

MILITARY RELOCATION PROGRAM PROBLEMS
SOME CIVILIAN ALTERNATIVES

By

CAPTAIN GRANT EDWARD WILSON

Bachelor of Business Administration
Eastern Michigan University
Ypsilanti, Michigan
1982

Master of Science
Oklahoma State University
Stillwater, Oklahoma
1987

Submitted to the Faculty of the
Graduate College of the
Oklahoma State University
in partial fulfillment of
the requirements for
the Degree of
MASTER OF SCIENCE
December, 1987

TABLE OF CONTENTS

Chapter	Page
I. INTRODUCTION	1
Nature and Justification of the Problem .	2
Purpose of the Research	3
II. REVIEW OF LITERATURE	4
Introduction.	4
Housing	5
Family Relocation	10
Productivity Loss	14
Moving Expenditures	15
Military Relocation Program	16
III. METHODOLOGY OF RESEARCH.	19
IV. ANALYSIS	27
Limitations of the DoD Survey	39
V. SUMMARY AND RECOMMENDATIONS.	41
A SELECTED BIBLIOGRAPHY.	45

CHAPTER I

INTRODUCTION

Employee relocation is implemented by practically all multi-site corporations. The benefits of employee relocation are proper placement of experience, leadership, and promotion opportunities; relocation also provides employees a broader range understanding of corporate operations and an opportunity to travel to a new area, sometimes even a different country. A well planned and executed relocation policy serves as an effective morale builder.

Firms can develop the full potential of their young employees and place both line and staff managers in the jobs for which they are best qualified. Relocation affords the successful employee an opportunity to excel in another position. A well planned relocation policy can help a firm meet its changing human resource needs by promoting employees to higher positions at other branches of the company. Generally, employee relocation allows a company to fit the right person to the right job.

Nature and Justification of the Problem

The Department of Defense (DoD) is a strong advocate of the merits of employee relocation not only for the reasons listed above, but also because of its need to rotate personnel to desolate areas which are deemed to be of strategic or tactical military importance. To fulfill all of DoD needs, the Military Personnel Center (MPC) has established an employee rotation policy whereby the length of a military member's tour of station depends on the amount of training required to perform upcoming duties. Length of tour generally ranges from one to four years. A one year tour, a "remote", is any tour to an isolated region where a military member goes unaccompanied by his family. The equipment at remote sites usually requires little advanced training to utilize. Because of the relatively inexpensive training that the military member receives to become "operational" and the fact that the military does not have to move the family, it is cost effective for the military to only keep the member for a year at the remote position.

With a four year assignment, the training a military member incurs is very in depth and specific. The military will move the member and his family to a newly assigned station once the member completes training. To recoup the costs of training the military member and moving the member and family to a different duty station, the military

requires that the member stay at that position for a four year period.

Although the present policy successfully meets the requirements of DoD to fill critical, yet often undesirable, positions and locations, frequently overlooked is the financial and emotional strain on military members and their families. Therefore, it is important for both DoD and MPC to devise programs that help ease the problems of relocation so the military can maintain morale and help attract and retain their most valuable asset, the military member.

Purpose of the Research

The purpose of this study is three-fold:

1. Discuss present relocation policies used by civilian corporations. From these policies, it will be possible to identify effective relocation assistance policies that potentially could be used by the military.
2. Isolate problems that military members are currently facing when being relocated to a new duty station. This is accomplished by using an extensive survey of officers and enlisted personnel in the U.S. Armed Forces conducted for DoD.
3. Having isolated problems of military relocation, match any effective relocation assistance policy used by civilian corporations to solve these military relocation problems.

CHAPTER II

REVIEW OF LITERATURE

Introduction

When a member joins the service it is understood that this person will be required to relocate several times. In essence, relocation is a part of the job for a military member. In comparison with civilian relocation, the main difference is that a civilian employee usually has the option to accept or decline the transfer. The military member has no choice -- the new assignment must be accepted or the member must leave of the service. Although relocation is more prevalent in the military, the problems that the military member faces when relocating are quite similar to those of civilian transferees. A review of civilian relocation programs will be made to provide alternatives to the current military relocation programs.

Corporate relocation programs of today have noticeably improved over the basic relocation assistance offered in the early 1960s. At that time, companies first began to examine ways to assist their transferring employees. Then relocation assistance was very limited because moves were less costly to the employee. Relocation assistance usually

only covered the physical aspects of the move, such as selling the former home; purchasing the new home; and moving the employee, the family, and their household goods to the new location. For example, managers in the railroad industry tell of the days when corporate relocation meant getting one's household goods to the train station for boxcar shipment. The employee was then instructed to meet the train in the destination city to arrange personally for the delivery of goods (Morabito, 1987). Present relocation policies and programs reflect the evolution and sophistication of corporate relocation, and demonstrate that corporations constantly evaluate the quality of their transfer assistance to meet the needs of their employees.

Housing

Currently, the area that receives the most attention in relocation programs is housing assistance. Selling the transferee's old home and locating a new one is responsible for nearly sixty-one percent of the total cost of relocation (Kovach, 1987). Today, ninety-seven percent of the more than 1,000 major corporations belonging to the Employee Relocation Council (ERC) offer real estate sales assistance to transferees to alleviate the financial burden that relocation places on an employee. The ERC is a non-profit membership organization concerned with the transfer

of corporate employees. There are four basic real estate sales programs prevalent among the relocation industry: 1) third-party, 2) in-house purchase, 3) direct reimbursement, and 4) guarantee-against-loss.

Third-party organizations, more formally called full service real estate management companies, are clearly the most prevalent method of sales assistance. Nearly seventy-five percent of all ERC corporate members provide real estate sales assistance through these third-party plans (Collie, 1984). In third-party programs, the corporation contracts with a relocation agency to sell the employee's house immediately at, or above, fair market value. The third-party will insure proper advertisement of the property and showing of the house to potential customers. In addition, they take responsibility for the cost of appraisals, brokers' fees, and maintenance of the house. The corporation in return pays the third-party organization an agreed upon fee for their assistance, usually between ten to twenty percent of the price of the house (Gorlin, 1977). The advantage of utilizing third-party organizations is that their expertise in the sale of houses enables them to sell the house faster and at a higher price than if the employee tried to sell the house without assistance. This reduces the cost of moving an employee for the company. This option eliminates the employer assuming responsibility regarding mortgage payments on an

unsold house.

The in-house purchase program is the option where the employer purchases the house from the employee if he is unable to sell it. The number of in-house purchase programs has remained constant (eleven percent) in recent years. Typically it costs the corporation twenty percent of a home's value to buy it from the transferred employee and then sell it. The problem with in-house sales programs is that many employees attempt to sell their houses themselves at premium prices knowing that if they cannot get top dollar, they can get a good price from their employers. This results in the employer taking possession of a house that has been on the market for a long time. To avoid this financial drain, AT&T and other companies have initiated a new program -- they offer employees a bonus to sell their houses themselves. AT&T found that its home-acquisition costs were approximately ten percent of a home's value when the employer sold the house. Therefore, they offer a bonus of up to five percent of the value of the house to employees who sell their homes themselves. This program has almost doubled the number of houses sold by AT&T employees -- from thirty-five to sixty-five percent (Guenther, 1986).

Guarantee-against-loss and direct reimbursement programs are two options decreasing in popularity amongst employers. In the guarantee-against-loss program, the

company reimburses the employee for all selling costs and the amount the employee sold the house below fair market value as determined by professional appraisals (Gorlin, 1977). The direct reimbursement program simply paid the employee back for the selling costs incurred during the sales process. In this case companies often would set a limit that they would particularly pay for selling costs, usually \$300 (Gorlin, 1977). Neither of these programs compensated for dramatic changes in the housing market. Often the employee was unable to sell the house without taking a major financial loss on the sale. For this reason, many corporations have replaced guarantee-against-loss and direct reimbursement programs with programs more economically feasible for all parties involved.

Recently implemented by most ERC corporations is the mortgage interest rate differential program (MID). This option is based on a formula developed by corporations to assist the employee who encounters higher mortgage interest rates as a result of the transfer. This option is accomplished by the employer paying the difference, or partial difference, in interest rates. A standard method of calculating an MID is to base the payment on the difference between the old interest rate and the new interest rate, multiplied by the remaining mortgage balance at the old location. For example:

New mortgage rate	14%
Old mortgage rate	9.5%
Mortgage differential	4.5%
Balance on old mortgage	\$75,000
MID differential payment	$(75,000 \times .045) = \$3,375$

This amount would be paid by the company to the employee per annum (Peiffer, 1984). A program of this nature was needed in the late 1970s and early 1980s when high interest rates made purchasing new homes difficult for employees who were relocated. Interest rates on transferees' present home loans were often substantially lower than the rates then available from lenders.

The decline of interest rates during 1986 decreased the need for MIDs; some homeowners presently have mortgages at interest rates below ten percent. However, a small increase in interest rates would make the MID programs necessary once again. Should this occur, many personnel experts believe that the MID programs could be changed to become less costly and more manageable for the corporations. Proposed changes in MIDs include:

- 1) Making the MID only cover a two or three year period, rather than indefinite coverage.

- 2) Decreasing payments each year. For example, pay 100% of the differential amount the first year, sixty-six percent the second year, and thirty-three percent the third year.

3) Establishing a minimal amount that interest rates must change to help to reduce the number of employees qualifying for MIDs.

4) Limiting MID assistance to a dollar amount. These changes would reduce corporate MID costs and prevent employees from using their MID assistance to improve their housing situation. Additionally, it would encourage employees to locate the lowest rates available (Runzheimer, 1987).

Family Relocation

A major concern of personnel managers is relocating dual career families. It is often the case that both spouses are professional or managerial employees. Approximately sixty percent of employee transfers involve dual career couples, and that figure is expected by some estimates to grow to seventy-five percent by 1990 (Driessnack, 1987) and eighty-eight percent by others (McMahon, 1987). Many of those declining to relocate are doing so because there are two careers in the family to consider. The employee offered a new opportunity is now, more than ever, weighing the benefits of the opportunity against personal costs. No longer can an employer assume that an employee will automatically go anywhere to receive a promotion. The opportunity must match the entire family's goals (Morabito, 1987).

One recent study has indicated that the number of employees who resist relocation has grown for some organizations from ten percent in 1973 to forty percent in 1987. This has occurred in spite of greatly expanded relocation benefits (Driessnack, 1987). For this reason, organizations have experienced a need for effective support for the career-oriented following spouse. Some attempt support by providing assistance for a dual relocation. Frequently this includes the company offering a particularly promising employee from \$3,000 to \$10,000 per year additional pay as an inducement to get that person to accept relocation. Frequently, however, all the candidate desires is career search support for the spouse. Instead of a one-time, \$3,000 to \$5,000 up-front cost, the company is faced with an annually increasing cost that could easily reach \$50,000 or more over the first 10 years of employment (Driessnack, 1987). This cost could be avoided by supporting the spouse's career in numerous, less costly ways. To overcome the difficulties often encountered when having to seek employment in a new area, the spouse could be provided with professional assistance in making employment connections in the region to which the family is transferring. He/She could also have counseling made available to enable him/her to recognize skills which could be directed toward acceptable and productive career changes (Driessnack, 1987). Additionally, some companies are now

permitting an extended house-hunting trip or a separate job-search trip. To assist the spouse in job hunting, companies have provided the following assistance:

- Help is available through resume preparation.
- Using the corporation's contacts, an employer can sometimes locate employment opportunities at the new location. Companies can form a "consortium" where personnel managers meet and exchange resumes of incoming spouses (Trippel, 1985).
- If all other means are exhausted, some companies are doing away with nepotism policies to enable them to hire both husband and wife (Collie, 1984).

In a survey conducted of women executives who are married, the most frequently answered solutions to dual career and relocation conflicts were:

- More highly compensated individual's career governs (21%).
 - Career offering more long-term potential governs (16%).
 - Take turns making career decisions (11%).
 - Commuting marriage results (9%).
- (Heidrick and Struggles, 1987).

Relocation also induces emotional and psychological stress on an employee's family. Along with spouses having

to sever employment at their current location, community and other social ties will most likely have to be broken due to the transfer. For children, the move means leaving their friends. Teenagers in junior and senior high school usually are particularly affected by relocations. To help smooth some of these problems some companies have provided counseling services to help employees and their families cope with the changes involved in moving to a new location. Many companies employ counselors who are familiar with the new area. Some counselors even show the family an audio-visual presentation of the area they will potentially be moving to and help them develop a plan for moving. The counselor can also review communities and housing alternatives with the transferees. This service can help them select a neighborhood and home compatible with their needs and interests. Once the family has moved, the counselor can introduce them to neighbors who can familiarize them with the local area (Easing Relocations and Transfer, 1986). Companies concerned with timing relocation according to when it would be the easiest for the children have traditionally relocated employees during the summer time when the children are not attending classes. However, recent studies have proven that the best time to transfer children is during the school year. When companies move families in the summer time it can be very difficult for children to make friends when there is

nothing to bring them together with other children. When families are transferred during the school year, children are thrown into a social situation and noticed as "the new kid on the block" and it is therefore easier for them to meet new friends and enjoy their new location (Epstein, 1987).

Productivity Loss Due to Relocation

A study was conducted in a military setting to investigate the impact of transfers on the productivity of non-commissioned officers (NCOs). The findings indicated that the more elements differing from previous duties, the more time the transitioner needed to take to adjust (Louis, 1985). Another study showed that transfers involving only a few changes in the work environment were less likely to cause psychological or physical illness than transfers involving more dramatic changes. In addition to the similarity between the new environment and the old, the number of transfers previously experienced by an employee was directly related to ability to return to normal productivity after relocation. The results of the survey of NCOs showed that as much as twenty-two percent of a new employee's time at an assignment can be spent adjusting to a new situation. This represents a considerable loss of productivity. Another study conducted on 2,000 employees and their spouses differentiated employees by salary. The

results indicated:

- Employees making over \$60,000 a year took nine and a half months to adjust.
- Employees earning from \$40,000-\$60,000 annually took slightly more than eight months to adjust.
- Employees earning less than \$40,000 took an average of eight months to become acclimated (Moran, Stahl and Boyer,1986).

To make the transfer cost-effective for the corporation, it is important to determine the following: 1) the length of time the employee is expected to perform at the new position, 2) the similarity of the new job to his current job, 3) the amount of previous experience that the employee has had with relocation, and finally, 4) the geographical and cultural similarities between current and future locations. From this it is then possible to make a decision whether the relocation would be economically worthwhile for both the employee and the company (Fields and Shaw,1985).

Moving Expenditures

The final area to discuss is programs that actually transport the employees' household goods as well as transporting the employee and family to their new home. Most firms pay for or reimburse employees for the entire

cost of packing and shipping household and personal goods. Sometimes there is a restriction on the maximum allowable weight (usually between 8,000 and 12,000 pounds) or specific articles that can be moved at company expense regardless of weight. Corporations usually contract with moving companies. However, some employers allow the employee to select the moving company they prefer to use. Travel expenses for the family to the new location are generally paid in full by the company. If the employee decided to drive to the new location, the employee is usually given a mileage allowance. Food, lodging, and incidentals were often included in the employee's travel allotment (Easing Relocations and Transfers, 1986).

If the area to which the employee is moving had a higher cost of living compared to the current location, the corporation would, in most cases, provide a cost of living salary adjustment. The cost of living in a particular area was determined by the Bureau of Labor Statistics (BLS). To determine whether the adjustment offered by the corporation was sufficient, it was advisable for the employee to obtain the BLS findings for the new area.

Military Relocation Program

Much of the reason that the military has a rather limited relocation program is that when a person joins the service there is an understanding that relocation of the

member and family is a way of life. The relocation process for a military member begins when MPC notifies the member of a new assignment. The member in turn goes to the base personnel office where arrangements for shipment of household goods are made. During this time the member is briefed on what goods can and cannot be shipped, options the member has regarding how they will be transported, and situations to be aware of when dealing with the moving company.

The maximum allowable weight for the members' household goods, unaccompanied baggage, and non-temporary storage is dependent upon the member's rank. These allowances vary from 13,500 pounds for General officers to 7,000 pounds for junior enlisted members. It is highly recommended that the member not exceed the allowance because the charges can range from "several hundred to several thousand dollars" which may be collected all at once (DOD PA-13B, 1985).

When moving within the continental United States, the military member has the option to make a Do-it-Yourself move, in which the member does the packing, shipping, and unpacking of all personal goods for a percentage of what the military would be charged by a commercial carrier. In addition, when traveling by privately owned vehicles the member is paid a flat travel rate to cover all miscellaneous expenses. When relocating, the member is

permitted shipment of one automobile, all others must be placed in storage or moved at the member's expense.

CHAPTER III

METHODOLOGY OF RESEARCH

To determine the effectiveness of the military's relocation program, findings from the Defense Manpower Data Center, 1985 DoD Survey of Officer and Enlisted Personnel (Survey) were used. This Survey used an extensive, in-depth, multiple-part matrix questionnaire. It was designed to discover the attitudes of military members toward a large variety of quality of life issues. The purpose was to determine the impact of recent personnel policy changes.

Stratification: The survey was designed to stratify military members by military service, officer or enlisted--if enlisted, additionally stratified by amount of time in the service, pay grade, and sex.

Sample Size: The survey included representatives from all U.S. services worldwide. Of all the officers in the United States Military, 25,432 were surveyed. In order to obtain more detailed information, the females of all services and the Marine Corps were sampled at a higher rate than the rest of the officers.

Administration: Military members were randomly selected by name, based on military administrative records. The names for those selected to participate were then sent

to the individual administrative units who were then assigned to collect the data. Prior to issuing the surveys to the individual units, the survey administrators ensured that all members selected were notified about the survey and the general administrative requirements; the selectee's superior was also notified of the survey and its requirements. In addition, a letter emphasizing the importance of the survey was sent by the commander of each branch of the service.

Upon receiving the survey questionnaires, each individual unit assigned a point of contact where completed forms were to be returned. This person was assigned to ensure that all surveys were completed. Two weeks after the first distribution, a second letter and questionnaire was sent to those individuals who had not responded to the first questionnaire.

The entire data collection process was closely monitored by Research Triangle Institute, the research contractors of the survey. The researchers ensured that the process was being followed correctly and kept individual unit points of contact informed as to the progress of the survey. The result of this process was a seventy-seven percent response rate from the officers and seventy percent rate from the enlisted personnel.

Questionnaire Development: The questionnaire was designed to be similar to a previously administered

military survey conducted in 1978. Once the areas of interest were agreed upon, a pretest was devised. The pretest was tested on officers and enlisted from all four services. From the pretest poor questions were identified and either reworded or eliminated, and by the time the survey was finalized, all questions were sufficiently tested to be reliable, accurate and reflective of areas of concern. There were actually three separate questionnaire forms that were distributed for this study. One was specifically for officers, one for enlisted personnel, and one for the military spouse.

To equate the Survey data to the information obtained from the civilian sector, two criterion were established: gross income and level of education of the transferee. Over fifty percent of civilian transferees earn \$30,000-\$40,000 per year. Forty-seven percent of civilian transferees have received a college degree and twenty percent have earned an advanced degree (Collie, 1984). The military group most comparable to the described civilian group is commissioned officers. The DoD Survey data shows that nearly thirty percent of officers report an income of \$30,000 to \$40,000. Ninety percent of all officers have at least a bachelor's degree, and seven percent of officers have advanced degrees. For these reasons, only officers' responses will be used for this study. The officer survey contained nine different sections:

1. Military Information
2. Present and Past Locations
3. Re-enlistment/Career Intent
4. Individual and Family Characteristics
5. Dependents
6. Military Compensation, Benefits and Programs
7. Civilian Labor Force Experience
8. Family Resources
9. Military Life

The section that was used for this study was past and present locations. In this section, the following questions were asked:

16. "In all the time you have been on active duty, how many months have you spent at an overseas location?" "NAVY AND MARINE CORPS PERSONNEL: Please count total time assigned both ashore and to ships home-ported at overseas locations, including extended TDYs and schools."

The respondent had to write the number of months in the designated space and fill in the appropriate numbered oval. If the respondent had not been overseas, there was a separate oval for this response. The results for this question are in table 9.4 (Defense Manpower Data Center, 1986).

18. "Think about your PCS move to your current permanent post, base or duty station." " Answer even

if this is your first assignment."

This question is a multiple part matrix where the respondent had to fill in an oval corresponding to the level of difficulty experienced during the last change of station. The level of difficulty experienced was broken down into these levels:

- Serious Problem
- Somewhat of a Problem
- Slight Problem
- Not a Problem
- Not Applicable
- Don't Know

The elements of relocation that the respondent had to respond to were:

- Adjusting to a higher cost of living
- Moving and setting up a new household
- Temporary lodging expenses
- Costs of setting up new residence
- Transportation costs incurred during move
- Finding off-duty employment for your spouse or dependents
- Continuing your education
- Continuing spouse/dependent education
- Transferability of college credits
- Finding permanent housing
- Finding shopping areas, recreational

facilities,etc.

- Children adjusting to new environment
- Spouse adjusting to new environment
- Adjusting yourself to new environment

The results of these series of questions were broken down into two tables. Table 9.17a consisted of the percentage of people responding "No Problem" or "Not Applicable".

Table 9.17b consisted of the percentage of people responding "Serious Problem". It must be noted that there no tables listing percentages of "Somewhat of a Problem", "Slight Problem", or "Don't Know" responses to the series of questions.

20. "The next question is about your feelings about the location where you live now."

This is another extensive multiple question matrix. The respondent had to identify their opinion about several characteristics of their present location. The level of satisfaction was broken down into seven categories. The categories are:

- 1) Excellent
- 2) Good
- 3) Fair
- 4) Poor
- 5) Very Poor
- 6) Does Not Apply
- 7) Don't Know

The characteristics of current location that the respondent had to respond to were:

- Climate
- Distance to population centers
- Family's ability to handle cost of living
- Availability of military housing
- Quality of military housing
- Availability of civilian housing
- Availability of goods and services at the post, base, or duty station
- Recreational facilities
- Attitudes of local residents toward military families
- Availability of Federal employment for spouse or dependents
- Availability of other civilian employment for spouse or dependents
- Quality of schools for dependents
- Availability of medical care for you
- Quality of medical care for you
- Availability of medical care for spouse or dependents
- Quality of medical care for spouse or dependents
- Quality of environment for children
- Availability of Family Service Center/Family

Support Center/ Army Community Service

The results of this question were separated into two tables. Table 9.20a is the percentage responding "Excellent" or "Good" concerning the characteristics of present location. Table 9.20b is the percentage responding "Poor" or "Very Poor" to current location characteristics. In this question the percentage of members responding to the options "Fair", "Does Not Apply", and "Don't Know" were not provided.

22. "In all the time you have been on active duty how many times did you move to a new location because of your permanent change of station (PCS)?"

The range of answers were all numbers zero through nine and a separate option of ten or more moves. The results to this question are displayed in table 9.2.

23. "In all the time you've been on active duty, how many times did your spouse/dependent move to a new location because of your permanent changes of station (PCS)?"

The possible answers to this question was the same as the previous question. The only exception is that this question had an additional answer -- Does not apply, I don't have any spouse/dependents. The results for this question are found in table 9.10.

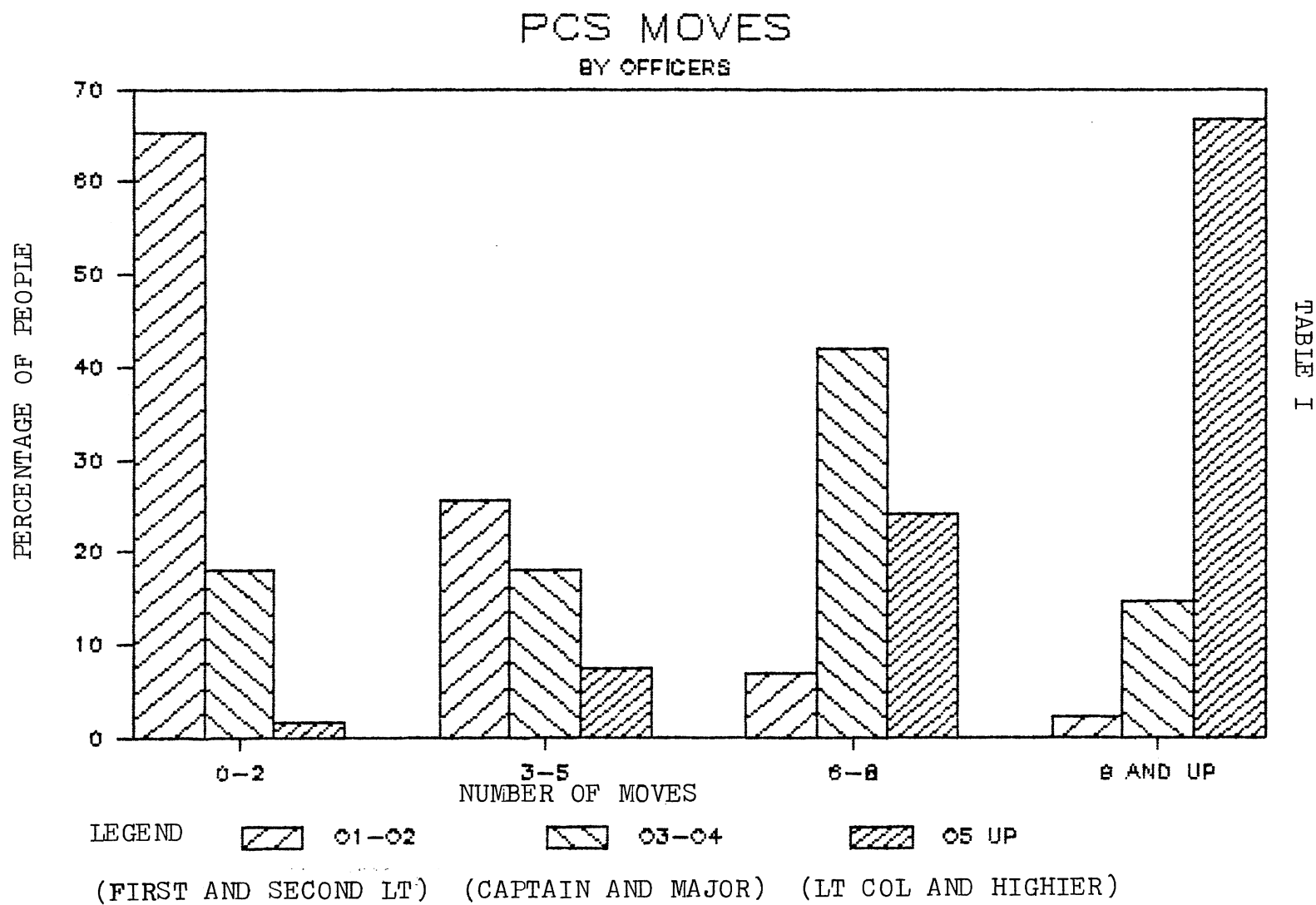
CHAPTER IV

ANALYSIS

The DoD Survey of Officer Personnel was used for the analysis of military relocation. To illustrate the meaningful data from the Survey, a series of bar graphs were made. The data used to create the charts was obtained from the Defense Manpower Data Center "1985 DoD Survey of Officers and Enlisted Personnel", volume 3.

Table 1 is a bar graph illustrating the number of PCS moves an officer will generally make. What must be remembered when looking at officer data is that rank has a lot to do with how much time in the service a person has. In Table 1 the group 01-02 is referring to first and second lieutenants. They generally have less than four years in service and that is why over sixty percent of them have less than two PCS moves.

The 03-04 group represents captains and majors. This group will have been in service from four to twenty years. As the graph illustrates, nearly fifty percent of this group has experienced between six to eight moves. Finally, the group labeled 05 up consists of lieutenant colonels, colonels, and generals. People in this group usually have more than twenty years in service. This graph shows very



clearly that if a person intends to make the military a career, they should plan on doing a lot of travelling. In fact, sixty-seven percent of this group has made nine or more moves in their military career.

Table 2 is the amount of time that the military member has spent overseas. The legend for this graph is the same as Table 1. This graph shows that the amount of time spent overseas is fairly constant throughout the pay grades. The one exception to this is the 01-02 group, in which the majority (65%) has spent less than ten percent of their time in service overseas. This is most likely to be due to the fact that most junior officers are still receiving training and are not deployed overseas until they are fully competent.

Table 3 represents the number of PCS moves a military member has made with his family (dependents). Once again, the 05 up group, or the career officers, has done an extensive number of moves -- fifty percent have taken their family with them for nine or more moves.

The significance of Tables 1-3 is the number of relocations a military member must make both in country and abroad. According to a study conducted by the ERC, the average cost for a corporation to move a homeowner is \$32,000 and the average cost to move a renter is \$9,000 ("Easing Relocations and Transfers", 1986). With this incredible expense associated with being in the military,

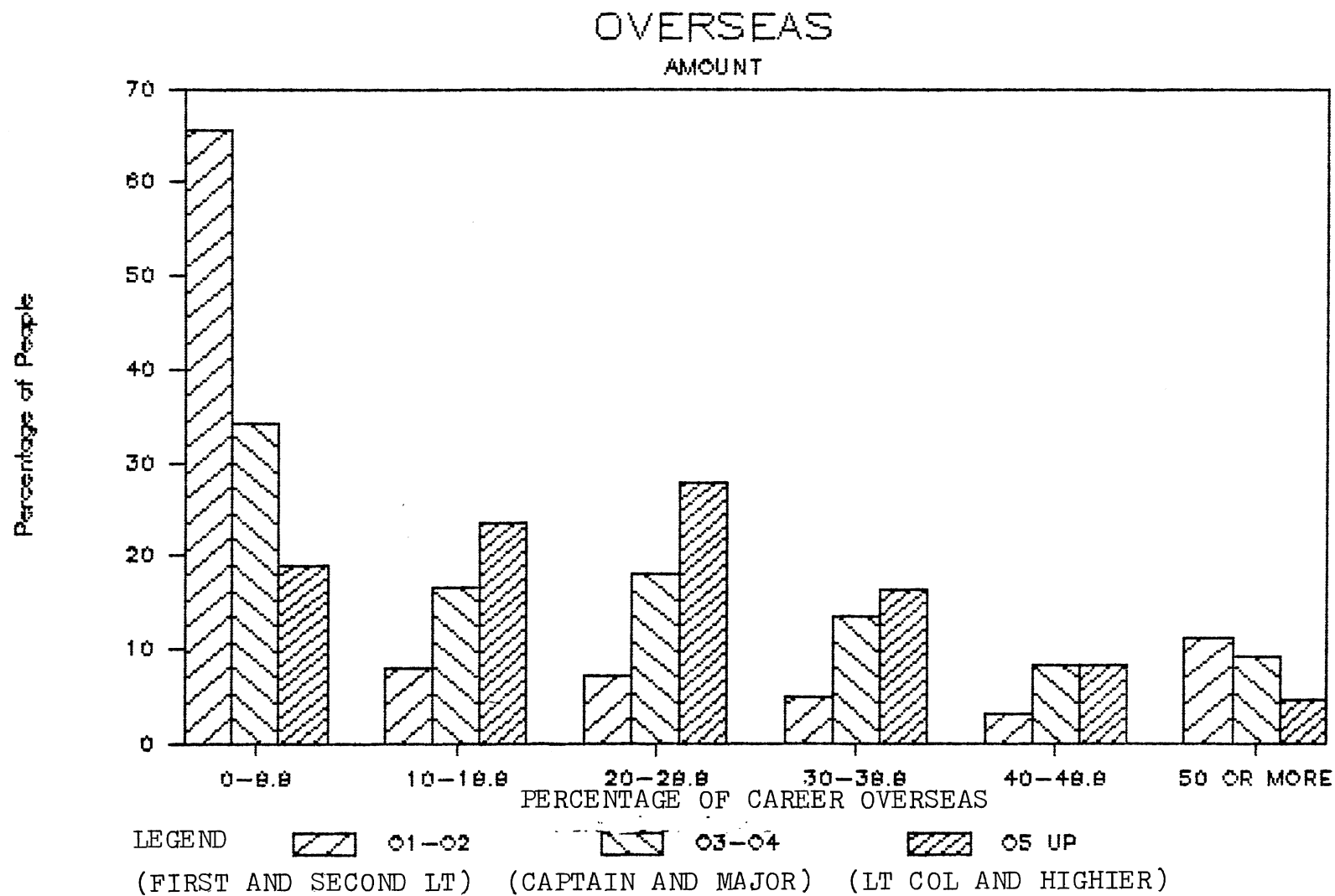


TABLE II

PCS MOVES WITH DEPENDENTS

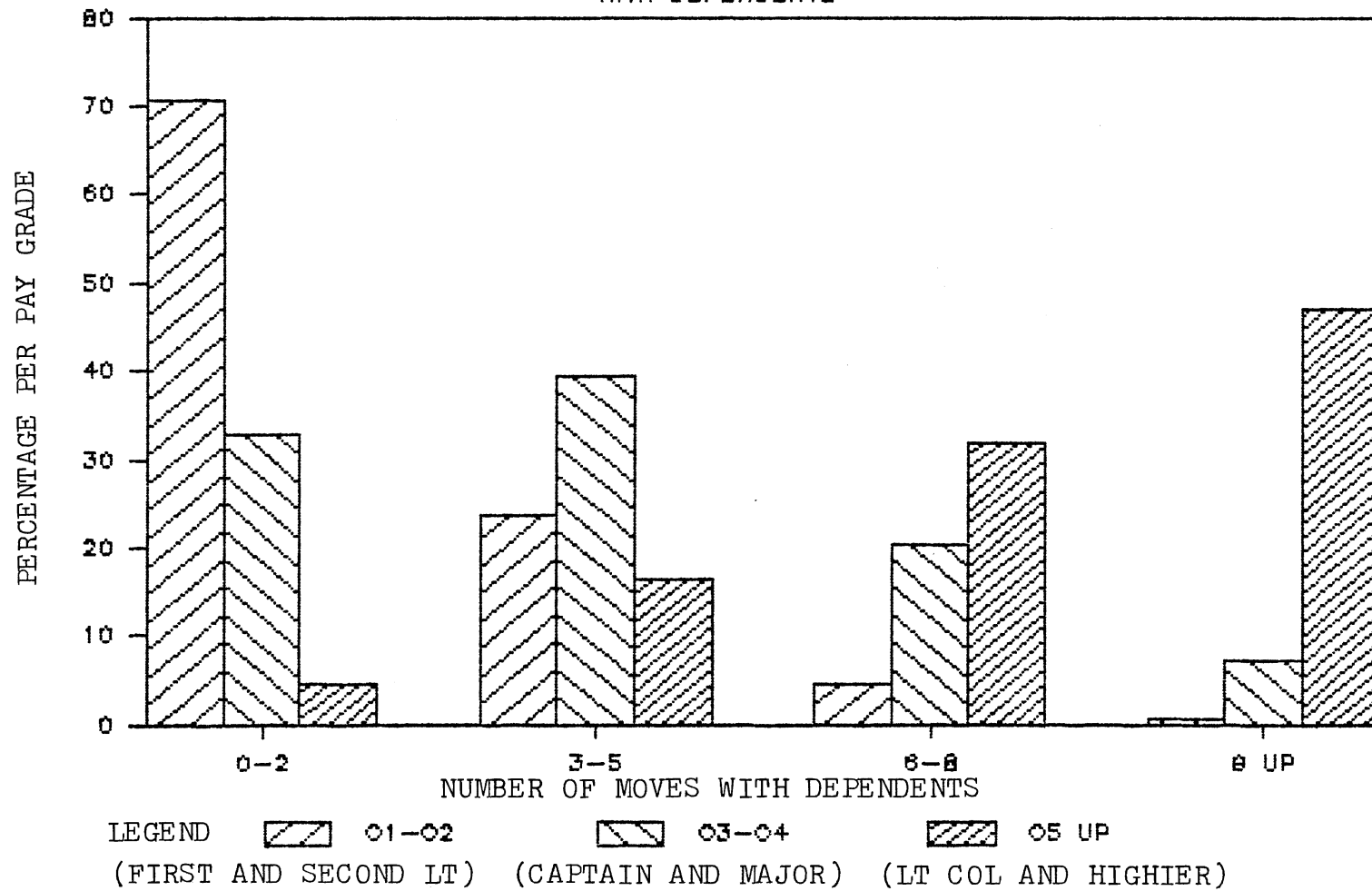


TABLE III

it becomes imperative that the military relocation program be adequate to cover these expenses.

Table 4 is a graph combining the responses to the cost of setting up a residence at a new location. On the horizontal axis of this Table and all the rest of the graphs the following household composition abbreviations are used:

UNMARR = Unmarried military member with no dependents

UN W/KIDS = Unmarried military member with dependents

MIL SPOUS = Military member married to another military member and without dependents

MS W/KIDS = Military member married to another military member with dependents

CIV SPOUS = Military member married to civilian spouse with no dependents

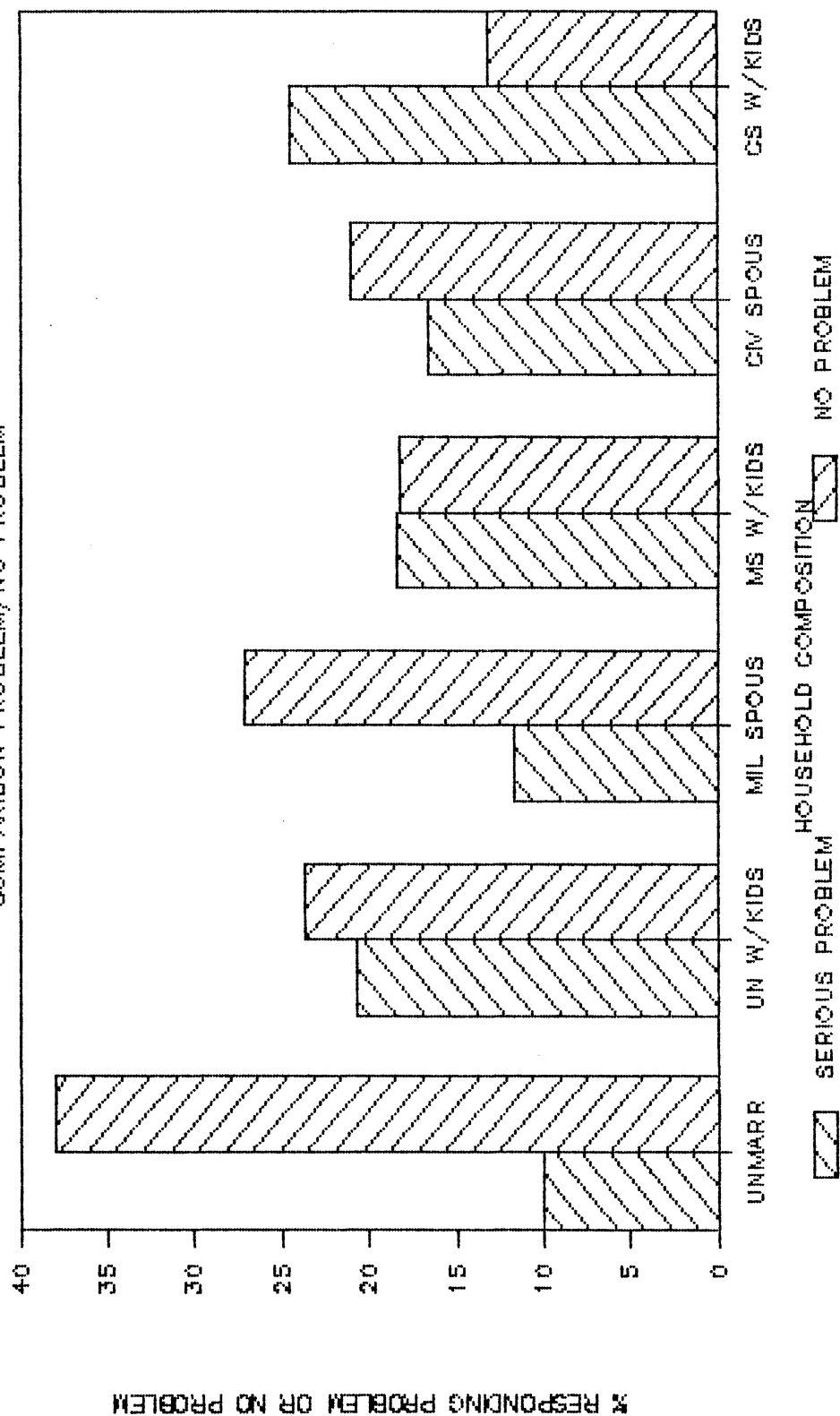
CS W/KIDS = Military member married to civilian spouse with dependents

Table 4 shows the effect that dependents have on the cost of setting up a new residence. For an unmarried military member with military spouse and a military member with a civilian spouse, the amount responding to the cost of setting up a residence "is a serious problem" increased by ten percent when there were dependents involved.

The military offers a flat rate for expenses and shipping when relocating personnel. This rate is based

TABLE I V

COST SETTING UP RESIDENCE COMPARISON PROBLEM/NO PROBLEM



entirely on the member's rank; number of dependents has no bearing at all on the allotment. Due to this fact, it is quite understandable why a member with dependents finds the cost of setting up a residence more difficult than a person without dependents.

Table 5 illustrates the fact that civilian spouses of military members have a very difficult time finding work.

Table 6 combines the availability of federal and civilian employment for military spouses. Once again, over thirty percent of the officers reported that the lack of employment for their spouses posed a problem.

In Tables 6 and 7 it is possible to determine that there is a need for spouse employment assistance. Particularly with the number of moves an officer makes, unless the spouse is offered assistance early in the military member's tour, the spouse may be unmarketable because of the limited amount of time before the next relocation.

Table 7 shows the low regard that military families have for their medical attention. This fear of military doctors is particularly critical when planning to go overseas and the military doctor is the only person available.

Table 8 depicts the shortage of military housing. Not only does the category "military housing" receive a high percentage responding "poor availability", but a large

FINDING JOB—CIVILIAN SERIOUS PROBLEM

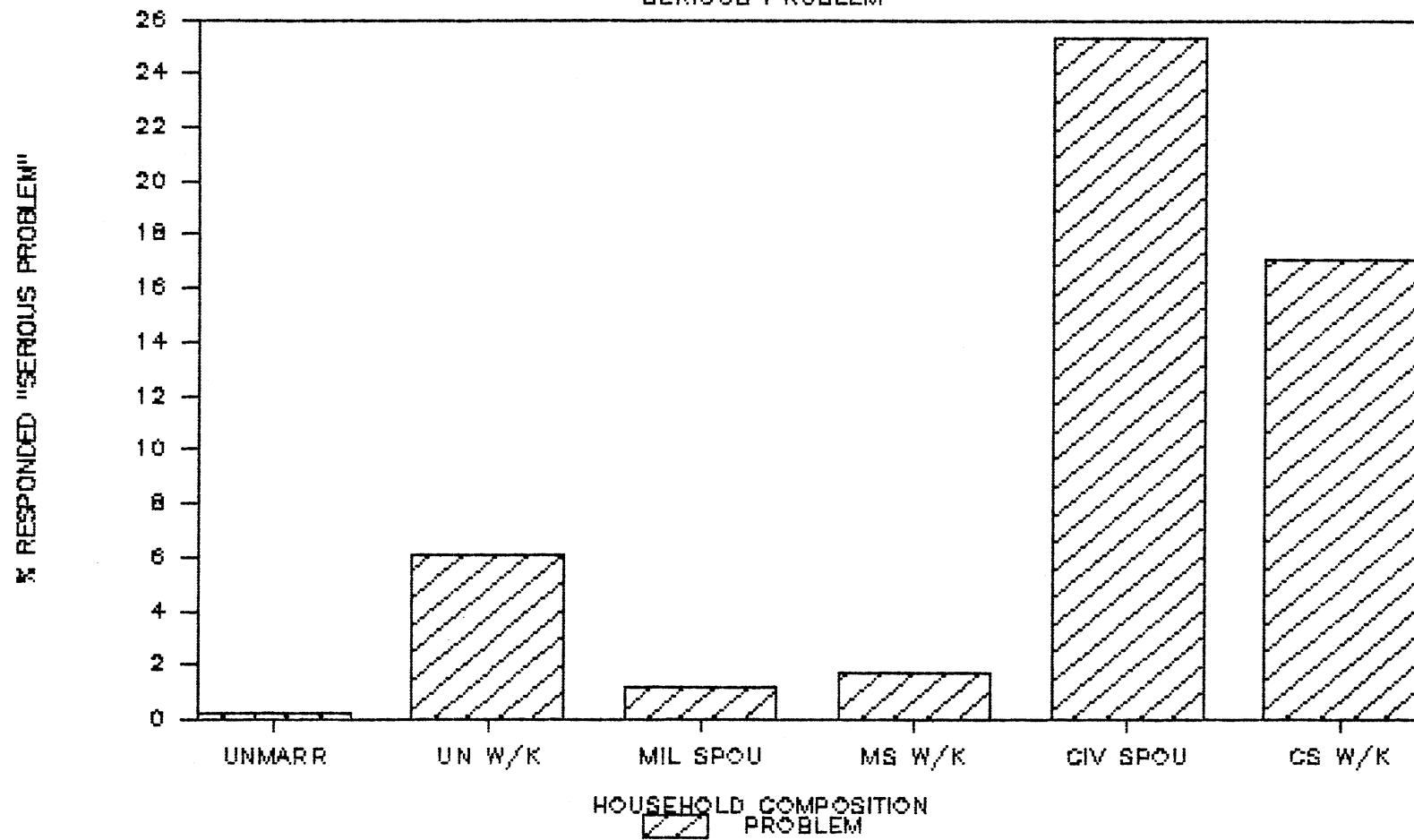


TABLE V

TABLE VI

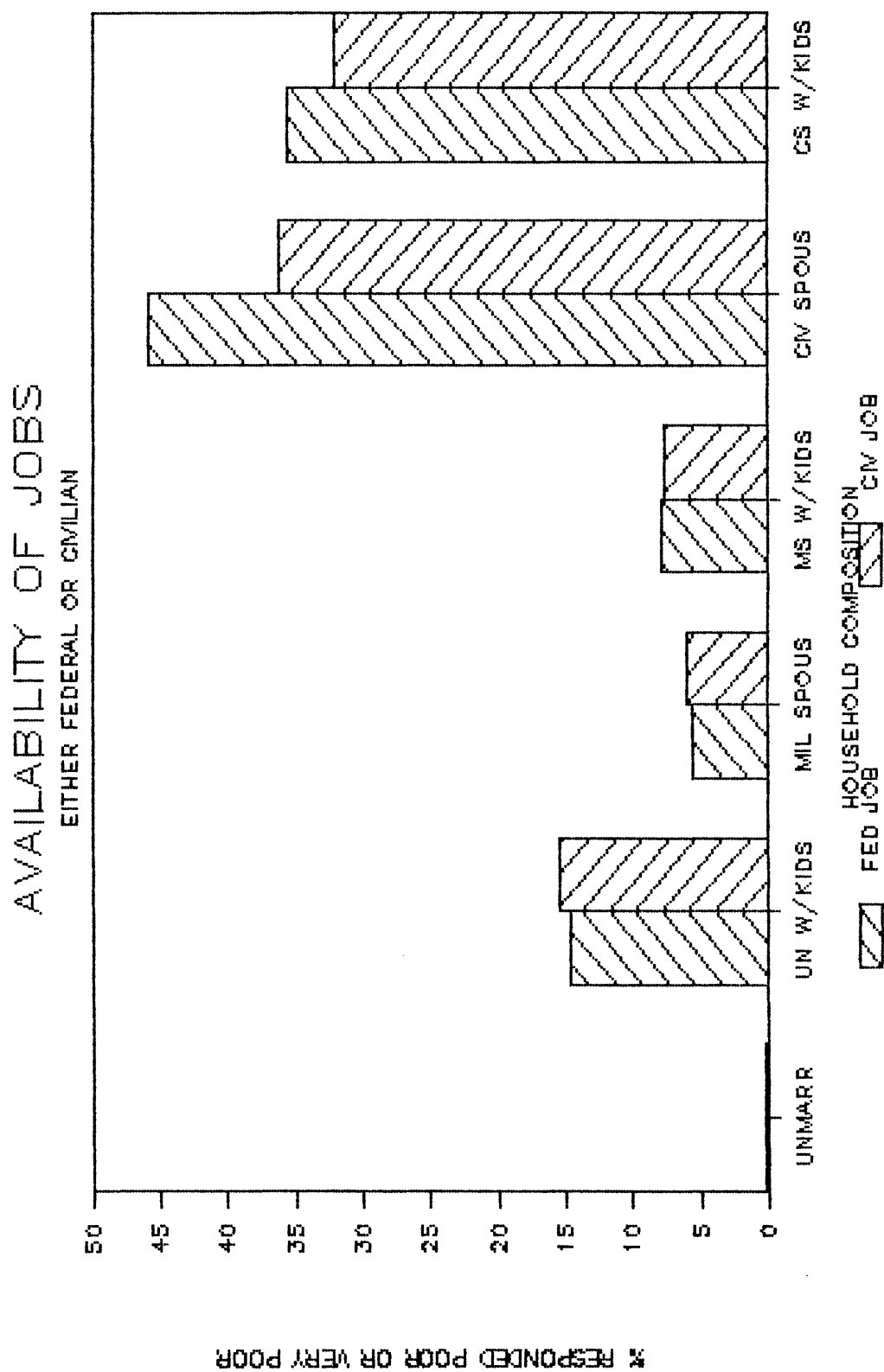


TABLE VII

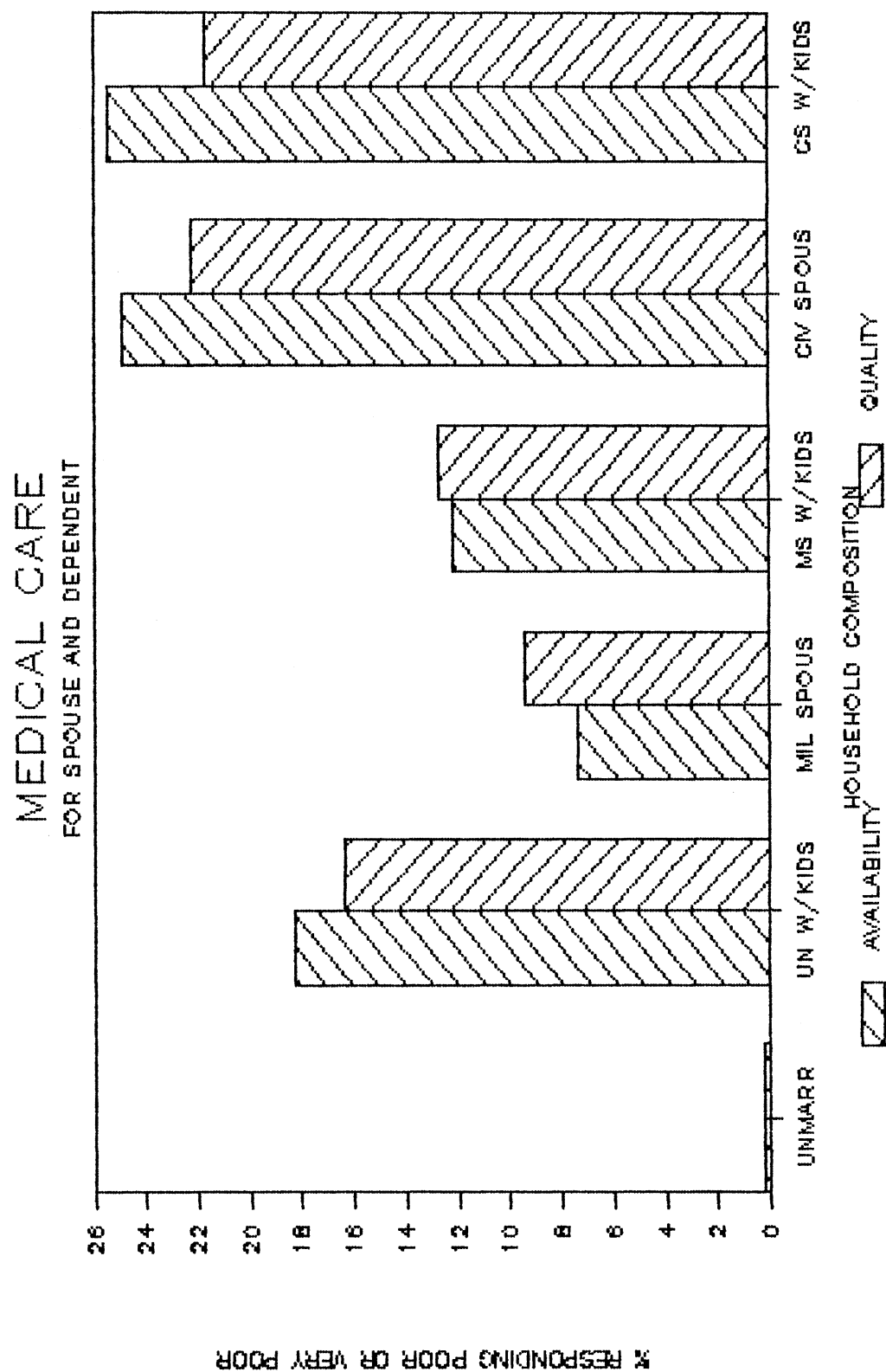
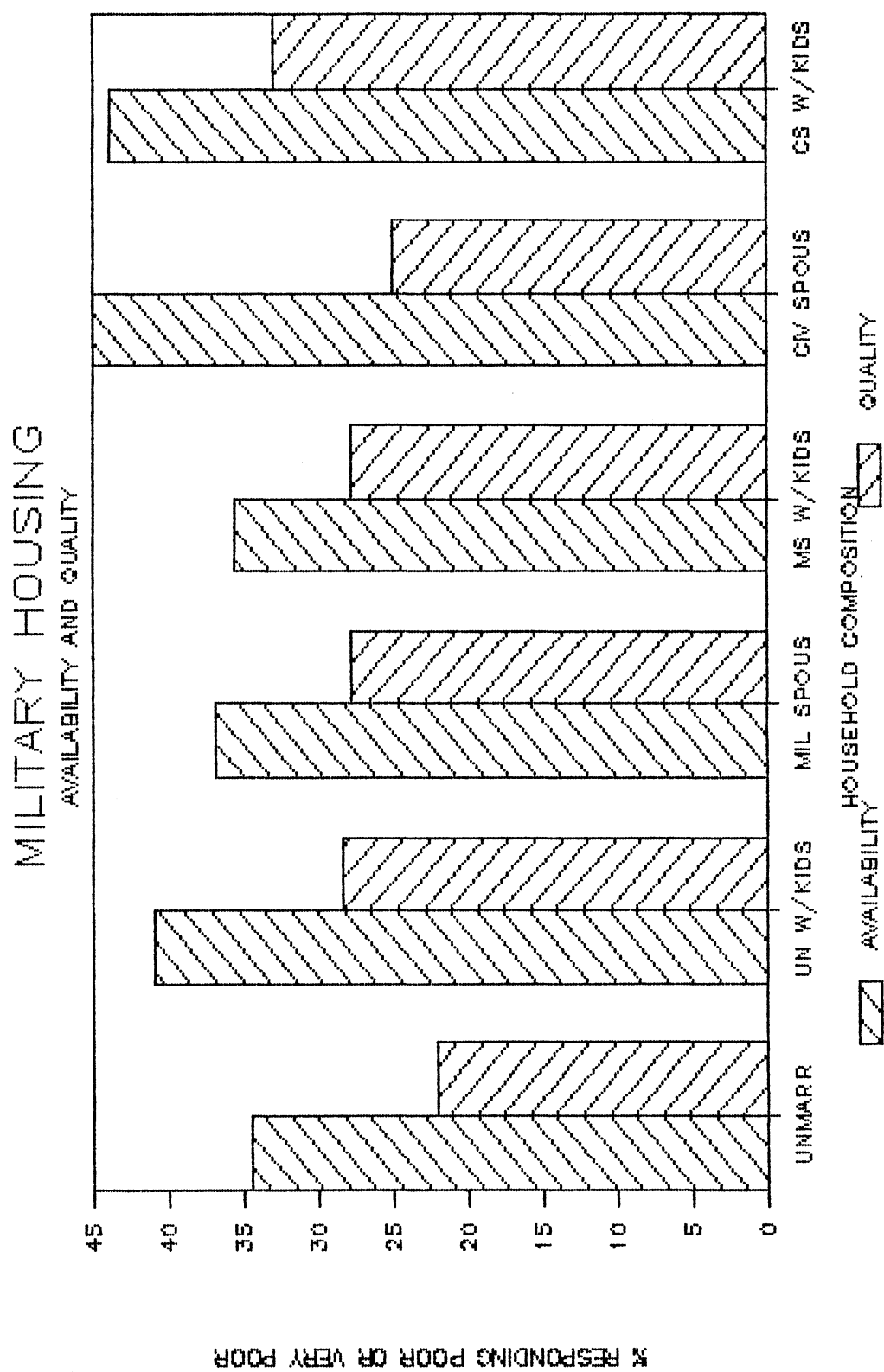


TABLE VIII



percentage of the responses also indicates that the quality of the housing is poor.

Limitations of the DoD survey

While this survey provides information about the military on a broad area of topics, the most obvious problem with this survey is the length. The Officers' Survey contains twenty pages, with many multi-question matrices. The sheer amount of information requested causes a person to lose interest in the entire survey.

The problem encountered when using this survey to determine the effectiveness of the military relocation program was that not all responses to the survey were provided. For instance, question #25, asked "If future assignments require long separations from your wife, what will you do?" The responses for this question were not provided. This data would provide insight as to what a military member would do if the military did not provide spouse relocation.

Question #18 asked respondents to rate the level of difficulty experienced on last the last PCS, with the choices of: serious problem, somewhat of a problem, slight problem, not a problem, not applicable, and do not know. The results for this question were only shown for the number of people responding to "serious problem" and the number of people answering "not a problem" or "not

applicable". Clearly the results of this question were not adequately presented to make determination of the actual level of difficulty experienced by a military member making a permanent change of station.

Question #19 asked respondents what type of housing they lived in. Possible answers included: base/government housing, housing being purchased by a family member (including the respondent), rented housing, or housing owned by someone else and let without payment of cash rent. There is no data showing respondent answers to this question. This omission is unfortunate because it would provide insight into how military members handle the home-ownership/frequent transfer conflict.

CHAPTER V

SUMMARY AND RECOMMENDATIONS

Job relocation benefits both employee and employer. For the employee, relocation provides new opportunities and a chance to travel. For the employer, employee relocation provides experience and leadership where it is needed most. For these reasons job relocation will continue to be used by military and civilian corporations.

In order to make recommendations regarding the present military relocation program, a literature review was conducted on the different programs that civilian corporations are implementing to assist employees in relocation. The many programs include: third-party assistance, mortgage interest rate difference, family counseling, relocation assistance, and the shipment of personal and household goods.

To determine the problems that military members face when transferring to a new area, data from the 1985 DoD Survey was used. The problems that could be identified were: lack of spouse employment, low-quality and poor availability of military housing, and inadequate relocation allowances for military members with dependent children.

These problems lead to the following recommendations

for change in the military relocation program:

1) The military should provide the military spouse employment assistance when the military member is being relocated. As mentioned earlier in this paper, now that spouses are increasingly joining the work force, it may not be cost effective for the military member to accept a new assignment if it requires the spouse to terminate employment. However, if the spouse felt that there were a good chance of finding employment at the new location, then it might be an acceptable move. Job assistance could be provided to spouses without becoming a major expense to the military. This could be accomplished by establishing an office that would act as a placement center where spouses could look for job opportunities and receive advice on how to effectively market ones' abilities. This office could provide instruction on resume preparation and interviewing skills. Additionally, this office could assist in making contacts with local employers.

2) If military housing is not going to be available for most members, then there is a need for real estate assistance. As mentioned in "Five-Year Trends in Relocation" (1987), once the tax reform starts to take its effect, the value of homes could increase by more than six percent, along with the increase in the cost to rent. A military member is taking a large gamble whenever

purchasing a house because quite often they will not live in the house more than four years. In addition, upon reassignment notification, the member has very little time to find a buyer or reliable renter. If the military got more involved or paid a real estate firm to act as a third-party for the member, this would decrease the chance that the military member would take a loss on the sale of the house, and it would also encourage members to own a stable investment. Corporations are now suggesting that their employees hold onto their homes when they are sent overseas. The company performs a home management service for the employee by assisting in renting out the house while the employee is gone ("Easing Relocations and Transfers", 1986). The military could very easily perform this function by renting out to fellow military members.

3) The military needs to revise the travel allowance paid to a relocating family. It was particularly noticeable that families with children responded significantly higher that the cost to relocate was a serious problem. Along with being based on rank, travel pay should take into account the number of dependents a military member has.

4) Military relocation programs should be designed to be comparable to civilian programs with regard to the needs of the family as a whole. It is necessary to consider the impact relocation will have on the entire family since this will eventually impact the member's job performance and

well-being.

Should further research in military relocation programs be conducted, the following recommendations should be considered.

1) The length and scope of the survey should be more limited. The DoD Survey was extensively long and covered too many areas to maintain respondent interest. In the future, a more effective survey would cover only several areas of interest in a particular questionnaire. Further information could be acquired through the use of a series of questionnaires administered at different, but closely spaced intervals.

2) Further research is needed in the following areas:

- the effect that the spouse and other family members have on military relocation.

- how military members as home-owners are resolving the frequent transfer conflict.

Neither of these areas are currently covered in the military relocation program and yet are major concerns most members must address when relocating.

A SELECTED BIBLIOGRAPHY

- American Forces Information Services. (1985). It's Your Move. (DOD PA-13B). Washington, D.C: U.S. Government Printing Office.
- Collie, H.C. (1984). 1984 Relocation Trends. Personnel Administrator, 79, 64-70.
- Collie, H.C. (1986). Corporate Relocation: Changing With the Times. Personnel Administrator, 81, 101-103.
- Conway, M.A. (1987) Manage Expatriate Expenses for Capital Returns. Personnel Journal, 66, 66-70.
- Corporation Relocation in 1984. (1985). Personnel Management, 17, 331-33.
- Defense Manpower Data Center. (1985). Description of Officers and Enlisted Personnel in the U.S. Armed Forces. (Research Rep. No. MDA-903-85-028). Arlington, VA: Volumes 1-3.
- Driessnack, C.H. (1987). Spouse Relocation: A Moving Experience. Personnel Administrator, 82, 95-102.
- Fields, M.W. and Shaw, J.B. (1985). Transfers without Trauma. Personnel Journal, 64, 58-63.
- Five-Year Trends in Relocation: Coping with Change. (1987). Personnel Journal, 66, 66-70.
- Gorlin, H. (1977) Elements of Corporate Relocation Assistance Policies (Research Rep. No. 715). New York: The Conference Board.
- Guenther, R. (1986 February 12). Transferees are Paid Bonuses for Selling Homes Themselves. The Wall Street Journal. p.33
- Heidrick and Struggles, Inc. (1987, June 2). Dual Careers. The Wall Street Journal. p.33.
- Merrill Lynch Relocation Management Inc. (1987, June 10). Moving Assistance. The Wall Street Journal. p.31.
- Movers and Shakers. (1987). [Interview with Sidney Epstein, John Kovach, Robert Ludwig, Ed McMahon, Mark Roussy and Alan Trippell]. Personnel Administrator, 82, 81-91.

Peiffer, T.S. (1984). Relocation Reimbursement. Personnel Journal, 64, 28-50.

Relocation Benefits. (1985, Oct. 22). The Wall Street Journal. p.1.

Trippel, A. (1985). Spouse Assistance Programs. Personnel Journal, 64, 76.