

December 12, 2024

Mr. Robert Dawson
Director, Defense Personal Property
Management Office (TCJ9)
US Transportation Command
Scott Air Force Base, Illinois 62225

RE: TRANSCOM Personal Property Advisory #25-0024 and DP3 Email Update – Dec. 2024

Dear Mr. Dawson,

On behalf of the American Trucking Associations' Moving & Storage Conference (ATA-MSC) representing more than 1,800 movers, including small-and-medium-sized, multi-generational moving companies, independent movers, and the vast network of van lines and their agents, we write to you to express the industry's concerns regarding the recent changes announced to military moves. We appreciate your communication outlining the business rule changes for 2025; like you, we believe increased dialogue and communication provide essential opportunities to improve the program for the military customers entrusted to the care of the moving and storage industry.

With the publication of Advisory #25-0024, the ATA-MSC Executive Committee unanimously agreed that the proposed changes will destabilize the industry, provide less predictability and risk leading to an erosion of confidence in the moving services that military families deserve. There are three specific changes outlined in your message that negatively impact the program's stability. Those include, 1) the prohibitions on CFAC in the domestic program, 2) the reduction in performance periods from four to two, and 3) the potential for new special solicitations groupings.

The advisory suggests that one of the key areas of feedback you hear from industry, "is the need for stability and predictability during the GHC transition." We agree with that assessment, that stability and predictability are vital to the moving industry, especially now. However, we contend that these changes propose the opposite, leading to instability, significant disruption, and consequences that TRANSCOM did not fully consider.

Special Solicitations

The addition of Special Solicitation (SS) groupings in higher-volume channels would significantly increase instability, although we understand this impact is significantly less in low- volume, hard-lift channels. The industry has been clear that SS groupings is destabilizing and difficult to manage, given the ebbs and flows in volume and the challenges with meeting requests for capacity.

Common Financial and/or Administrative Control (CFAC)

The prohibition on filing rates in the same channel for TSPs in CFAC is the most significant and destabilizing of the three changes. It is true that CFAC has been in the international program for decades, but it is important to know that it was created to answer a specific problem that resulted from the shipment distribution system unique to that program, Transportation Operational Personal Property Standard System (TOPPS).

When CFAC was implemented, the international program awarded significant incentive tonnage, 20-30%, to the TSP that set the lowest rate for that cycle. The program also allowed two periods throughout the cycle where the TSP could cancel its rate. As a result, a TSP with more than one owned carrier could set the lowest rate and be awarded a significant amount of traffic, then cancel that rate and have its other owned carrier be at the next rate level where they split the tonnage with other carriers.

Surface Deployment and Distribution Command (SDDC) also published rates and gave TSPs an opportunity to meet a lower rate filed by another TSP in a process called 'me-too.' The distribution favored price at that time, and a CFAC TSP could also benefit because they could meet those lower rates filed by others. As a result, the prohibition on common financial and/or administrative control was added to that program so that this could not happen. Historically, CFAC never applied to the domestic program due to a lack of incentive traffic awarded to the carrier that filed the lowest rate. For the last 30 years, program stakeholders have developed a clear interpretation of shipment volumes without the CFAC prohibition in the domestic market. This ill-conceived change throws that understanding into disarray.

The imposition of CFAC in the domestic program has the greatest impact on the largest van lines and multi-location independent movers. The reduction of SCACs from numerous to one SCAC will force them to subcontract work from other SCACs where they do not retain the full revenue to support their infrastructure and, as a result, they may commit their capacity to other market segments. DOD traffic was already made less attractive in 2023 with the reduction in fuel surcharge and the alterations to the competitive range. This change reduces incentives and further destabilizes the industry.

Reduction of Performance Cycles from Four to Two

Four performance cycles have been in place for more than a decade and a half, with TSPs having a stable understanding of how moving traffic flows in this model. While two performance periods are not necessarily a negative, with GHC continuing to come online, the industry does not know the number of shipments that will move in the DP3 program. Additionally, the industry lacks visibility into the number of TSPs that may be in any channel from CFAC, coupled with the potential impact that other special solicitations or the unpredictable outcomes of the initial transition from four to two. As a result, industry participants have little way to predict what the 2025 moving season will look like and plan accordingly.

A drawback to the reduction of performance periods that also deserves consideration is that it increases the customer satisfaction survey feedback loop as it will take longer for a TSP's recent behavior to be reflected in its quality score.

By all measures 2024 was a successful moving season and that has been corroborated by TRANSCOM and the military services. With no clear benefit provided by these changes for the military customer, it is questionable whether these changes are necessary, especially now that we are on the cusp of the most significant industry change in memory. The industry has been clear that it is unable to make business investments, like signing a lease on a warehouse, or purchasing a new truck because of this uncertainty. The companies being destabilized are the same professional moving companies that the Department of Defense is relying on to help successfully stand up the GHC.

The members of ATA-MSC are proud of their partnership with TRANSCOM and take seriously their role in assisting service members and their families during these challenging times. The seamless move from one home to the next is a critical component of military readiness that our members are honored to be an instrumental part of. We respectfully request that you move quickly to rescind these unnecessary and dramatic changes and refrain from making any further changes. It is essential that moving forward, TRANSCOM carefully considers program stability as it applies to the 2025 business rules that further risk the program's success.

We look forward to hearing from you and request that you provide a written response to our concerns at your earliest convenience.

Sincerely,



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