be unable to meet a February 15, 2001, internal reporting deadline. This will impact the Command's ability to make any needed changes to the plan before conducting its initial assessment of the second pilot next year and a reassessment, if needed, of the ongoing pilot before it expires at the end of 2001. If these problems are not addressed in a timely manner and should assessments continue into 2002, the Department will need to modify existing contracts or award new contracts. Should this occur, the Department's efforts to improve its personal property program will be further delayed and cost more.

We are recommending that the Department resolve outstanding cost issues this fall so that the Transportation Command can have a complete evaluation plan in place to begin assessing alternatives to the current personal property program. In oral comments provided on a draft of this report, the Department concurred with our recommendation and agreed to take the necessary actions to complete its evaluation plan.

### BACKGROUND

The Transportation Command is responsible for developing an evaluation plan for assessing alternatives to the Department of Defense's personal property program. This plan will be used to assess two pilot projects. The Reengineered Personal Property Program, managed by the Military Traffic Management Command, has been under way since January 1999 and is scheduled to end on December 31, 2001. The Full Service Moving Project, managed by a project team reporting to the Assistant Deputy Under Secretary of Defense (Transportation Policy), was scheduled to start in January 2000 but is currently not expected to be fully operational until the end of

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<sup>2</sup> Defense Transportation: Efforts to Improve DOD's Personal Property Program ([GAO/T-NSIAD-99-106, Mar. 18, 1999](#)).

February 2001. A third pilot project, Navy's Servicemember Arranged Move, will not be assessed using the Transportation Command's evaluation plan. Rather, this pilot project will be evaluated separately by the Transportation Command using data from the Navy's 1999 assessment.<sup>3</sup>

The evaluation plan includes four assessment factors: quality of life, small business participation, process improvements, and total costs. The specific criteria for the first three factors were established by May 2000. The fourth assessment factor, related to total costs, will consider both direct and indirect costs for the pilot projects and the current program.<sup>4</sup> Discussions among the Transportation Command and other Department offices are ongoing to reach agreement on the methodologies for the cost factor.

The Transportation Command is considering comments from three other offices in its efforts to complete the cost section of the plan. The Assistant Deputy Under Secretary of Defense (Transportation Policy) issued guidance to the Command stating that the evaluation plan and the first-year assessment of the Reengineered Program pilot project should use the same direct and indirect cost methodologies to assess the current program. The Command is also reviewing the results of the Department of Defense Inspector General's evaluation of the current program's cost methodologies that the Military Traffic Management Command plans to use to evaluate its Reengineered Program pilot project's first-year operations. The Inspector General sent its draft report, dated June 30, 2000, to the Transportation Command and requested that comments on the report's findings and recommendations be submitted by August 29, 2000. The Inspector General has agreed to the Transportation Command's request for an extension to September 15, 2000, to allow the Transportation Command additional time to facilitate coordination within the Department before submitting its formal comments. The third office, the Military Traffic Management Command, previously concurred with the cost data elements included in the evaluation plan; however, its Reengineering Program pilot project team recently raised concerns about the availability of cost data as specified in the plan.

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<sup>3</sup> The Reengineered Program pilot project includes about 18,500 moves from installations in North Carolina, South Carolina, and Florida. The Full Service pilot project will involve about 45,000 moves from installations in the National Capital Region, Georgia, and North Dakota. Both pilots will include participants from all military services and the Coast Guard. The Navy's assessment of its pilot project included 223 moves from 5 installations between January 1998 and March 1999. While government personnel administer the current program and two of the pilot projects, the Full Service pilot project will employ contractors to perform this function.

<sup>4</sup> Direct costs include charges for transportation, storage, and accessorial services (e.g., number of boxes used and movement of large items such as pianos). Indirect costs include program management, counseling, quality assurance, and financial transaction processing costs. Direct costs can be linked to a specific shipment; indirect costs cannot.

DECISION TO PROCEED WITH DATA COLLECTION WAS REASONABLE, BUT EVALUATION PLAN HAS NOT BEEN FINALIZED

Although the Transportation Command has not completed its evaluation plan and was unable to assess both pilot projects and the current program as projected this year, its decision to begin collecting data from the ongoing pilot project and the current program in June 2000 was reasonable. However, unless outstanding cost issues are resolved this fall, the Command will be unable to finalize the evaluation plan and complete this year's assessment to determine whether any changes are needed to the evaluation plan before any further assessments are conducted in 2001. Furthermore, should the delay cause assessments to continue beyond 2001, the Department will need to modify existing contracts or award new contracts.

Decision to Proceed With Data Collection Provides Benefits

The Transportation Command's decision to begin collecting data from the Reengineered Program pilot project and the current program in June 2000 was reasonable for the following reasons:

- The Command needs to collect and analyze data from the ongoing pilot project and current program this year to determine whether its evaluation plan can be successfully executed before the initial assessment of the Full Service pilot project begins next year. Also, if the evaluation plan needs to be revised, the Command projects it will have sufficient time to make the necessary changes and reassess the Reengineered Program pilot project before it ends on December 31, 2001.
- The evaluation plan, though incomplete, contains sufficient guidance to allow the Command to begin collecting data required for the completed sections of the plan, including quality of life, small business participation, and process improvements. Of particular significance is the need to conduct time-sensitive surveys of participants in the Reengineering Program pilot project and of a control group representing users of the current program for the quality-of-life factor.<sup>5</sup>
- Data collected this summer will allow the Department to begin assessing whether its pilot projects can provide the level of services desired for its servicemembers and their families when they relocate. It is during the summer that the demand for moving services is at its highest and that the Department competes the most with other government agencies and private-sector users for quality services from the moving industry.

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<sup>5</sup> To assess the quality-of-life factor for the current program, the Transportation Command plans to survey 1,000 randomly selected servicemembers from geographic locations outside the Reengineered Program and Full Service pilot project areas.

### Effects of Further Delays in Completing the Evaluation Plan

If the Department does not resolve the outstanding cost issues this fall, before data collection efforts end, the Command will be unable to finalize its evaluation plan and meet its February 15, 2001, deadline for issuing an internal status report on this year's assessment of the Reengineered Program pilot project and current program. This will also impact the Command's ability to determine whether changes are needed to the cost and other sections of the plan in time for its initial assessment of the Full Service pilot project in 2001 and, if required, a reassessment of the Reengineering Program pilot project. Summer 2001 will be the last opportunity to obtain meaningful data from the Reengineered Program pilot project before it ends on December 31, 2001.

The Command has identified several steps that it believes must be completed to meet the February 15, 2001, reporting deadline. Currently, the Command is collecting data on moves initiated and completed from June 1 through November 30, 2000.

Extending the assessment period from August 31 to November 30 allows for the inclusion of more overseas moves and shipments involving temporary storage (less than 60 days). Throughout the assessment period, the Command plans to collect and analyze data for its report on all four of the assessment factors and will also identify and correct any problems, to the extent possible, to maintain the integrity of this year's execution of the evaluation plan. With the exception of the final quality-of-life survey data, the Command plans to have most of its data collection and analysis completed by December 31, 2000. Since the Reengineered Program pilot project will be given 60 days to compile quality-of-life survey results after each move is completed, the Command anticipates receiving the final survey data by January 30, 2001.

By February 15, 2001, the Command plans to have all data collection and analysis tasks completed, issue an internal status report on its assessment of the pilot project and current program, and identify any remaining deficiencies in its execution of the evaluation plan. The Command projects that it will then have less than 4 months to address these deficiencies before any further assessments, including those carried out in the summer of 2001, could begin. If the remaining deficiencies are not corrected by that time and should assessments continue into 2002, the Department will need to modify existing contracts or award new contracts. Any assessments beyond next year will cause further delays and higher costs for the Department to continue its efforts to improve the current personal property program.

### CONCLUSIONS

The Department's decision to begin collecting data on the Reengineering Program pilot project and the current program was reasonable, even though the evaluation plan was incomplete. However, if the Department does not resolve outstanding issues on how total costs are to be calculated, the Transportation Command will be precluded from finalizing its evaluation plan, completing this year's assessment, and correcting any remaining deficiencies in the plan before further assessments are conducted in 2001. Until these problems are addressed, the Command is also precluded from developing recommendations for an improved personal property

program. In the meantime, servicemembers and their families will continue to be subjected to problems with the current program when they relocate.

### RECOMMENDATION FOR EXECUTIVE ACTION

We recommend that the Secretary of Defense direct the Assistant Deputy Under Secretary of Defense (Transportation Policy), the Transportation Command, and the Department of Defense Inspector General take the necessary actions to resolve outstanding cost issues this fall so that the Transportation Command can have a complete evaluation plan in place to begin assessing alternatives to the current personal property program.

### AGENCY COMMENTS AND OUR EVALUATION

The Assistant for Surface Transportation to the Assistant Deputy Under Secretary of Defense (Transportation Policy) and representatives from the Transportation Command and the Department of Defense Inspector General provided oral comments on a draft of this report. They all concurred with our recommendation and stated that they plan to take necessary actions so that the U.S. Transportation Command can have a complete evaluation plan in place this fall to begin assessing alternatives to the current personal property program. The officials also provided technical comments, and we revised our report to reflect them where appropriate.

### SCOPE AND METHODOLOGY

To assess the Transportation Command's decision to proceed with data collection for the Reengineered Program pilot project and the current program, we reviewed the latest version of the Command's evaluation plan to determine to what extent it addresses the four assessment factors: quality of life, small business participation, process improvements, and total costs. We met with Department officials and their contractors to discuss prior problems the Department encountered in studying alternatives to the current personal property program and the ongoing efforts to address these problems. We discussed lessons learned from our review of the Army Hunter Pilot Project and the criteria we would use to assess the evaluation plan.<sup>6</sup> We also provided the Transportation Command with excerpts of our General Policies/Procedures and Communications Manual on sampling methodology and copies of two reference guides,<sup>7</sup> as requested.

We met with officials from the Office of the Assistant Deputy Under Secretary of Defense (Transportation Policy), Washington, D.C.; the U.S. Transportation Command, Scott Air Force Base, Illinois; the Military Traffic Management Command, Alexandria, Virginia; the Department of Defense Inspector General, Full Service

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<sup>6</sup> Defense Transportation: The Army's Hunter Pilot Project Is Inconclusive but Provides Lessons Learned (GAO/NSIAD-99-129, June 23, 1999).

<sup>7</sup> Developing and Using Questionnaires (GAO/PEMD-10.1.7, Oct. 1993) and Using Structured Interviewing Techniques (GAO/PEMD-10.1.5, June 1991).

Moving Project, and Hay Group (Transportation Command Contractor), Arlington, Virginia; and American Management Systems (Transportation Command contractor), PricewaterhouseCoopers (Military Traffic Management Command contractor), and Systems Research and Applications (Military Traffic Management Command contractor), Fairfax, Virginia. We conducted our review from February through August 2000 in accordance with generally accepted government auditing standards.

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We are sending copies of this report to the Honorable William S. Cohen, Secretary of Defense; the Honorable Louis Caldera, Secretary of the Army; General Charles T. Robertson, Jr., Commander in Chief, U.S. Transportation Command; Major General Kenneth L. Privratsky, Commander, Military Traffic Management Command; and the Honorable Jacob J. Lew, Director, Office of Management and Budget. We are also sending copies to interested congressional members. Additional copies will be available to others upon request.

Please see enclosure I for contacts and key contributors to this assignment.

A handwritten signature in black ink that reads "David R. Warren" followed by a long horizontal flourish.

David R. Warren, Director  
Defense Management Issues

LIST OF CONGRESSIONAL COMMITTEES

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GAO CONTACTS AND STAFF ACKNOWLEDGMENTS

GAO CONTACTS

David R. Warren (202) 512-8412  
Charles I. Patton, Jr. (202) 512-8412

ACKNOWLEDGMENTS

In addition to those named above, Lawson Gist, Jr., Robert L. Self, Jacqueline S. McColl, Marjorie L. Pratt, Arthur L. James, Jr., Molly B. Boyle, and John G. Brosnan made key contributions to this assignment.

## RELATED GAO PRODUCTS

*Defense Transportation: The Army's Hunter Pilot Project to Outsource Relocation Services*  
(GAO/NSIAD-98-149, June 10, 1998).

*Defense Outsourcing: Better Data Needed to Support Overhead Rates for A-76 Studies*  
(GAO/NSIAD-98-62, Feb. 27, 1998).

*Defense Transportation: Reengineering the DOD Personal Property Program*  
(GAO/NSIAD-97-49, Nov. 27, 1996).

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