

Problems on the  
Potomac:  
How Relocation  
Policies  
For Presidential  
Appointees  
Can Help Win the  
Talent War

A Report on a Survey  
Conducted by Princeton  
Survey Research Associates  
on Behalf of The Presidential  
Appointee Initiative

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# PROBLEMS ON THE POTOMAC: HOW RELOCATION POLICIES FOR PRESIDENTIAL APPOINTEES CAN HELP WIN THE TALENT WAR

## Introduction

**A**ttracting the most talented citizens to public service has been a challenge for America's leaders since the inception of our nation. Thomas Jefferson expressed concerns about finding honest and capable public servants for his administration, pledging "to seek out the best through the whole Union." No executive duty "excites more anxious concern..." Jefferson wrote. "No duty, at the same time, is more difficult to fulfill."<sup>1</sup>

The recruiting challenges facing America's presidents have intensified since Jefferson's time. The presidential appointments process has become much more complex, intrusive, and difficult to navigate. As a result, talented Americans are

increasingly reluctant to serve in appointed positions. Numerous presidential commissions and task forces have addressed problems in the appointments process over the past 20 years, yet the problems persist. Vacancy rates are rising, delays are escalating, and turnover is increasing. Most importantly, many citizens are opting out of public service altogether.

These problems were evident in a survey of civic and corporate leaders conducted in the fall of 2000 by Princeton Survey Research Associates on behalf of the Brookings Institution's Presidential Appointee Initiative.<sup>2</sup> Asked whether they would look favorably upon a presidential appointment, these Americans answered both "yes" and "no." Although most respondents looked favorably on the prospect of serving as an appointee, they

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<sup>1</sup> Thomas Jefferson to a New Haven Committee, 1801 in Andrew A. Lipscomb and Albert Ellery Bergh, eds., *The Writings of Thomas Jefferson* (Washington, 1903-04), vol. 10, p. 269.

<sup>2</sup> Paul C. Light and Virginia L. Thomas, *Posts of Honor: How America's Corporate and Civic Leaders View Presidential Appointments* (The Presidential Appointee Initiative, January 10, 2001).

were apprehensive about the appointments process and some of its consequences.<sup>3</sup>

The vast majority of the nation’s civic and corporate leaders think serving as a presidential appointee would be an honor. They also see great benefits in presidential service and minimize the drawbacks of taking an appointment. Almost 100 percent of the respondents said they would make valuable contacts through presidential service, eight out of 10 said a presidential appointment would increase their future leadership possibilities, and six out of 10 said they would increase their future earning power. Few said they would lose valuable contacts, risk losing promotions, or be unable to return to their careers.

However, the same group also viewed the current appointments process as unfair, confusing, and embarrassing. Only 43 percent said the process was fair, while 59 percent said it was confusing and 51 percent called it embarrassing. It should be

noted that these respondents were significantly more likely to rate the process as unfair, confusing, and embarrassing than appointees who have actually gone through the process.<sup>4</sup> At least for past appointees, familiarity with the process breeds a certain level of understanding and acceptance that may be harder to embrace from afar.

### Problems On The Potomac

For potential appointees, it was hard to embrace the idea of living in Washington itself. The prospect of relocating to Washington emerged from the survey as one of the most statistically significant barriers to serving as a presidential appointee. Most respondents viewed Washington as a somewhat less or much less favorable place to live than their current residences. Almost half said relocating their spouse to Washington would be somewhat or very difficult, and more than

**Table 1**

<b>Living in Washington, DC Compared with Current Residence for Potential Appointees</b>							
	Total	Fortune 500 Execs	Univ Pres	Non-Profit CEOs	Think Tank Scholars	Lobbyists	Gov't Officials
Much or somewhat more favorable	14%	14%	20%	14%	5%	22%	12%
About the same	29	31	32	30	28	11	27
Somewhat or much less favorable	56	55	47	56	67	67	59
N	402	93	95	73	39	9	93

Source: Light and Thomas, *Posts of Honor*, p. 14.

<sup>3</sup> The survey involved 100 *Fortune 500* executives, 100 college and university presidents at the nation’s top institutions as rated by *U.S. News & World Report*, 85 executives at the nation’s largest nonprofit agencies, 95 think tank scholars, 100 lobbyists at the nation’s largest lobbying/law firms, and 100 state and local government officials.

<sup>4</sup> Paul C. Light and Virginia L. Thomas, *The Merit and Reputation of an Administration: Presidential Appointees on the Appointments Process* (The Presidential Appointee Initiative, April 28, 2000).

two-thirds said a presidential appointment would create much or some disruption in their personal lives.

These worries about Washington were expressed by many potential appointees, regardless of sector, demographics, or political views, and appear to involve three factors.

First, there is Washington itself. More than half of the 402 respondents who were living outside Washington at the time of the survey rated Washington as a much or somewhat less favorable place to live.

Second, respondents were also concerned about the difficulties of relocating their spouse or partner. These concerns may or may not be linked to unease about the Washington labor market, which is one of the tightest in the nation. Forty-five percent of the respondents said that relocating their spouse would be very or somewhat difficult, with little difference across the sectors; another 45 percent said that relocating their spouse would not be diffi-

cult, and 10 percent said the questions did not apply.

Finally, worries about moving to Washington may simply reflect the natural resistance to moving in general. According to a recent survey by Atlas Van Lines on why employees declined to transfer, the most frequently given reasons were family ties (81 percent), personal matters (73 percent), lack of desire to move (67 percent), spouse's job (48 percent), housing concerns (48 percent), cost of living (45 percent), and career tracks (17 percent).<sup>5</sup> Obviously some of these reasons are so particular to each individual that nothing may cause them to want to relocate.

The 1989 report of the National Commission on the Public Service, named for its chairman, former Federal Reserve Board Chairman Paul A. Volcker, may have summed up the problem best:

“...even if new Presidents can find the talent, the current system

**Table 2**

<b>Ease or Difficulty for Spouse or Partner of Potential Appointee to Relocate to Washington, DC</b>							
	Total	Fortune 500 Execs	Univ Pres	Non- Profit CEOs	Think Tank Scholars	Lobbyists	Gov't Officials
Very or somewhat easy	45%	48%	45%	45%	26%	66%	46%
Somewhat or very difficult	45	46	44	43	56	33	44
Doesn't apply	10	5	12	12	18	0	10
N	402	93	95	73	39	9	93

Source: Light and Thomas, *Posts of Honor*, p. 36.

<sup>5</sup> Atlas Van Lines 34th Annual Corporate Relocation Survey, Summer 2001.

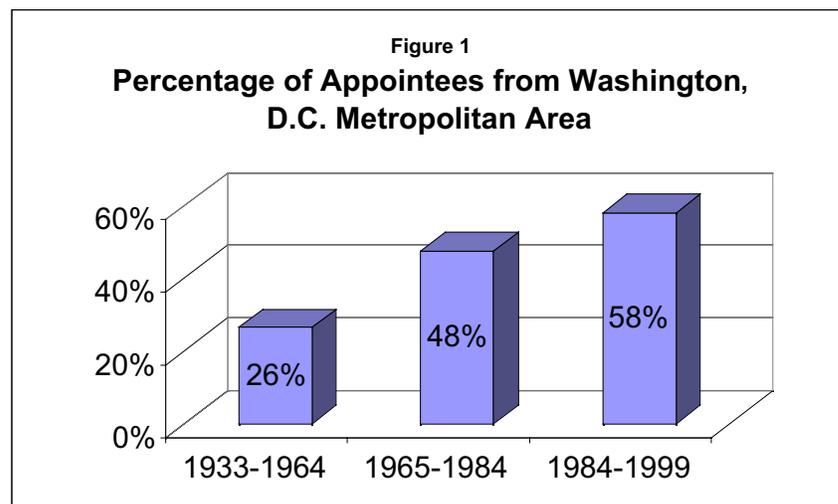
makes it increasingly difficult to bring these candidates into government. Some of the problems are inherent in the process. Men and women are reluctant to interrupt promising careers and uproot families to move to one of the most expensive areas in the country.”<sup>6</sup>

Whatever the cause, fears of moving to Washington increase the likelihood that presidents will appoint Cabinet and sub-Cabinet officials who already live in the Washington area, thereby biasing their administrations toward people who can already afford the cost of living, while giving up the diversity of experience and insight that might come with more talent drawn from outside the Washington beltway. No matter how much they promise an administration that looks like America,

recent presidents have had increasing difficulty actually appointing administrations that come from across the country. During the last 70 years, the percentage of presidential appointees who come from the Washington metropolitan area has steadily increased. (See figure 1.)

### Lowering the Relocation Barrier

In theory, the federal government is not the only hiring authority that has problems attracting talented recruits to Washington. Others must have trouble, as well, including private firms such as America Online, Lockheed Martin, Marriott, TRW, and U.S. Airways; universities such as American, Catholic, George Mason, George Washington, and Georgetown; large nonprofits such as the Red Cross and Salvation Army; think tanks such as the



Sources: Linda L. Fisher, “Fifty Years of Presidential Appointments,” in G. Calvin Mackenzie, ed., *The In-and-Outers: Presidential Appointees and Transient Government in Washington* (Baltimore: The Johns Hopkins University Press, 1987), p. 11; Light and Thomas, *The Merit and Reputation of an Administration*, p. 37.

<sup>6</sup> *Leadership for America: Rebuilding the Public Service*, The Report on the National Commission on the Public Service, Washington, 1989, p. 15.

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American Enterprise Institute, the Brookings Institution, and the Heritage Foundation; lobbying firms, including many of the top law firms in Washington; and state and local governments in the District, Maryland and Virginia.

Finding out what these employers do to recruit senior executives to the Washington area may provide clues to policies the federal government could adopt to make the move to Washington a more viable alternative for potential appointees. Toward that end, The Presidential Appointee Initiative conducted a survey of relocation policies offered by 85 Washington area organizations.

These 85 organizations parallel the groups from the earlier Presidential Appointee Initiative survey, and mirror the historical sources of potential presidential appointees, with the exception of the federal government itself. The organizations include 33 *Fortune 500* businesses (39 percent), 19 think tanks (22 percent), 17 lobbying firms (20 percent), 8 nonprofit organizations (9 percent), 5 universities (6 percent), and 3 state and local government offices (4 percent). By way of comparison, 22 percent of the first 341 Senate-confirmed appointees in the Bush administration came from the federal government, 17 percent from business, 14 percent from law firms, 12 percent from state and local governments, 11 percent from consulting firms, 9 percent from nonprofits, 8 percent from education, 2 percent from lobbying firms, 2 percent from other sectors, and 3 percent were retired.

The brief telephone survey of human resources officers at each organization was administered by Princeton Survey Research Associates during the summer and fall of 2001. Nine simple questions were asked about the organizations' relocation policies, and their experiences recruiting top-level executives to the Washington area. The answers to the questionnaire are summarized in their entirety at the end of this report.

## **A More Hopeful Destination**

The survey suggests that Washington may not be such an uninviting place to live as potential appointees think it is. More than a third of the respondents said that the top-level executives their organizations had recruited in the past few years viewed the Washington area as a much more or somewhat more favorable place to live than their current residence, and almost another third of those surveyed said it was about the same. Twenty percent of the respondents said that it had been very easy for them to recruit top-level executives to the Washington area, and 49 percent said it had been somewhat easy, while only 9 percent said it was somewhat difficult, and none said it was very difficult.

This more favorable perception of Washington may reflect the fact that these respondents were already living in Washington themselves. It may also reflect the availability of relocation incentives provided by the organizations surveyed that make moving to Washington easier:

**Table 3**

<b>Living in Washington, DC Compared with Current Residence for Recruited Executives</b>							
	Total	Fortune 500	Non-Profit	Think Tank	St/Loc Gov	Lobbyists	Univ
Much or somewhat more favorable	36%	45%	13%	27%	33%	41%	40%
About the same	29	33	38	26	33	24	20
Somewhat or much less favorable	7	3	25	10	0	6	0
Depends/Don't Know	27	18	25	37	33	30	40
N	85	33	8	19	3	17	5

- Almost two-thirds of these organizations provide top recruits with assistance buying a home, and one-third provide assistance selling a home.
- Eighty-eight percent of the organizations that provide assistance buying a home pay for travel costs associated with finding a new home, 71 percent pay for closing costs associated with the purchase of a new home, and 35 percent provide loan assistance in buying a new home.
- Eighty-seven percent of the organizations surveyed reimburse top-level recruits for the cost of moving personal property.
- Seventy-one percent help recruits find temporary housing while they are looking for permanent housing, and 53 percent pay for the temporary housing.

Providing other kinds of relocation assistance can help make the move more feasible for candidates as well. One quarter of the organizations surveyed helped the spouses or partners of top-level recruits find a job, find schooling for their children, and find child care.

As the appendix to this report shows, the top businesses surveyed for PAI in the Washington area offer the most generous relocation packages. Thus, 73 percent of the businesses offered assistance selling a home, compared to none of the nonprofits, think tanks, state and local governments, and universities, and just 12 percent of the lobbying firms, which are themselves a form of private business. Although there are places where one or another sector can keep up with the level of benefits offered by top businesses, particularly in covering travel costs associated with finding a new home, the private sector is clearly the relocater of choice. It simply offers more and bigger benefits.

**Table 4**

<b>Ease or Difficulty of Recruiting Top-Level Executives to Washington, DC</b>							
	Total	Fortune 500	Non-Profit	Think Tank	St/Loc Gov	Lobbyists	Univ
Very or somewhat easy	69%	67%	63%	63%	67%	82%	80%
Somewhat or very difficult	9	9	25	11	33	0	0
Depends/Don't Know	21	24	13	26	0	18	20
N	85	33	8	19	3	17	5

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It should be noted that 60 percent of the Washington area organizations surveyed by PAI recruited between one and six top-level executives over the last two years, 17 percent recruited more than seven, and 23 percent did not recruit any at all. In contrast, the current administration has had to recruit more than 500 executives to fill senior-level positions that require Senate confirmation, and has had to do it as quickly as possible. By the end of its first year in office, the Bush administration had filled 341 of these 508 positions, or 67 percent. Of these appointees, 53 percent came from the Washington D.C. metro area, meaning 160 senior executives had to be recruited from outside the Washington area.<sup>7</sup> Assuming the same percentages apply in filling the remaining 167 Senate-confirmed positions, an additional 79 people would have to be recruited from outside Washington, for a total of 239. This figure does not include the approximately 2,100 non-Senate-confirmed presidential appointees. If they were added, 987 more people would have to be recruited from outside the Washington area, for a total of 1,226, a much larger task than any of the organizations in the survey encountered.

## Who Gets What

The type of benefits to which a federal employee is entitled may depend on the

nature of his/her appointment or the classification of the position occupied.

Senate-confirmed and other presidential appointees occupy positions in the Executive Schedule, which are generally determined by law. Agencies have the authority to establish and make appointments to Senior Executive Service and Schedule C positions, although some actions require prior authorization from the Office of Personnel Management (OPM). SES appointees may be career or noncareer; Schedule C appointees are noncareer.

It should be noted that not all individuals in SES or Schedule C positions are presidential appointees. Agency managers may designate positions and determine priorities according to the human resources issues they face, and have considerable flexibility in filling executive vacancies and resolving executive staffing problems. The Office of Personnel Management allows agency managers to exercise these authorities provided they are in accordance with law, regulations, and agency delegations.<sup>8</sup>

When it comes to relocation policies, all federal employees, career and noncareer, are entitled to the same benefits.

However, new hires often receive less financial help than current employees who are transferred. This is true of federal poli-

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<sup>7</sup> The Presidential Appointee Initiative: Demographic Data on Bush Appointees (<http://www.appointee.brookings.org/news/handout2.pdf> [February 19, 2001])

<sup>8</sup> Office of Merit Systems Effectiveness, *Human Resources Flexibilities and Authorities in the Federal Government* (U.S. Office of Personnel Management, July 25, 2001), pp. 57-8.

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**Table 5**

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<b>Relocation Benefits for Federal Employees Assigned to First Official Station</b>	
<b>Allowances Agency Must Pay or Reimburse</b>	<b>Allowances Agency has Discretionary Authority to Pay or Reimburse</b>
Transportation of employee and immediate family member(s)	Shipment of privately owned vehicle
Per diem for employee only	
Transportation and temporary storage of household goods	
Extended storage of household goods	
Transportation of a mobile home or boat used as a primary residence in lieu of the transportation of household goods	

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**Source:** *Federal Register* 66, no. 224 (November 20, 2001), p. 58201; information applies to relocation in continental United States only

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cies as well as those offered in the private and nonprofit sector. Employees moving from the Department of Defense to the Department of Interior, for example, are entitled to more generous transferee benefits than the new hires from outside the government serving in their “first official station.” Only transferees from within the executive branch of the government are entitled to transferee benefits, not congressional staffers or judges, for instance. Presidential appointees who come from the executive branch would be eligible for the transferee benefits, provided of course, that they changed their official station from elsewhere in the country. Twenty-

two percent of the initial 341 Senate-confirmed Bush appointees, or 75, came from within the federal government. Because the vast majority of these appointees already lived and worked in Washington, the cost of providing relocation benefits to the remaining few who had to move to the area would be negligible.

Many private companies benchmark their relocation policies and programs against competitors’ to determine how their relocation policies compare. To be able to compete on something even close to a level playing field, the federal government

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**Table 6**

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<b>Relocation Benefits for Federal Employees Transferred Between Official Stations</b>	
<b>Allowances Agency Must Pay or Reimburse</b>	<b>Allowances Agency has Discretionary Authority to Pay or Reimburse</b>
Transportation and per diem for employee and immediate family member(s)	House-hunting per diem and transportation, employee and spouse only
Miscellaneous moving expense	Temporary quarters subsistence expense
Sell or buy residence transactions or lease termination expenses	Shipment of privately owned vehicle
Transportation and temporary storage of household goods	Use of relocation service companies
Extended storage of household goods	Property management services
Transportation of a mobile home or boat used as a primary residence in lieu of the transportation of household goods	Home marketing incentives

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**Source:** *Federal Register* 66, no. 224 (November 20, 2001), p. 58202; information applies to relocation in continental United States only

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should consider doing so as well. For purposes of comparison in this report, additional survey data is considered from a 1999 report designed to assess current national relocation practices and trends, *Survey & Analysis of Employee Relocation Policies & Costs*, compiled by Runzheimer International, a management consulting firm specializing in travel and living costs.

Much of the data relates to policies regarding transfers of current employees, but relocation policies for new hires are examined as well. The respondents in the Runzheimer survey relocated an average of 175 transfers, 26 newly hired homeowners, and 33 newly hired renters in 1998. The respondents primarily represent a variety of business classifications, with 6 percent of the group coming from the government, nonprofits, or public utilities.

The most universally offered forms of assistance, according to the national survey, include shipment and storage of household goods, temporary living assistance, and reimbursement for house-hunting trips. These benefits closely mirror the benefits most often provided by the organ-

izations surveyed by PAI in the Washington, D.C. area.

Although the benefits in the national survey represent what is offered to transferees, many of those organizations give their highest-ranking new hires the same relocation benefits as an established employee. The average salary level at which these organizations said an experienced new hire would qualify for the same relocation assistance as transferees was \$59,094. Since most presidential appointees are at or above that salary level, as listed in table 7, it is appropriate to judge these benefits against the new hire benefits in the other categories listed in table 8. Hence, all four columns in table 8 can be viewed as covering the same class of hires.

As table 8 shows, the federal government lags behind its competitors in virtually every category of relocation benefit offered. The current administration has recognized the need to be more competitive in attracting and retaining talented people, and has articulated its strategy for improving the management and performance of the federal government in the

**Table 7**

**Executive Schedule Salaries, Effective January 2002**

Level	Description	Salary
I	Cabinet-level officials	\$166,700
II	Deputy secretaries of departments and heads of major agencies	\$150,000
III	Under secretaries of departments and heads of middle-level agencies	\$138,200
IV	Assistant secretaries and general counsels of departments, heads of minor agencies, and members of some boards and commissions	\$130,000
V	Administrators, commissioners, directors and members of boards and commissions	\$121,600

Source: U. S. Office of Personnel Management (<http://www.opm.gov/oca/02tables/ex.pdf> [February 22, 2002])

<b>Type of Assistance</b>	<b>Percentage of DC Area Organizations Offering Benefit</b>	<b>Percentage of National Private Sector Offering Benefit</b>	<b>Benefits Offered to Career Senior Executive Service Members</b>	<b>Benefits Offered to All Presidential Appointees</b>
Travel costs to find new home	88%	91%	Travel expenses plus enroute per diem for individual; transportation expenses, but not per diem, for individual's immediate family; mileage	Travel expenses plus enroute per diem for individual; transportation expenses, but not per diem, for individual's immediate family; mileage
Moving costs of personal property	87	98	Not to exceed 18,000 pounds; possible shipment of privately owned vehicle	Not to exceed 18,000 pounds; possible shipment of privately owned vehicle
Closing costs for purchase of new home	71	80	Not offered	Not offered
Find temporary housing	71	93	Not offered	Not offered
Pay for temporary housing	53	93	Temporary storage for 90 days, with possibility of a 90-day extension	Temporary storage for 90 days, with possibility of a 90-day extension
Loan assistance	35	35	Not offered	Not offered
Assistance buying home	34	80	Not offered	Not offered
Assistance selling home	31	88	Not offered	Not offered
Assistance finding child care	31	15	Not offered	Not offered
Job placement for spouse/partner	28	37	Not offered	Not offered
Assistance finding schooling for children	27	23	Not offered	Not offered
Recruitment policies/Signing bonuses for new employees	Not asked	Not asked	25% of basic pay at the discretion of agency; used only on occasion	25% of basic pay at the discretion of agency; rarely used
Relocation policies/bonuses for current employees	Not asked	Not asked	25% of basic pay at the discretion of agency; used only on occasion	25% of basic pay at the discretion of agency; rarely used
Housing allowances to mitigate for higher real estate costs	Not asked	34	Not offered	Not offered

<sup>9</sup> All data is for new hires except national data, which is for transferees and experienced new hires earning more than \$59,094.

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report, *The President's Management Agenda*. In February 2001, the General Accounting Office added human capital management to the government-wide "high-risk list" of federal activities. Inspectors General at nine major federal agencies listed workforce problems among the top 10 most serious management challenges that their agencies face. This concern about making sure the federal government has the tools necessary to recruit talented people to public service is not new.

The Federal Employees Pay Comparability Act of 1990 provided agencies with the discretionary authority to offer recruitment and relocation bonuses to encourage individuals to accept positions that are difficult to fill. Although presidential appointees are eligible for the same relocation and recruitment bonuses that the federal government provides for career senior executives, presidential appointees rarely receive these bonuses. Career senior executives receive them only occasionally. The bonuses are subject to the aggregate limitation on total pay that an employee may receive in a calendar year, and all other conditions of 5 CFR part 575, subparts A and B. The proposed Managerial Flexibility Act of 2001 would amend Title 5 to give agencies more flexibility with respect to recruitment and relocation bonuses.

## Cost Considerations

If the nation wants administrations that look like America, it must recognize the enormous cost of moving to what is one of the most expensive housing markets in the country. According to the Runzheimer survey, the average cost to relocate homeowners in 1998 was \$42,160, and the average cost to relocate renters was \$15,022. For new hires, the figures were \$33,589 and \$10,384 respectively.<sup>10</sup> Seventy percent of the businesses in that survey benchmark their relocation policies and programs against competitors to determine how their relocation policies compare. Offering lump-sum payments to lessen the burden of processing expense reports and receipts alleviates the cost of administering relocation expenses.

The cost of living in Washington compared with other metropolitan areas may be seen as a barrier to relocating to the capital area. Cost-of-living values vary widely among communities. One survey shows that living in Washington is less expensive than living in Chicago, Los Angeles, and New York, but more expensive than living in other comparable metropolitan areas, including Atlanta, Seattle, and Minneapolis.<sup>11</sup> It also costs more to maintain the same lifestyle in Washington than in the standard U.S. city when defined as the median cost-of-living value for a U.S. city.<sup>12</sup>

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<sup>10</sup> *Survey & Analysis of Employee Relocation Policies & Costs, 7th Edition*, Runzheimer International, 1999, B-1 and M-1.

<sup>11</sup> *Worldwide Cost of Living Survey 2001- City Rankings*, William M. Mercer.

<sup>12</sup> *Survey & Analysis of Employee Relocation Policies & Costs, 7th Edition*, Runzheimer International, 1999, D-7.

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Eighty-four percent of the respondent organizations in the national survey base their cost-of-living differentials on goods and services indexes to reflect the true lifestyle adjustment transferees may face when relocating. Eighty-one percent base differentials on home values, followed closely by total housing costs, including taxes, insurance, utilities, and mortgage payments, at 78 percent.<sup>13</sup> In the Washington area, home market values have increased by more than 13 percent over the past six years.<sup>14</sup>

A 1999 report strikes a cautionary tone as well for those considering relocating — 42 percent of the families surveyed for *Human Resources Executive Magazine* reported a decreased standard of living after relocating.<sup>15</sup>

The federal government does offer locality pay adjustments to most federal employees to address the higher cost of living in particular locations, including the Washington metropolitan area. However, officials paid under the Executive Schedule are excluded from these adjustments according to section 5304 of Title 5.

## Policy Alternatives

Given the myriad of relocation policies and possible combinations of benefit

options that might be offered, the federal government could make a variety of improvements to its relocation policies to help make the decision to serve in Washington a less burdensome prospect. The very complexity of the possible options, however, demands that these options be boiled down to the most basic improvements that provide the best possibility of actual implementation.

There are six policy alternatives for addressing the relocation gaps uncovered in this research. First, Congress could make new presidential appointees eligible for the same travel reimbursements available to transferees within the federal government, based on documented expenses incurred. (See tables 5 and 6 for the list of new versus transfer benefits.) This option would not require any new policies, but would simply involve extending existing guidelines to apply to all presidential appointees, whether they are already serving in the executive branch of the federal government or not.

Second, Congress could convert some or all of the discretionary travel reimbursement benefits described above into required benefits — for instance, the house-hunting per diem and use of relocation service companies. (See tables 5 and 6 for the list of required versus discretionary benefits.) As with the first alter-

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<sup>13</sup> *Survey & Analysis of Employee Relocation Policies & Costs, 7th Edition*, Runzheimer International, 1999, D-6.

<sup>14</sup> *Runzheimer Compares 1995-2001 Housing Values Nationwide* in *Relocation Journal and Real Estate News*, [www.relojournal.com](http://www.relojournal.com) 7/26/2001.

<sup>15</sup> Vicky Uhland, "If Mama's Not Happy... Employers Bear the Brunt of 'Trailing Spouses' Problem," *Rocky Mountain News*, July 25, 1999, p. 1J.

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native, this would not require an entirely new policy, but would allow more individuals to avail themselves of the assistance currently provided to only a few on an occasional and somewhat arbitrary basis. Making some or all of the discretionary travel reimbursement benefits mandatory would eliminate any uncertainty about costs for a potential appointee who is considering the extra expense involved in moving to Washington.

Third, Congress could modify the statutory requirements that apply to recruitment and relocation bonuses to create a special category for presidential appointees. This category would not be subject to the “difficult to fill position” requirement, but would be completely discretionary and used as necessary to provide incentives for selected candidates. The need to be more competitive with the private sector for talent warrants allowing more discretion than the currently available flexibilities provide.

The use of discretionary pay flexibilities in agencies is specifically meant “to deal with well-documented staffing difficulties,” as stated in the Office of Personnel Management’s transition employment guide for agencies.<sup>16</sup> However, the guide also cautions agencies “to exercise these flexibilities judiciously, especially when hiring other than career employees. These payments are subject to public scrutiny and third-party review. Use them only

when absolutely necessary to address staffing problems.” This caveat is appropriately meant to discourage improper use of these flexibilities, but also may discourage their use even when necessary.

Although *The President’s Management Agenda* proposal urges agencies to make better use of the flexibilities currently in place to recruit talent, it recognizes that these authorities are underutilized across the federal sector.

The recruitment and relocation bonuses for presidential appointees could be back-loaded, or paid at the end of their tenure, and be calculated based on the length of their service to encourage appointees to stay in the government longer than the current average stay of two years.<sup>17</sup> The proposed Managerial Flexibility Act of 2001 allows for this type of payment.

Fourth, Congress could amend section 5304 of Title 5 to include officials paid under the Executive Schedule as eligible for locality-based payments in addition to their basic rate of pay. This would help alleviate the higher cost of living in the Washington area for presidential appointees. Currently, all other federal employees, including senior career executives, receive locality adjustments automatically.

Fifth, Congress could require the General Services Administration or Office of Personnel Management to give presidential nominees easily accessible informa-

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<sup>16</sup> *Transition to a New Presidential Administration: Employment Guidance for Agencies*, Office of Personnel Management, August 2000, p. 15-16.

<sup>17</sup> G. Calvin Mackenzie and Robert Shogan, *Obstacle Course* (New York, The Twentieth Century Fund Press, 1996) p. 44.

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tion on federal relocation policies at the earliest possible point in the appointments process. It is hard enough for a candidate to navigate the presidential appointments process itself, let alone have to figure out just what expenses will or will not be reimbursed. Although the human resources offices within each agency are responsible for informing appointees of travel policies, nominees may not receive that information until they are well along in the process. The OPM transition employment guide mentioned above is for agencies, but appointees need help as well.

Finally, Congress could provide the negligible funding needed to provide job search services for the spouses of presidential appointees. These services are provided to government employees whenever there is a voluntary buyout or downsizing program, and are easily outsourced to the same private contractors that many Washington organizations use to help their new employees make their moves.

Seventy-two percent of recent transfers in businesses with more than 5,000 employees involved a “trailing spouse.”<sup>18</sup> Some companies report that the most popular request from employees to include in corporate relocation packages is job-search assistance for “the accompanying partner.” Given that relocation comes in at third place behind death and divorce in the

shock waves it creates in a family, giving some assistance to reduce the related stress factors seems at the very least a wise human resources decision.<sup>19</sup>

Potential appointees should also keep in mind that there is no rule against both spouses working in the same administration, or even in the same department, as long as there is no violation of section 3110 of Title 5 of the U.S. Code. In addition, each agency has its own code of conduct in order to avoid any appearance of impropriety, which must also be adhered to strictly.

Congress could include these recommendations as amendments to legislation currently proposed by Senators Fred Thompson and Joseph Lieberman, the Presidential Appointments Improvement Act of 2001. The legislation was introduced on December 12, 2001, to correct some of the problems in the presidential appointments process that have made it difficult for many talented individuals to accept the call to public service.

## Conclusion

This report suggests that Washington may not be the barrier to service that was originally indicated by the misgivings expressed by the potential appointees surveyed by PAI in the fall of 2000. More than half of those respondents thought Washington was a

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<sup>18</sup> Atlas Van Lines 34rd Annual Corporate Relocation Survey, Summer 2001.

<sup>19</sup> Florence Shinkle, “Transplanting Families: Employees Get Help Moving Their Roots While Climbing the Corporate Ladder,” *St. Louis Post-Dispatch* ([www.the-impact-group.com/who/article/RA0001.htm](http://www.the-impact-group.com/who/article/RA0001.htm)[July 30, 2001]).

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somewhat or much less favorable place to live than their current residence, while only 7 percent of the top-level executives recruited by area organizations in the last few years thought that was so.

Whatever the reason for this difference in the perception of Washington as a place to live, the gap between federal relocation policies and those offered in other sectors is very real. Therefore, the survey results also suggest that improving relocation policies for presidential appointees could help increase the odds that talented people would accept these positions, most of which are located in the Washington, D.C. area.

- One-third of top-level executives recruited to the Washington area over the past few years view it as a somewhat or much more favorable place to live, and almost a third rated it about the same as their current residence.
- More than two-thirds of the Washington organizations surveyed said it was somewhat or very easy to recruit top-level executives to Washington.
- Small, politically possible adjustments to the relocation policies offered to presidential appointees by the federal government could significantly reduce the burden associated with moving to Washington, and make presidential service more attractive, or at least less costly.

This report indicates that federal relocation policies must stay competitive with those in the private and nonprofit sectors if presidents are to succeed in seeking out the best this country has to offer for presidential service. Doing so would require minimal modification of existing policies, and solving these problems on the Potomac would remove at least one of the barriers to government service.

Improving federal relocation policies offers one more weapon in the arsenal that the government must rely on to maintain a reasonable chance of keeping up with, or at least not falling behind, in the talent war. As it is, becoming a presidential appointee often places a financial burden on many appointees that goes unrecognized by almost everyone but them. These dedicated public servants often accept a lower salary and must divest some of their financial assets in order to comply with federal ethics requirements. Almost half of the past appointees surveyed by The Presidential Appointee Initiative had to hire a lawyer or an accountant to assist them in navigating various aspects of the appointments process.<sup>20</sup> And since the average stay in office of an appointee is about two years, many who relocate may incur further costs to move back home when their term of service is up. These individuals are serving to make a difference, not to make a fortune. It should not cost them one to accept the call to service.

<sup>20</sup> Light and Thomas, *The Merit and Reputation of an Administration*, p. 26.



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## APPENDIX I: SURVEY METHODOLOGY

This report is based on a telephone survey of 85 human relations directors of major universities, think tanks, local and state governments, lobby organizations, nonprofit organizations,<sup>o</sup> and *Fortune 500* corporations in the Washington, D.C. metropolitan area to determine their relocation policies for senior members of their organizations. The survey resulted in interviews with 5 major universities, 19 think tanks, 3 local and state governments, 17 lobby organizations, 8 nonprofit organizations, and 33 *Fortune 500* corporations. Interviewing was conducted August 27 through October 11, 2001, by elite interviewers under Princeton Survey Research Associates (PSRA) supervision.

The response rate for this survey is 43 percent. The margin of error for the overall sample is +/-9 percent. In addition to sampling error, question wording and practical difficulties in conducting telephone surveys can introduce error or bias into the findings.



## APPENDIX II: TOPLINE SURVEY RESULTS

### Final Topline Results **Relocation Policies**

Prepared by Princeton Survey Research Associates  
for the Brookings Institution

Top Business n=33, Non-Profit organizations n=8, Think Tank organizations n=19,  
State/Local government offices n=3, Lobbyist firms n=17, Universities n=5, Total  
n=85

Interviewing 8.27 - 10.11.2001  
10.26.01

**Q1** Does your organization offer top-level recruits from outside the Washington DC area assistance selling their home?

	TOTAL	TOP BUS	NON- PROFIT	THINK TANK	ST/LOC GOV	LOBBY- ISTS	UNIV
Yes	<b>31</b>	<b>73</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>0</b>
No	<b>67</b>	<b>24</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>82</b>	<b>100</b>
Depends	<b>1</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Don't Know	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>0</b>
Refused	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Q2** And what about assistance with buying a new home? Does your organization offer top-level recruits from outside the Washington DC area assistance in buying a new home in the Washington DC area?

	TOTAL	TOP BUS	NON PROFIT	THINK TANK	ST/LOC GOV	LOBBY- IST	UNIV
Yes	<b>34</b>	<b>76</b>	<b>13</b>	<b>5</b>	<b>33</b>	<b>6</b>	<b>0</b>
No	<b>59</b>	<b>18</b>	<b>75</b>	<b>84</b>	<b>67</b>	<b>94</b>	<b>80</b>
Depends	<b>6</b>	<b>3</b>	<b>13</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>20</b>
Don't Know	<b>1</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Refused	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Q3** Does this assistance in buying a new home include (insert)?

*Based on those who offer top-level recruits assistance in buying a home*

**a** travel costs associated with finding new home

	TOTAL	TOP BUS	NON PROFIT	THINK TANK	ST/LOC GOV	LOBBY- IST	UNIV
Yes	<b>88</b>	<b>92</b>	<b>5</b>	<b>67</b>	<b>100</b>	<b>100</b>	<b>100</b>
No	<b>6</b>	<b>4</b>	<b>50</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depends	<b>6</b>	<b>4</b>	<b>0</b>	<b>33</b>	<b>0</b>	<b>0</b>	<b>0</b>
Don't Know	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Refused	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
n=34							

**b** closing costs associated with purchase of a new home

	TOTAL	TOP BUS	NON PROFIT	THINK TANK	ST/LOC GOV	LOBBY- IST	UNIV
Yes	<b>71</b>	<b>89</b>	<b>0</b>	<b>33</b>	<b>0</b>	<b>0</b>	<b>0</b>
No	<b>21</b>	<b>4</b>	<b>100</b>	<b>33</b>	<b>100</b>	<b>100</b>	<b>100</b>
Depends	<b>9</b>	<b>8</b>	<b>0</b>	<b>33</b>	<b>0</b>	<b>0</b>	<b>0</b>
Don't Know	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Refused	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
n=34							

**c** loan assistance

	TOTAL	TOP BUS	NON PROFIT	THINK TANK	ST/LOC GOV	LOBBY- IST	UNIV
Yes	<b>35</b>	<b>42</b>	<b>0</b>	<b>33</b>	<b>0</b>	<b>0</b>	<b>0</b>
No	<b>56</b>	<b>50</b>	<b>50</b>	<b>67</b>	<b>100</b>	<b>100</b>	<b>100</b>
Depends	<b>9</b>	<b>8</b>	<b>50</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Don't Know	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Refused	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
n=34							

**Q4** Does your organization reimburse top-level recruits for moving costs of personal property?

	TOTAL	TOP BUS	NON PROFIT	THINK TANK	ST/LOC GOV	LOBBY- IST	UNIV
Yes	<b>87</b>	<b>100</b>	<b>88</b>	<b>74</b>	<b>100</b>	<b>77</b>	<b>80</b>
No	<b>9</b>	<b>0</b>	<b>13</b>	<b>16</b>	<b>0</b>	<b>18</b>	<b>20</b>
Depends	<b>4</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>0</b>	<b>6</b>	<b>0</b>
Don't Know	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Refused	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Q5** Does your organization help top-level recruits (insert)?

**a** find temporary housing before they move into permanent housing

	TOTAL	TOP BUS	NON PROFIT	THINK TANK	ST/LOC GOV	LOBBY- IST	UNIV
Yes	<b>71</b>	<b>91</b>	<b>50</b>	<b>58</b>	<b>67</b>	<b>65</b>	<b>40</b>
No	<b>22</b>	<b>9</b>	<b>38</b>	<b>26</b>	<b>33</b>	<b>29</b>	<b>40</b>
Depends	<b>7</b>	<b>0</b>	<b>13</b>	<b>16</b>	<b>0</b>	<b>6</b>	<b>20</b>
Don't Know	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Refused	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**b** pay for temporary housing before they move into permanent housing

	TOTAL	TOP BUS	NON PROFIT	THINK TANK	ST/LOC GOV	LOBBY- IST	UNIV
Yes	<b>53</b>	<b>88</b>	<b>25</b>	<b>37</b>	<b>33</b>	<b>30</b>	<b>20</b>
No	<b>35</b>	<b>6</b>	<b>63</b>	<b>47</b>	<b>33</b>	<b>59</b>	<b>60</b>
Depends	<b>12</b>	<b>6</b>	<b>13</b>	<b>16</b>	<b>33</b>	<b>12</b>	<b>20</b>
Don't Know	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Refused	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Q6** Does your organization provide assistance to family members of top-level recruits by helping (insert)?

**a** spouses or partners find a job

	TOTAL	TOP BUS	NON PROFIT	THINK TANK	ST/LOC GOV	LOBBY- IST	UNIV
Yes	<b>28</b>	<b>30</b>	<b>25</b>	<b>21</b>	<b>33</b>	<b>30</b>	<b>40</b>
No	<b>66</b>	<b>61</b>	<b>75</b>	<b>74</b>	<b>67</b>	<b>65</b>	<b>60</b>
Depends	<b>5</b>	<b>6</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>6</b>	<b>0</b>
Don't Know	<b>1</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Refused	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**b** find schooling for children

	TOTAL	TOP BUS	NON PROFIT	THINK TANK	ST/LOC GOV	LOBBY- IST	UNIV
Yes	<b>27</b>	<b>42</b>	<b>13</b>	<b>16</b>	<b>33</b>	<b>18</b>	<b>20</b>
No	<b>68</b>	<b>49</b>	<b>88</b>	<b>79</b>	<b>67</b>	<b>82</b>	<b>80</b>
Depends	<b>5</b>	<b>9</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>
Don't Know	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Refused	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

c find child care

	TOTAL	TOP BUS	NON PROFIT	THINK TANK	ST/LOC GOV	LOBBY- IST	UNIV
Yes	<b>31</b>	<b>39</b>	<b>25</b>	<b>5</b>	<b>33</b>	<b>47</b>	<b>20</b>
No	<b>66</b>	<b>58</b>	<b>75</b>	<b>84</b>	<b>67</b>	<b>53</b>	<b>80</b>
Depends	<b>4</b>	<b>3</b>	<b>0</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>0</b>
Don't Know	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Refused	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Q7** Thinking about the top-level executives your organization has recruited in the past few years, has the Washington DC area been viewed as a much more favorable place to live, somewhat more favorable, about the same, somewhat less favorable, or much less favorable to live?

	TOTAL	TOP BUS	NON PROFIT	THINK TANK	ST/LOC GOV	LOBBY- IST	UNIV
Much More Favorable	<b>7</b>	<b>6</b>	<b>0</b>	<b>16</b>	<b>0</b>	<b>6</b>	<b>0</b>
Somewhat More Favorable	<b>29</b>	<b>39</b>	<b>13</b>	<b>11</b>	<b>33</b>	<b>35</b>	<b>40</b>
About the Same	<b>29</b>	<b>33</b>	<b>38</b>	<b>26</b>	<b>33</b>	<b>24</b>	<b>20</b>
Somewhat Less Favorable	<b>6</b>	<b>3</b>	<b>25</b>	<b>5</b>	<b>0</b>	<b>6</b>	<b>0</b>
Much Less Favorable	<b>1</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depends	<b>8</b>	<b>3</b>	<b>25</b>	<b>0</b>	<b>33</b>	<b>12</b>	<b>20</b>
Don't Know	<b>19</b>	<b>15</b>	<b>0</b>	<b>37</b>	<b>0</b>	<b>18</b>	<b>20</b>
Refused	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Q8** How easy or difficult has it been for you to recruit top-level executives to the Washington area? Very easy, somewhat easy, somewhat difficult or very difficult?

	TOTAL	TOP BUS	NON PROFIT	THINK TANK	ST/LOC GOV	LOBBY- IST	UNIV
Very Easy	<b>20</b>	<b>18</b>	<b>13</b>	<b>16</b>	<b>0</b>	<b>35</b>	<b>20</b>
Somewhat Easy	<b>49</b>	<b>49</b>	<b>50</b>	<b>47</b>	<b>67</b>	<b>47</b>	<b>60</b>
Somewhat Difficult	<b>9</b>	<b>9</b>	<b>25</b>	<b>11</b>	<b>33</b>	<b>0</b>	<b>0</b>
Very Difficult	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depends	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>0</b>
Don't Know	<b>20</b>	<b>24</b>	<b>13</b>	<b>26</b>	<b>0</b>	<b>12</b>	<b>20</b>
Refused	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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**Q9** On average, how many top-level executives has your organization relocated to the DC area in the last two years?

	TOTAL	TOP BUS	NON PROFIT	THINK TANK	ST/LOC GOV	LOBBY- IST	UNIV
0	<b>23</b>	<b>15</b>	<b>13</b>	<b>32</b>	<b>33</b>	<b>29</b>	<b>40</b>
1-3	<b>32</b>	<b>40</b>	<b>25</b>	<b>42</b>	<b>0</b>	<b>18</b>	<b>20</b>
4-6	<b>28</b>	<b>27</b>	<b>50</b>	<b>16</b>	<b>67</b>	<b>30</b>	<b>20</b>
7-10	<b>10</b>	<b>6</b>	<b>13</b>	<b>5</b>	<b>0</b>	<b>18</b>	<b>20</b>
Over 10	<b>7</b>	<b>12</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>6</b>	<b>0</b>
Don't Know	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Refused	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



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