

SB

473

RECEIVED MAR 4 1988
RECEIVED MAR 4 1988

**DAWSON ST.
INVESTMENT
COMPANY**

907-279-5208 2152 DAWSON ST. ANCHORAGE, ALASKA 99503

February 29, 1988

Senator Rick Walford
Juneau, Alaska

Dear Senator Walford:

Well, the Sun. "News" shows you taking quite a bit of heat on the "Frequent Flyer" issue. I'd like to encourage you, and point out that I think you are right.

Since these incentives came out, they have seemed to me, a bit of a kickback. In essence, they are saying "Spend your companies' travel dollars with us, and we'll give you a free trip". I think most of us do not fly enough on our own to warrant such competition in Frequent Flyer promotions.

Scott McMurrin, points out in the same "News" that Alaska Airlines is offering a free flight anywhere they go, for two roundtrips to LA. So this is at the least a possible 50% benefit on the flight. Many private companies require turning those benefits in to the company, and the IRS considers them income and taxes them.

The APEA stance that this is some rightful job benefit, is particularly irksome. In the past I've observed various state employees flying around the state with, something less than the justification for the trip required, were they paying for it themselves. Also, I notice that going in and out of Dillingham, they are on the more expensive of the flights available. Could it possibly be that one has Frequent Flier? What about scheduling? If using different airlines would save part of a day, or staying overnight, but would ruin the mileage benefit? Is it beyond imagination, that certain trips might be taken just to round out family vacation plans?

I see only small differences between this and state employees getting a trip for having directed other purchasing to particular vendors. If they need "morale boosting for being away from home", this should be handled separately.

Not long ago, while running a construction project, with a closed street at 3 am, I bought donuts and coffee for everyone. The Anchorage police who were handling the traffic, turned it down, mentioning that they don't take any gifts. I thought that was taking things a little too far. But gifts of hundreds, perhaps thousands, to public employees, is certainly not the right policy.

I would like to see some version of your bill passed.

Sincerely,



Jack Keane

Michael W. Roberts
6732 Stella Place
Anchorage, AK 99507

March 3, 1988

Senator Arliss Sturgulewski
Alaska State Senate
P.O. Box V
State Capitol
Juneau, AK 99811

Dear Arliss,

A recent article in the Anchorage Times concerning a bill introduced by Senator Rick Halford caught my attention. I want to let you know that I strongly support Senator Halford's proposal to require state employees to keep track of their airline frequent flier mileage, and then to use any mileage awards for state travel.

I can't understand the positions taken by opponents to this proposal. The airfare is being paid for with public funds. Any awards that may be derived from miles flown on state business should be retained by the state. If traveling is a requirement for any given position, then the salary and benefits already outlined in the contract must be accepted by each employee as adequate compensation. That is, each employee has already agreed to perform their job for a given amount of pay knowing that air travel and time away from home would be involved. The state isn't obligated to give any more than the contract calls for.

The problem with too many public employees is that they think government funds come from a bottomless pit. If they worked in private industry for a company whose revenues were on the decline, and failed to do their part in helping the bottom line, they'd probably find themselves out of a job. Don't they realize that the cost of these "free vacations" are financed in part by the airfare actually paid out by the state?

Opponents to Senator Halford's proposal may reconsider their arguments if they were to receive 1099 forms each year requiring them to pay income tax on their "free vacations" to Hawaii.

Sincerely,

Michael W. Roberts
Michael W. Roberts
Senate District F

cc: Senator Rick Halford

February 29, 1988

Honorable Lloyd Jones
Chairman
Senate Transportation Committee
P.O. Box V
Juneau, Alaska 99811

Dear Senator Jones:

I recently had the opportunity to obtain a copy of Cherie Shelley's February 23, 1988 letter to you regarding APEA's concerns about SB 473. I have been in the airline/travel industry business for 18 years, and if I may, would like to offer my response to each item and thereby assist you in your response to their concerns and questions brought up in the letter.

1. "How would travel benefits acquired from personal travel be distinguished from business travel. Press reports indicate that employees would have two different airline benefits accounts, one for personal use and one for business use. The legislation does not address this issue and there is no requirement on the airline industry to issue two employee accounts to accommodate the State of Alaska."

Response:

As the state pays for tickets with state travel requests or field warrants, a ticket is easily identifiable as one purchased by the state. I am aware that some people purchase their tickets by credit card or personal check and then get reimbursed by the state. I have never understood why, but, I'm sure that this would have to be addressed.

It is my recommendation that the state apply for travel account numbers to be issued to each department in care of their fiscal section. Each traveler would use the same number assigned to his or her department. This would eliminate the need for actual cards. It would also credit all of the accumulated mileage to the individual departments account. After 25,000 miles, the airlines could issue a free round-trip positive space ticket to that department, valid for one year from the date of issue. These tickets would be used at the discretion of the department for necessary state business travel.

2. "Are employees required as a part of their state duties to participate in airline benefit programs? Could employee elect not to participate?"

Response:

This question makes this program sound like a tedious punishment. As a response, I cannot imagine why a state employee would not elect to participate in a program to the financial

benefit of the state economy.

3. "What happens to travel account benefits if an employee terminates? Under the current Alaska Airlines program it takes 25,000 miles to obtain a coach ticket. An employee, may terminate with 24,000 miles. Would those mileage benefits be lost?"

Response:

If the airlines could issue a travel mileage account number for each department, there would be no mileage lost to the state.

4. "Would an employee be required to cash in the award as soon as a coach fare is available or would the employee be allowed to save mileage benefits for a first class fare?"

Response:

As the program stands now, space available First Class upgrades are automatically issued after 5,000 miles and may be used without deducting any mileage. Those upgrades could be used at the discretion of the commissioner.

5. "Would the employee be allowed to use travel benefits that frequently accrue to family members as a result of the mileage account. An example would be half fair tickets for family members."

Response:

If the individual paid for the ticket out of their personal funds, then yes. If the state paid for the ticket, then no.

6. "What disciplinary measures would be appropriate for using the travel benefits for personal use. What disciplinary measures would be appropriate for intentionally refusing to participate in travel benefits programs. What disciplinary measures would be appropriate for accidentally forgetting to collect travel benefits?"

Response:

Based upon my suggestion to item 1, I really don't think disciplinary action is necessary. If a person elects not to participate, he or she is only hurting his or her department's own travel budget. I don't think the state should be responsible

for disciplining poor judgment.

7. "Would travel accounts be monitored so that all employees are treated equally?"

Response:

If travel accounts are monitored now, so that all employees are treated equally, I would assume they would continue to be monitored in the same fashion.

8. "AS 39.25.210 provides that violation of the Personnel Act is a misdemeanor. If the state does not have a way to monitor travel benefit activities it seem unfair to selectively enforce misdemeanor charges against employees which could result in termination."

Response:

As I stated in my response to item 6, not participating in the program is punishment enough. Violation is not an issue if each department has their own travel mileage account; the responsibility would be removed from the individual employee and placed in the hands of the fiscal section of each department, currently in charge of travel expenditures.

9. "Travel is for the benefit of the employer, not the employee. Most employees who travel are not overtime eligible and frequently ravel on their own time. For a typical one day trip from Juneau to Anchorage, an employee may arrive at the airport a 6:00 a.m. (2 hours before the regular work day) and not arrive back in Juneau until 9:30 pm. (5 hours after the normal close of business). Thus in order to work 7 1/2 hours in Anchorage for the employer's convenience, the employee has donated 7 hours of his or her personal time which may have been spent with the employee's family or other personal endeavors. Extended business travel often cause the employee personal expense and hardship.

Travel incentive awards have been negotiated in collective bargaining agreements. The current supervisory agreement provides that bargaining unit members shall retain travel incentive awards resulting from travel on behalf of the employer. Similar language was also in the tentative agreement with the General Government unit. Travel incentive awards are an appropriate subject of bargaining rather than statute.

It is not good public policy to enact legislation based on a private corporations current promotional plans. Today's

travel benefits may very well be gone tomorrow. APEA urges the committee not to pass this legislation."

Response:

Each department has a travel budget (to accommodate airfare and per diem). If by participating, the department accumulates mileage benefits in the way of free tickets, the departments cannot help but be benefited. It would also cut down or even eliminate indirect travel (at an increased expense to the state) for the sole reason of accumulating personal mileage. If nothing else, i.e., if the program were eliminated all together for state employees, the money saved by paying for direct travel would save the state money.

Travel is for the benefit of the employer (State of Alaska), to this I agree. On an application for state employment is a space asking "Are you willing to travel?" If a person accepts a position and is aware that travel is in the job description, I can only assume that aspect of the job is discussed before employment. If travel is in the job description and the job is accepted, where is the complaint?

I would like to close by saying the state has a wonderful bargaining tool with the airlines. The state spends a lot of money on travel. I am sure our local carriers, presently serving the state, would welcome more of our state dollars spent on them in the lower 48 states. If the state is benefitting by their travel program, then it only makes sense to utilize their services whenever possible. There is room for negotiation.

SB 473, as it was originally introduced is a positive step towards a cost saving measure to the state. I strongly recommend the bill be enhanced to address specifics and remove any chance for this bill to fail.

Thank you.

Sincerely,



Elaine Braun
P.O. Box 211145
Auke Bay, Alaska 99821
789-5911

cc: Honorable Rick Halford
Senator
Alaska State Legislature

Senator Rick Halford



Senate District 1
Chugiak, Eagle River, East Anchorage, Fort Richardson

Senate Finance Committee
Co-Chairman


February 16, 1988

MEMORANDUM

TO: All Senators

FROM: Senator Rick Halford, Co-Chairman
Senate Finance Committee

SUBJECT: Co-Sponsorship of State Travel Benefit
Legislation



Attached is a bill I will be introducing on Tuesday. The legislation will ensure that the State receives travel benefits for mileage accumulated by employees, but paid for by the State.

It is an effort to cut back state spending by taking advantage of travel benefits offered by various airlines. Currently, employees often accumulate these benefits on their own personal accounts.

Should you be interested in co-sponsoring this legislation, please give Theresa Maser of my office a call at 465-4958 by 4:00 p.m., today.

Thank you.

1 IN THE SENATE

BY HALFORD

2 SENATE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to use by state employees of certain
7 travel benefits."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 39.25 is amended by adding a new section to article 6
10 to read:

11 Sec. 39.25.185. USE OF TRAVEL BENEFITS. A state employee who
12 acquires travel benefits from the use of an airline ticket that was
13 paid for by the state shall use the travel benefits during the em-
14 ployee's conduct of business for the state. In this section,

15 (1) "paid for by the state" includes state reimbursement of
16 the employee for the expense of the ticket;

17 (2) "travel benefits" means airline tickets, airline dis-
18 counts, and airline upgrades.
19
20
21
22
23
24
25
26
27

SB 473

February 19, 1988

The Hon Rick Halford
Alaska State Senate
Juneau Alaska

Dear Senator Halford:

Once again the infant mentality to squeeze one more drop from the milk pail upends itself in the Senate. Talk about going from the ridiculous to the sublime; The caption reads: "Free air miles should go back to state" (and related story - EMPIRE, FEB 18, 1986) really takes the cake. About as smart as a fence post and as dumb as a box of rocks! If Sen. Halford's bill passes, I suppose all state employees will then be required to carry two bonus mileage cards. One for their personal use and one for the state system. Alright, I can live with that. No problem. What I want to know is: who gets to use the "150 free tickets" the system saved?? Anyone wanna bet it would NOT be the state employees?

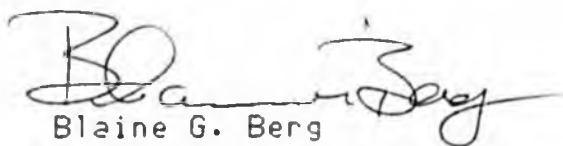
Actually, there is a lot of supposition in what Sen. Halford is suggesting: (1) He supposes ALL state employees travel. (2) He supposes ALL state employees who do travel get free bonus mileage. (3) He supposes ALL state employees who travel record their travel mileage for travel bonuses and last but not least (4) He (probably) supposes ALL state employees who travel and get free airplane tickets go to Hawaii or Jamaica in January!! Does he have this recorded? Does he know that ALL state employees who travel DO have bonus cards? This is all supposition! Where are the figures? Where are the facts? However I will credit Sen. Halford with an astounding sense of logic. I can follow his logic! Can You? Its simple: "all cows that I've seen are brown" (ie: All state employees I've seen have bonus cards) therefore ALL cows are brown! (ie: therefore ALL state employees have bonus cards!) I will grant that probably a majority of the well traveled state employees DO have travel cards, but what percentage does this group of state employees constitute?

Sen. Halford can make suppositions, therefore, I can too! First I would suppose that Sen. Halford will NOT require that elected officials put THEIR travel bonus back into the state coffers. You can bet your sweet bippy on that. Second, it would be safe to suppose that this would precipitate a domino effect as to who would and who would not be required to donate their travel bonus to the state system. That is probably why he can suppose only fifty state employees travel per week. After all, rank doth have its privilege, right? Yet he does go on: the savings to the state (estimated) would be \$55,000 a year, supposing (again) these 50 state employees traveled between Juneau and Anchorage every week. What did you say this years (FY88) state budget is? Ah yes \$2,569,600,000 Let's see then, fiftyfive grand would represent about two onehundredths of one percent of that budget. WOW, AM I EVER IMPRESSEED! WHAT A SAVINGS! TWO ONEHUNDRETHS OF ONE PERCENT (0.00214%)! Even the savings on the total transportation bill (12.7 million) is LESS THAN ONE HALF OF ONE PERCENT (0.433%)! Senator, you're REALLY into saving the BIG buckos aren't you?!

The next question then is what would be the cost to the airlines to administer the program? Nothing, of course! They have already arbitrarily, capriciously and maliciously vetoed the idea. Good for them!. What then would be the cost for the state to administer the program? Well first the state would have to establish a "Division of Accumulated Air Miles" (DAAM). Then a director would have to be hired. This director's salary would (of course) be sixty thousand dollars a year. Sorry Senator, you blew it already and haven't even hired a secretary. Not even an accountant to keep track of mileage; nor a disbursing officer to disburse the 150 free tickets. So now the state is spending \$200,000 a year for a program to save \$55,000 a year!

On the other hand, if the state is really spending 12.7 million dollars for transportation, then maybe the state should operate its own airline, and car rental system. After all, the state already owns a ferry system and a railroad! This would complete the entire transportation systems picture. Then the Senator can introduce a bill to change the background of the state flag from blue to red!

C'mon Senator, remember the good ol' honor system? Honestly, between you and me and the rest of the state, who put you up to this two-bit snipe hunt anyway????



Blaine G. Berg
P.O.Box 210488
Auke Bay, AK 99821

cc: Sen. Jim Duncan, Juneau
Rep. Bill Hudson, Juneau
Rep. Fran Ulman, Juneau
Editor, The Juneau Empire, Juneau
Editor, Anchorage Daily News, Anchorage

PS. I would still like to know who the recipients would be of the 150 "free" tickets?

September 29, 1987

Garrey Peska
Chief of Staff
Office of the Governor
P.O. Box A
Juneau, Alaska 99811-0101

Re: Governor Steve Cowper's
request for suggestions
for cost saving measures

Dear Mr. Peska

This suggestion is regarding state travel and the mileage incentive plans offered by the air carriers, primarily Alaska and Delta Airlines.

Currently, individuals traveling on state business are personally accumulating travel incentive mileage, thus obtaining free travel for themselves or their families. In addition case, potential travel benefits to the state are being lost by travelers presently not participating in the programs. As the state pays for the travel, earning the rewards offered by the airlines, the state should receive the benefits. Specifically, this suggestion would work as follows:

1. Each department responsible for its own budget would have a frequent flyer identification number issued by the airlines.

2. The state currently uses field warrants or state travel request for all travel. With the computers in use today, travel agents and airline ticket agents are required to ask for the form of payment before running out a ticket. If the form of payment is a state travel request or field warrant, the agent would know that the mileage number should be credited to the state department identification number.

3. On Alaska Airlines, for example, a department would be awarded a free positive space round-trip coach coupon, (after every 25,000 accumulated miles) to any destination in Alaska Airline's system. I have enclosed a copy of Alaska Airlines Gold Coast Travel Plan, Rules and Conditions pamphlet for your reference. A sample of how quickly the miles accumulate is eight round-trip tickets from Anchorage to Seattle would entitle the department to the award of a free coupon. The savings to the state would accrue in two ways:

1. All travel paid for by the state would accumulate mileage credits to be used for future state travel authorized by the department; and

2. eliminate or substantially reduce indirect travel, for the purpose of personal mileage accumulation, i.e. Juneau to Anchorage via Fairbanks on Delta Airlines; an additional expense to the state in the amount of \$278.00.

I submit this suggestion with 17 years of travel industry experience. I would be willing to discuss this in detail at your earliest convenience. If you have questions or if I can be of further help please let me know.

Sincerely,

Elaine Braun
P.O. Box 211145
Auke Bay, Alaska 99821
789-5911 (after 1:00 pm)

cc: Hon. Jim Duncan
Alaska State Senate

Hon. Fran Ulmer
Alaska House of Representatives

Hon. Bill Hudson
Alaska House of Representatives

P. O. Box 100193
Anchorage, Alaska 99510
March 1, 1988

RECEIVED MAR 3 1988

Sen. Rick Halford
Pouch V
Juneau, Alaska 99811

Dear Rick:

As you will note from the mass of materials enclosed, I've been looking into travel savings for government in Alaska for quite a while. I was able to do it officially because Mayor Knowles had considered a way to use for charitable purposes the gold bars which were offered as travel bonuses by one airline. One thing led to another and I compiled some of the enclosures. I have even more in the file, but realize you have a limited amount of time to devote to this.

Good addresses to remember if you seek additional information on how other governmental entities have handled this question:

Society of Travel Agents in Government, Inc.
35 Wisconsin Circle, N.W., #201
Washington, D. C. 20815
301/654-8595

National Institute of Governmental Purchasing, Inc.
115 Hillwood Avenue
Falls Church, VA 22046
703/533-7300
(State of Alaska is a member)

Let me know if you'd like to see what else is in the file; or if you'd like to discuss what my research has turned up; or if you'd like me to visit STAG or NIGP with specific questions when I go back to the East at the end of May.

I wish you all success in this endeavor, in which I devoutly believe.

Sincerely,

Peggy
Peggy Hackett

Enclosures

RECEIVED FEB 22 1988

KETCHIKAN DAILY NEWS * PIONEER PRINTING * MEMO

.....from the desk of Lew Williams, Jr.

13/Feb/88

Rick: Congratulations on
SB473 to give the state mileage
credit for state travel.

One thing I suggested
to Josephson when he tried
to correct this abuse was to
put state travel between
Seattle, Juneau, Anchorage &
Erie out for bid. You
have 2 or more airlines
on those routes now.

Alaska Air has the best
schedules but Delta might
increase flights in to

.....from the desk of Lew Williams, Jr.

Verneer is assumed govt
traffic. Or, Alaska Air
might offer a lower price
for state travel without
the credit for mileage.

As much travel as state
employees and state board
& commission members
(and legislators) do, you might
want to set up a state
office that issues tickets
for whatever airline
wins the bid.

Any employee who doesn't
get his ticket in time

.....from the desk of Lew Williams, Jr.

For travel from the state travel office, pay for the fare himself and turn in the ticket receipt to be reimbursed. If the employee advances the cost of travel then we can keep the mileage credit but gets reimbursed only at state rate.

(You might have to negotiate that last part if state fares are much lower than regular). But most state employees would use state-issued tickets. Not

.....from the desk of Lew Williams, Jr.

many of them have the
money or credit to
advance travel funds,

Lew

FEB 3 1988

Pamela L. Rogers
10501 Stroganof Dr.
Anchorage, AK 99516
1/31/88

Senator Jan Faiks
President of the Senate
P. O. Box V
Juneau, AK 99811

Dear Senator Faiks,

I wrote to you several times during the last session, and will probably write to you several times during this session. I should note that I write from the perspective of a "rank-and-file" state employee. Please inform your outstanding staff that I do not expect every letter to be answered personally, including this one. (You are without question the most conscientious public official I have ever known when it comes to answering your mail!)

I am writing this letter to urge you to introduce or support legislation that would require all "frequent flier" mileage accumulated by state employees on state trips to be used ONLY for future state travel. I recently learned that the federal government has instituted this wise, and fiscally responsible, policy. I believe that a considerable amount of state money would be saved through such an effort. At least it warrants investigation.

I realize this won't be popular with the more highly paid officials who travel frequently and who are able to take "free" vacations as a result, but it would do a great deal to boost rank-and-file morale and the money saved could be used for municipal revenue sharing, education and capital projects. Maybe "free" vacations are a requisite perk for those who are forced to travel, as I've been told. In normal times I might even agree, but during these tight budgetary times all state employees should be asked to make sacrifices.

Please consider this suggestion.

Sincerely,

Pamela L. Rogers



ALASCOM

Telegram

RECEIVED MAR 1 1988

09007 NL ANCHORAGE ALASKA EO 02-27 7234 AST
PMS

SENATOR RICH HALFORD

JUNEAU AK

SUPPORT YOUR BILL. TO REQUIRE STATE EMPLOYEES TO KEEP
TRACK OF FREQUENT FLYER MILEAGE AND USE SAME FOR STATE
TRAVEL ONLY.
C E ASBODDARD
1381 HILLCREST
ANCHORAGE AK 99503

1988 FEB 29 AM 9:47

APR 21 1988

RECEIVED MAR 4 1988

March 1, 1988

Senator Rick Halford
P.O. Box V
Juneau, Alaska 99811

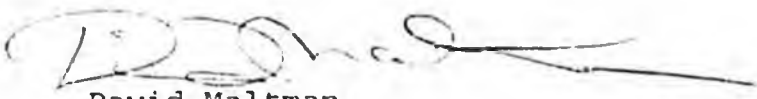
Dear Senator Halford:

This letter is in support for your bill to utilize State Employee's airline mileage premiums to defray the expense of State travel. Recognizing that this is not a popular measure among State employees, I want to let you know I think it is a good idea and and congratulate you for trying.

Actually, your idea seems quite reasonable. It would certainly lower the cost of cravel to the State and it is not much to ask of people that continue to be paid at pipeline salaries and enjoy comparatively bountiful benefits.

Realizing that it is difficult if not impossible to achieve any concessions from State employees and that responsibility for State personnel cost rest primarily with the Governor, you have my continued support for your efforts.

Sincerely,



David Maltman
4800 Mills Drive
Anchorage, 99508

Senator Rick Halford

MAR 28 1988



Senate District 1
Chugiak, Eagle River, East Anchorage, Fort Richardson

Senate Finance Committee
Co-Chairman

Lloyd: FYI. My idea was to call for bids on state travel between Ketchikan, Sitka, Homer, Anchorage, & Fairbanks. It might encourage competition service into Ketchikan & Sitka. It might get lower prices - with no greater threat between Homer, Ketchikan, & Sitka.

March 19, 1988

Lew Williams
Pioneer Printing
Post Office Box 7900
Ketchikan, Alaska 99901

Dear Mr. Williams:

Thank you for your letter supporting Senate Bill 473, "An Act relating to use by state employees of certain travel benefits."

The Federal Government has a travel policy currently in place that obligates employees to account for promotional materials given to them by an airline. When the employee receives promotional material, it is understood that they are accepting it on behalf of the Government and therefore must relinquish it to the Government.

In the search for cost saving measures to the state, it is my belief that we must look at all possible savings plans. If a person earns a mileage award as a direct result of state travel then it seems only logical that he use the award on future state travel.

I appreciate your comments about putting state travel out to bid. Maybe this can be discussed during the deliberations in the Senate Transportation Committee. As you know, Senator Lloyd Jones chairs that committee and I encourage you to let him know of your interest.

Thank you for informing me of your support.

Sincerely,

Handwritten signature of Rick Halford in cursive.

Senator Rick Halford
Co-Chairman
Senate Finance Committee

RH:tam

5-1875B

Bannister
3/1/88

IN THE SENATE

BY HALFORD, FAIKS,
FISCHER AND FANNING

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 473

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the use of travel benefits earned through airline tickets paid for by the state."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* Section 1. AS 39.25 is amended by adding a new section to article 6 to read:

Sec. 39.25.185. USE OF TRAVEL BENEFITS. An individual who acquires travel benefits from the use of an airline ticket that was paid for by the state shall use the travel benefits during the individual's conduct of business for the state. In this section,

(1) "individual" means a person in the exempt service under AS 39.25.110 or in the partially exempt service under AS 39.25.120;

(2) "paid for by the state" includes state reimbursement of the individual for the expense of the ticket;

(3) "travel benefits" means airline tickets, airline discounts, and airline upgrades.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SB473
PUBLISH DATE: 2/16/88

FISCAL NOTE

REQUEST:

Revisor Date: _____ Agency Affected: Administration
Title: An Act relating to use by State
Employees of certain travel benefits BRU: Finance
Sponsor: Halford, Faiks, Fischer, Fanning Components: _____
Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS : (Attach a separate page if necessary)

See Attached Sheet

Prepared by: Keith Busch *[Signature]* Phone: 465-2240
Division: Finance Date: April 11, 1988

Approved by Commissioner: John M. Andrews *[Signature]* Date: 4/11/88
Agency: Department of Administration

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Fiscal Note

CONTINUATION of FISCAL NOTE ANALYSIS

For SB 473

The Department of Administration position on this bill is neutral based upon the assumption that administration and enforcement of the bill will depend upon the individual state employee's honesty and there will be no central administration or enforcement of the program. Based upon this assumption the cost of implementing the bill is zero.

If this assumption is not correct, then significant costs will be incurred and reorganization of the state's travel procedures will have to be accomplished.

The benefits to be derived from this bill are affected by existing labor agreements.

IN THE SENATE

SENATE TRANSPORTATION

CS SENATE BILL NO. 473

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to crediting certain travel benefits to the state."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* Section 1. AS 39.25 is amended by adding a new section to article 6 to read:

Sec. 39.25.185 CREDITING TRAVEL BENEFITS. All airline travel by state employees for the benefit of the state, shall be originally purchased by the state.

Each Department or Division that issues Travel Requests shall apply to the airlines for a travel/credit card.

All airline travel shall be purchased through that travel/credit card issued by the airline. To that travel/credit card, there shall be a mileage incentive program.

All travel benefits earned or awarded to the travel/credit card purchased ticket, shall be credited to the travel account of the Department or Division purchasing the ticket, or to the general fund.

FREQUENT FLYER PROGRAMS

The airlines are unanimously opposed to the concept of any program which would accumulate mileage credits in one large account. This is easily understandable. The airlines prefer to limit the number of miles which can be accrued by one person in any way possible. If a State employee flies round trip to Anchorage, he/she gets credit for 1,140 miles. If a co-worker goes along and no matter who purchases the ticket, each employee gets credit for 1,140 miles. Each employee would need to fly an additional 3,860 miles to attain the first bonus upgrade. It would not be unusual for 25 State employees to fly to Anchorage on a given day. They would each earn 1,140 miles. If it were possible to accumulate mileage in one State account, the State would earn two first class upgrades, a free round-trip ticket, and one night's lodging at any Red Lion Inn. The airlines are opposed to this largesse.

All airlines are willing to make the same counter offer. They would be happy to issue each flyer a second frequent flyer account. The State flyer's address could be a State office which accumulated bonuses. All State-paid travel would earn mileage in the flyer's State account. All personally paid travel would earn mileage in the flyer's own account. The airlines would like that approach. Today, if a State employee flies 5,000 miles, some State paid, some personally paid, they earn a first class upgrade. If they had a State and personal account and they flew 2,500 miles State-paid travel and 2,500 miles of personal-paid travel, they would earn nothing.

There are three basic philosophies of frequent flyer bonuses:

Explanation of Frequent Flyer Programs

1. Let the employee earn them. They travel away from home--often during non-duty hours. They are exposed to jet lag, pressurization, and airline food. They earn it.
2. Let the State earn them. If State funds are paying for the travel, the State should accrue any benefits. The employee may be inconvenienced, but is part of the job.
3. Do not accrue them. They are a form of kickback and as such, should not be accepted.

We have recently been in contact with the Society of Travel Agents in Government and have been advised that no known governmental agency has a policy of accruing frequent flyer bonuses to an agency's benefit.

prospect's interest into buying intention and actual purchase. (3) Almost all marketing should seek to develop an ongoing relationship with the customer after the first sale, by encouraging additional purchases or continued loyalty.

Mail Marketing by Stan Rapp, chairman of Rapp & Collins, a direct-response advertising agency network, McGraw-Hill, 1221 Ave. of the Americas, New York 10020, \$19.95.

Direct mail patterns. Mailings that include fake checks or telegrams no longer impress most prospects. Re-

Did you know that...

... frequent-flyer coupons that employees turn over to their company save less than 1% on annual travel costs? More and more companies are no longer requiring employees to surrender frequent-flyer bonuses. Instead, they're concentrating on cutting travel abuse by enforcing policies that limit trips to the shortest possible route.

Travel Expense Management, Highway 38, Wall Township, NJ 07719, 24 issues, \$157/yr.

... original names for companies and products are getting more difficult to find? More than 185,000 US companies have the word *International* in their names and over 600 use the word *Integrated*. The total number of company and product names exceeds 250 million. An additional 1 million names are registered each year.

ABC Dial, Inc., corporate name and trademark consultants, 1051 Clinton St., Buffalo, NY 14206.

... on-the-job stop-smoking programs are more successful than community-based or other programs? A higher percentage of participants remains nonsmokers two years after finishing the program. Part of the positive reinforcement comes from a partial or total ban on smoking in the workplace.

Successful Meetings, 633 Third Ave., New York 10017, monthly, \$4/yr.

... stress-related disability claims cost companies *twice* as much as physical claims? The average compensation payment for mental disorders caused by stress is \$8,159, compared with \$4,245 for the average physical injury claim. Stress claims are also increasing. They now account for 15% of all disability claims. 1982: 11%.

Donald DeCarlo, counsel for the American Insurance Assn., New York, quoted in *Business Insurance*, 740 Rush St., Chicago 60611, weekly, \$52/yr.

Senator Rick Halford



Senate District 1
Chugiak, Eagle River, East Anchorage, Fort Richardson

Senate Finance Committee
Co-Chairman

April 10, 1988

MEMORANDUM

TO: Senate Transportation Committee Members
FROM: Senator Rick Halford, Co-Chairman
Senate Finance Committee
SUBJECT: SB 473 - State Travel Benefits

A handwritten signature in cursive script that reads "Rick Halford".

In the search for cost saving measures to the state, I believe it is important to look at all possibilities. Senate Bill 473 is an effort to help reduce state travel costs. If an individual earns a mileage award as a direct result of state travel, it seems only logical that he use the award on future state travel.

As an example, the Federal Government's current travel policy obligates federal employees to account for promotional materials given to them by an airline. When a federal employee receives promotional material, they are accepting it on behalf of the Government and as such must relinquish it to the Government.

Federal policy is so stringent that if a bonus ticket is received by an employee as a result of trips paid for by both appropriated funds while on official travel and personal funds, the bonus becomes the property of the Government. If a federal employee wishes to participate in a bonus program and retain the benefits from the program, they need to make certain that all trips included in the bonus program are paid from personal funds.

As you can see from Federal policy it is not unusual for a government entity to enact regulations based on private corporations promotional plans. I hope you will look favorably on this proposal and expedite it through the Senate Transportation Committee.

Proposed travel policy could save million dollars for state

By Debbie Reinwand 1986?
Times Writer

Mileage bonuses from airlines would no longer be credited to state employees' personal travel cards under a proposed policy change analysts say translates to a \$1 million annual savings for the state.

The general government panel of Gov. Steve Cowper's transition team is recommending that mileage accrued by employees traveling on the state's ticket be credited to the state.

"I know state employees who have gotten around-the-world tickets from mileage they earned while traveling for the state," said transition team member Richard Fineberg, who studied the issue.

"It doesn't seem right for the employee to get the perk when the state paid for the ticket. The state should get the perk," Fineberg said.

If the bonus miles were handed to the state instead of the worker, the credits could be used to purchase tickets for other employees.

"It seems like a small thing, but it's a policy matter and it translates into a savings for government," Fineberg said.

Negotiations with airlines flying throughout Alaska may be necessary to make sure the state receives the benefits, according to the transition document.

Currently, the state budgets about \$35 million for travel, with half going to pay for transportation and the other half covering employee per diem.

The transition panel pointed out that another \$1 million might be saved if state employees were reimbursed only for meals on the last day they travel on government business. Fineberg cited a recent example where he flew to Anchorage on Sunday, returned to Juneau on Tuesday, and received full per diem payments for all days he traveled, even though he did not have a hotel bill for the last day.

"The point is to not pay employees for lodging on the last day they travel, since they come home and spend the night in their own beds," he said.

To change that policy, the state will have to negotiate with the various unions representing state employees. According to the transition team's review, current contracts call for workers to be paid full per diem — which averages \$80 daily — for

each day they are on the road.

University of Alaska Budget Director Brian Rogers, who was on the transition panel, said his organization pays a reduced per diem rate on the last day of travel. "The university has always paid about \$31 on the final day of a business trip, because the worker doesn't have to pay hotel expenses that day. It makes sense and it saves money," said Rogers.

"We tried to look for all sorts of things that could result in savings, no matter how small," Fineberg said. "If you are very careful in your bookkeeping, you can eliminate a lot of needless costs."

State officials encountered a similar situation several years ago when airlines were offering cut-rate trips to Mexico for frequent fliers. At that time, Gov. Bill Sheffield warned workers not to take advantage of the program if they were traveling at state expense.

The transition panel that reviewed the changes to travel policies included Fineberg, newly appointed Department of Transportation deputy commissioner Bob Poe and Rogers.

c. Purpose(s) of travel. Each travel authorization and the associated travel voucher(s) (see 1-11.5q) shall specify clearly the purpose(s) of the travel. For uniformity in establishing travel purposes on authorizations, agencies should use travel purpose categories that conform to the extent possible to those listed in appendix 1-B.

d. Cost estimates. Travel authorizations shall include estimates of the cost of the travel. Both unlimited and limited open authorizations shall also include an estimate of the travel costs to be incurred over the period covered by the authorization. Agencies shall use these estimates to obligate the funds necessary to carry out that particular travel in order to improve travel budgetary controls. (For advance of funds for the estimated costs of travel, see 1-10.3.)

1-1.6. Instructions/guidelines for travelers.

a. Traveler's potential liability notice. Travelers are accountable for all transportation tickets, Government Transportation Requests (GTR's), or other transportation procurement documents received by them in connection with their official travel. Agencies shall provide written instructions to the traveler at the time an authorization is issued advising of agency administrative procedures for the control of and accountability for passenger transportation documents. If trips are canceled or itineraries changed after tickets (or GTR's) are issued to the traveler, the traveler is liable for the value of the tickets issued until all ticket coupons have been used for official travel purposes or all unused tickets or coupons are properly accounted for on the travel voucher. (See also 1-11.5c(1)). A statement to this effect shall be incorporated on the travel authorization, or issued as a "Notice to Traveler" and attached to the ticket or GTR when issued to the traveler. (See 1-2.5 for further provisions regarding unused passenger transportation documents.)

b. Promotional materials received in conjunction with official travel from common carriers, rental car companies, or other commercial sources. Employees are obligated to account for any gift, gratuity, or benefit received from private sources incident to the performance of official business (Comp. Gen. Decision B-199656, July 15, 1991). All promotional materials (e.g., bonus flights, reduced-fare coupons, cash, merchandise, gifts, credits toward future free or reduced costs of services or goods, etc.) received by employees in conjunction with official travel or incident to the purchase of a ticket for official travel, or other services such as car rental, are due the Government and may not be retained by the employee. When an employee receives promotional material from any commercial source incident to official travel, the employee shall accept the material on behalf of the Federal Government and relinquish it to an appropriately designated agency official. The governing regulations regarding agency disposition of promotional material received by Federal employees are prescribed by the Administrator of General Services in 41 CFR 101-25.103-2.

GENERAL SERVICES ADMINISTRATION
WASHINGTON, D. C. 20415

August 23, 1983

FEDERAL PROPERTY MANAGEMENT REGULATIONS
AMENDMENT E- 254

TO: Heads of Federal agencies

SUBJECT: Change to Subchapter E--Supply and Procurement

1. Purpose. This amendment transmits changed pages to Subchapter E--Supply and Procurement.
2. Effective date. The regulation transmitted by this amendment is effective upon publication in the FEDERAL REGISTER.
3. Background. The FPMR is being amended to incorporate and codify existing policies regarding promotional materials (e.g., bonus flights, reduced-fare coupons, cash, merchandise, gifts, credits toward future free or reduced costs of services or goods, etc.) received by Government employees in connection with official travel. This regulation incorporates Department of Treasury Fiscal Requirements Manual (TFRM) Bulletin 79-09 dated July 1, 1980.
4. Explanation of changes. Section 101-25.103 is recaptioned and revised to provide for the receipt and disposition of promotional materials received by Government employees.



GERALD P. CARMEN
Administrator of General Services

(Published in the Federal Register October 18, 1983, 48 FR 48231)

FILING INSTRUCTIONS

Remove pages

Table of contents i-ii
2501-2502
2502.1-2502.2

Insert pages

Same
Same
2502.1.1
Same

Attachment

CONTENTS OF SUBCHAPTER E—SUPPLY AND PROCUREMENT

PART 101-25—GENERAL

<p>Sec.</p> <p>101-25.000 Scope of subchapter.</p> <p>101-25.001 Scope of part.</p> <p style="text-align: center;">Subpart 101-25.1—General Policies</p> <p>101-25.100 Use of Government personal property and nonpersonal services.)</p> <p>101-25.101 Criteria for determining method of supply.</p> <p>101-25.101-1 General.</p> <p>101-25.101-2 Supply through storage and issue.</p> <p>101-25.101-3 Supply through consolidated purchase for direct delivery to use points.</p> <p>101-25.101-4 Supply through indefinite quantity requirement contracts.</p> <p>101-25.101-5 Supply through local purchase.</p> <p>101-25.102 Exchange or sale of personal property for replacement purposes.</p> <p>101-25.103 Promotional materials, trading stamps, or bonus goods.</p> <p>101-25.103-1 General.</p> <p>101-25.103-2 Promotional material received in conjunction with official travel from transportation companies, rental car companies, or other commercial activities.</p> <p>101-25.103-3 Trading stamps or bonus goods received from contractors</p> <p>101-25.103-4 Disposition of promotional materials, trading stamps, or bonus goods.</p> <p>101-25.104 Acquisition of office furniture and office machines.</p> <p>101-25.104-1 Redistribution, repair or rehabilitation.</p> <p>101-25.104-2 [Reserved]</p> <p>101-25.105 [Reserved]</p> <p>101-25.106 Servicing of office machines.</p> <p>101-25.107 Guidelines for requisitioning and proper use of consumable or low cost items.</p> <p>101-25.108 Multiyear subscriptions for publications.</p> <p>101-25.109 Laboratory and research equipment.</p> <p>101-25.109-1 Identification of idle equipment.</p> <p>101-25.109-2 Equipment pools.</p> <p>101-25.110 Tire identification/registration program.</p> <p>101-25.110-1 [Reserved]</p> <p>101-25.110-2 Tires obtained through Federal Supply Schedules or regional term contracts.</p> <p>101-25.110-3 Tires accompanying new motor vehicles.</p> <p>101-25.110-4 Recordkeeping responsibilities.</p> <p>101-25.111 Environmental impact policy.</p> <p>101-25.112 Energy conservation policy.</p> <p>101-25.113 Leasing of motor vehicles.</p> <p>§ 101-25.114 Supply management surveys and assistance.</p>	<p style="text-align: center;">Subpart 101-25.2—Interagency Purchase Assignments</p> <p>101-25.201 General.</p> <p>101-25.202 Factors to be used to determine assignment of purchase responsibility.</p> <p>101-25.203 Centralized purchases by GSA.</p> <p>101-25.204 Centralized purchases by designated executive agencies under authority delegated by the Administrator of General Services.</p> <p>101-25.205 Arrangement for performance of purchasing functions other than centralized.</p> <p>101-25.206 Independent purchases by executive agencies.</p> <p style="text-align: center;">Subpart 101-25.3—Use Standards</p> <p>101-25.301 General.</p> <p>101-25.302 Office furniture, furnishings, and equipment.</p> <p>101-25.302-1 Executive type office furniture and furnishings.</p> <p>101-25.302-2 Filing cabinets.</p> <p>101-25.302-3 Electric typewriters.</p> <p>101-25.302-4 Figuring machines.</p> <p>101-25.302-5 Carpeting.</p> <p>101-25.302-6 Electronic office machines.</p> <p>101-25.302-7 Draperies.</p> <p>101-25.302-8 Contemporary steel office furniture.</p> <p>101-25.303 Gasoline for use in motor vehicles.</p> <p>101-25.304 Additional systems and equipment for passenger motor vehicles.</p> <p>101-25.304-1 Selection guidelines.</p> <p>101-25.304-2 Air-conditioning guidelines.</p> <p style="text-align: center;">Subpart 101-25.4—Replacement Standards</p> <p>101-25.401 General.</p> <p>101-25.402 Motor vehicles.</p> <p>101-25.403 Office machines.</p> <p>101-25.404 Furniture.</p> <p>101-25.404-1 Limitations.</p> <p>101-25.405 Materials handling equipment.</p> <p style="text-align: center;">Subpart 101-25.5—Guidelines for Making Purchase or Lease Determinations</p> <p>101-25.500 Scope of subpart.</p> <p>101-25.501 General.</p> <p>101-25.501-1 Acquisition considerations.</p> <p>101-25.501-2 Cost comparison methods.</p> <p>101-25.501-3 Reviewing application of guidelines.</p> <p style="text-align: center;">Subparts 101-25.6—101-25.47 (Reserved)</p> <p style="text-align: center;">Subpart 101-25.48—Reports</p> <p>101-25.502 Methods of acquisition.</p> <p>101-25.502-1 Purchase method.</p> <p>101-25.502-2 Lease method.</p> <p>101-25.503 Telecommunications equipment.</p> <p>101-25.504 Office copying machines.</p> <p>101-25.4800 Scope of subpart</p> <p>101-25.4801 Supply Activity Report</p> <p style="text-align: center;">Subpart 101-25.49—Illustration of Forms</p> <p>101-25.4900 Scope of subpart.</p> <p>101-25.4901 [Reserved]</p> <p>101-25.4902 OSA forms.</p>
--	---

CONTENTS OF SUBCHAPTER E — SUPPLY AND PROCUREMENT

Sec.		Sec.	
101-25.4902-1473	GSA Form 1473: Supply Activity Report.	Subpart 101-26.2—Federal Requisitioning System	
101-25.4902-1473-1	Instructions for preparation of GSA Form 1473, Supply Activity Report.	101-26.200	Scope of subpart.
PART 101-26—PROCUREMENT SOURCES AND PROGRAMS		101-26.201	General.
101-26.000	Scope of part.	101-26.202	Applicability.
Subpart 101-26.1—General		101-26.203	Activity address codes.
101-26.100	Scope of subpart.	101-26.204	[Reserved]
101-26.100-1	Procurement of lowest cost items.	101-26.205	[Reserved]
101-26.100-2	Request for waivers.	101-26.206	GSA assistance.
101-26.100-3	Warranties.	Subpart 101-26.3—Procurement of GSA Stock Items	
101-26.101	Utilization of long supply and excess personal property.	101-26.300	Scope of subpart.
101-26.102	Special buying services.	101-26.301	Applicability
101-26.102-1	General.	101-26.301-1	Similar items
101-26.102-2	Utilization by military agencies.	101-26.301-2	Issue of used, repaired, and rehabilitated items in serviceable condition.
101-26.102-3	Procurement leadtime.	101-26.302	Standard and optional forms.
101-26.102-4	Payment to GSA contractors.	101-26.303	Out-of-stock items.
101-26.103	Establishing essentiality of requirements.	101-26.303-1	Back ordering by GSA.
101-26.103-1	Policy for personal property.	101-26.303-2	Notice to GSA.
101-26.103-2	Restriction on personal convenience items.	101-26.303-3	Exceptions.
101-26.104	End-of-year submission of requisitions for action by OSA.	101-26.304	Substitution policy.
101-26.105	Justification to support negotiated procurement by GSA for other agencies.	101-26.305	Submission of orders to GSA.
101-26.106	Consolidation of requirements.	101-26.306	Planned requisitioning for GSA stock items.
101-26.107	Priorities for use of supply sources.	101-26.307	Processing overages, shortages, and damages.
		101-26.307-1	[Reserved]
		101-26.307-2	[Reserved]
		101-26.307-3	[Reserved]
		101-26.308	Obtaining filing cabinets.
		101-26.309	Cancellation of orders for GSA stock items.
		101-26.310	Ordering errors.
		101-26.311	Frustrated shipments.
		101-26.312	Adjusting quantities requisitioned.
		101-26.312	[Reserved]

PART 101-25 GENERAL

101-25.101-3

§ 101-25.000 Scope of subchapter.

This subchapter provides policies and guidelines pertaining to the general area of supply management designed to support the logistical programs of the Federal Government. It consists of Parts 101-25 through 101-34 and provides for applicability of coverage within each of these several parts.

§ 101-25.001 Scope of part.

This part provides policies and guidelines pertaining to subject matter in the general area of supply management which is not appropriate for coverage in other parts of this Subchapter E.

Subpart 101-25.1—General Policies

§ 101-25.100 Use of Government personal property and nonpersonal services.

Except in emergencies, Government personal property and nonpersonal services shall be used only for those purposes for which they were obtained or contracted for or other officially designated purposes. Emergency conditions are those threatening loss of life and property. As used in this section "nonpersonal services" means those contractual services, other than personal and professional services (as defined in 40 U.S.C. 472). This includes property and services on interagency loan as well as property leased by agencies. Agency heads shall ensure that the provisions of this § 101-25.100 are enforced to restrict the use of Government property/services to officially designated activities.

§ 101-25.101 Criteria for determining method of supply.

§ 101-25.101-1 General.

(a) This § 101-25.101 prescribes general criteria governing selection of the appropriate methods of supply to be utilized in meeting the planned requirements of the Government. It is directly applicable to executive agencies, and other Federal agencies are requested to observe these criteria in conducting their supply operations.

(b) As used in this § 101-25.101, the term "use point" means a storeroom or other redistribution point, where supplies, materials, or equipment representing more than a 30-day supply are maintained primarily for issue directly to consumers within the local area, as distinguished from storage points where supplies and equipment are issued to redistribution points.

§ 101-25.101-2 Supply through storage and issue.

The following criteria shall govern in determining whether an item can be most advantageously supplied through storage and issue to use points:

(a) The item shall be physically adaptable to storage and issue and of such a character that it is feasible to forecast overall requirements of the use points served with reasonable accuracy;

(b) Rate of use and frequency of ordering at use points shall be sufficient to warrant storage and issue;

(c) The rate of deterioration or obsolescence shall be sufficiently low to avoid unnecessary loss; and

(d) Conditions exist where any of the following factors require supply through storage and issue (except that dangerous commodities of high weight and density, or commodities highly susceptible to damage normally should not be considered for supply through storage and issue unless one or more of such factors are determined to be of overriding importance)—

(1) Where price advantage through bulk buying is sufficient to render storage and issue more economical, all costs, both direct and indirect, considered.

(2) Where close inspection or testing is necessary to secure quality, or where repetitive inspection and test of small lots are prohibitive from the standpoint of cost or potential urgency of need.

(3) Where advance purchase and storage are necessitated by long procurement leadtime.

(4) Where an item is of special manufacture or design and is not readily available from commercial sources.

(5) Where an adequate industry distribution system does not exist to assure availability at use point.

(6) Where volume purchases are necessary to secure timely deliveries and advantageous prices.

(7) Where market conditions are such that supply through storage and issue is required to assure adequate supply.

(8) Where stocking of supplies and equipment necessary for implementation of emergency plans is required for an indefinite period.

§ 101-25.101-3 Supply through consolidated purchase for direct delivery to use points.

The following criteria shall govern in determining whether an item can be

PART 101-25 GENERAL

101-25.101-3

most advantageously supplied through consolidated purchase for direct delivery to use points:

(a) The items shall be equipment or supply items of such a character that it is feasible to forecast requirements for delivery to specific use points; and

(b) Conditions exist where any of the following factors requires consolidated purchasing of such items for direct delivery to use points—

(1) Where greatest price advantage, both direct and indirect costs considered, is obtainable through large definite quantity purchasing.

(2) Where an item is of special manufacture or design and is not readily available from commercial sources.

(3) Where market conditions are such that central procurement is required to assure adequate supply.

(4) Where contracts for production quantities are necessary to secure timely deliveries and advantageous prices.

(5) Where the quantity is large enough to assure lowest transportation costs or, conversely, where transportation costs for small quantity redistribution are so excessive that it is not feasible to store and issue the items.

§ 101-25.101-4 Supply through indefinite quantity requirement contracts.

The following criteria shall govern in determining whether an item can be most advantageously supplied through the medium of indefinite quantity requirement contracts covering specific periods and providing for delivery to use points as needs arise:

(a) The item shall be such a character that—

(1) Handling on a storage and issue basis is not economically sound, under the criteria prescribed in § 101-25.101-2;

(2) Rate of use and frequency of ordering at use points is estimated to be sufficient to warrant the making of indefinite quantity requirement contracts;

(3) It is either not feasible to forecast definite requirements for delivery to specific use points, (as in the case of new items initially being introduced into a supply system), or no advantage accrues from doing so; and

(b) Industry distribution facilities are adequate properly to serve the use points involved; and

(c) Conditions exist where any of the following factors requires the maintaining of indefinite quantity requirements contracts—

(1) Advantage to the Government is greater than would be secured by definite quantity procurements by individual offices or agencies (the de-

termining consideration being one of overall economy to the Government, rather than one of direct comparison of unit prices of individual items obtainable through other methods of supply); or no known procurement economies would be effected but the requirements of offices or agencies can best be served by indefinite quantity requirements contracts.

(2) Acute competitive bidding problems exist because of highly technical matters which can best be met on a centralized contracting basis.

(3) The item is proprietary or so complex in design, function, or operation as to be noncompetitive and procurement can best be performed on a centralized contracting basis.

§ 101-25.101-5 Supply through local purchase.

The following criteria shall govern in determining whether an item should be supplied through local purchase:

(a) Urgency of need requires local purchase to assure prompt delivery;

(b) The items are perishable or subject to rapid deterioration which will not permit delay incident to shipment from distant points;

(c) The local purchase is within applicable limitation established by the agency head; or

(d) Local purchase will produce the greatest economy to the Government.

§ 101-25.102 Exchange or sale of personal property for replacement purposes.

Policies and methods governing executive agencies in exercising the authority granted under section 201(c) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 481(c)), are prescribed in Part 101-46.

§ 101-25.103 Promotional materials, trading stamps, or bonus goods.

§ 101-25.103-1 General.

Federal agencies in a position to receive promotional materials, trading stamps, or bonus goods shall establish internal procedures for the receipt and disposition of these gratuities in accordance with § 101-25.103. The procedures shall provide for a minimum of administrative and accounting controls.

§ 101-25.103-2 Promotional material received in conjunction with official travel from transportation companies, rental car companies, or other commercial activities.

SUBCHAPTER 101—25 SUPPLY AND PROCUREMENT

(a) All promotional materials (e.g., bonus flights, reduced-fare coupons, cash, merchandise, gifts, credits toward future free or reduced costs of services or goods, etc.) received by employees in conjunction with official travel and based on the purchase of a ticket or other services (e.g. car rental) are properly considered to be due the Government and may not be retained by the employee. The Comptroller General of the United States has stated that employees are obligated to account for any gift, gratuity, or benefit received from private sources incident to the performance of official duties (see Comp. Gen. Decision B-199858, July 15, 1931). When an employee receives promotional material, the employee shall accept the material on behalf of the United States and relinquish it to an appropriate agency official.

(b) Promotional coupons that provide for future free or reduced costs of services (travel) should be integrated into the agency travel plans to maximize the benefits to the Government. The coupons should then be applied to the maximum extent possible; e.g., coast-to-coast or overseas travel, if permitted.

(c) Promotional coupons that carry a cash surrender value shall be redeemed immediately. The cash received from redeemed coupons or other cash compensation (i.e., denied boarding or cancellation of reservation by carriers, etc.) shall be deposited in accordance with Department of Treasury requirements, and credited to miscellaneous receipt account 1699, "Miscellaneous Dividends and Earnings, Not Otherwise Classified."

(d) Promotional materials that cannot be used by the receiving agency shall be disposed of in accordance with § 101-25.103-4.

§ 101-25.103-3 Trading stamps or bonus goods received from contractors.

When contracts contain a price reduction clause, any method (such as trading stamps or bonus goods) by which the price of a commodity or service is effectively reduced shall constitute a price reduction. Temporary or promotional price reductions are to be made available to contracting officers under the same terms and

conditions as to other customers. Procuring activities, however, rather than accept trading stamps and bonus goods, shall attempt to deduct the cost of such items from the contract price. If obtaining such a price reduction is not possible, the contracting officer shall document the contract file to that effect and dispose of the items as provided in § 101-25.103.4.

§ 101-25.103-4 Disposition of promotional materials, trading stamps, or bonus goods.

(a) Agencies shall, through the lowest appropriate activity, arrange for transfer of promotional materials, trading stamps, or bonus goods, without reimbursement in accordance with internal agency procedures to a nearby Federal hospital or similar institution operated, managed, or supervised by the Department of Defense (DOD) or the Veterans Administration (VA) when:

- (1) The contract does not contain a price reduction clause, or
- (2) The contractor refuses to grant a price reduction, and
- (3) It is deemed practical and in the best interest of the Government to accept such promotional items as a price reduction, and
- (4) The procuring or receiving agency has no practical use for the promotional items.

(b) Before transferring promotional materials, trading stamps, or bonus goods to the above Federal institutions, it must be determined that the proposed recipient is prepared to receive and use such items. If these items cannot be used by the receiving agency or a medical facility, they should be disposed of in accordance with 41 CFR 101-43, 44 and 45.

(NEXT PAGE IS 2502.1)

§ 101-25.104 Acquisition of office furniture and office machines.

Each executive agency shall make a determination as to whether the requirements of the agency can be met through the utilization of already owned items prior to the acquisition of new furniture or office machines. The acquisition of new items shall be limited to those requirements which are considered absolutely essential and shall not include upgrading to improve appearance, office decor, or status, or to satisfy the desire for the latest design or more expensive lines.

(a) Generally acquisition of additional furniture or office machines from any source will be authorized only under the following circumstances, limited to the least expensive lines which will meet the requirement (see § 101-26.408 of this chapter with respect to items such as typewriters under Federal Supply Schedule contracts), and the justification for the action shall be fully documented in the agency file:

(1) For essential requirements arising from quantitative increases in onboard employment which constitute the total requirement of any agency or major component thereof (e.g., bureau, service, office).

(2) For essential requirements arising from a need not related to onboard employment increases but which are determined necessary to avoid impairment of program efficiency.

(b) Each agency shall restrict replacement of furniture or office machines either to usable excess, rehabilitated, or the least expensive new lines available which will meet the requirement under the following circumstances, authority for which shall be fully documented in the agency file:

(1) Where the agency determines that the item is not economically repairable.

(2) Where reductions in office space occupancy are accomplished through use of more convenient or smaller size furniture and the space economies thus achieved offset the cost of the furniture to be acquired.

§ 101-25.104-1 Redistribution, repair, or rehabilitation.

Prior to the purchase of new office furniture and office machines, agencies shall fulfill needs insofar as practicable through redistribution, repair, or rehabilitation of already owned furniture and office machines. In furtherance of the use of rehabilitated furniture and office machines, agencies shall review inventories on a continuing basis to ascertain those items which can be economically rehabilitated and institute programs for their orderly repair and rehabilitation. All such items which are not required for immediate needs shall be reported as excess.

§ 101-25.104-2 (Reserved)

§ 101-25.105 (Reserved)

§ 101-25.106 Servicing of office machines.

(a) The determination as to whether office machines are to be serviced by use of annual maintenance contracts or per-call arrangements shall be made in each case after comparison of the relative cost affecting specific types of equipment in a particular location and consideration of the factors set forth in paragraph (b) of this section.

PART 101-25 GENERAL

101-25 106(b)

(b) Prior to making the determination required by paragraph (a) of this section, consideration shall be given to:

- (1) Standard of performance required;
- (2) Degree of reliability needed;
- (3) Environmental factors; i.e., dusty surroundings or other unfavorable conditions;
- (4) Proximity to available repair facilities;
- (5) Past experience with service facility; i.e., reputation, performance record, quality of work, etc.;
- (6) Daily use (heavy or light) and operator's care of machine;
- (7) Age and performance record of machine;
- (8) Machine inventory in relation to operating needs; i.e., availability of reserve machine in case of breakdown;
- (9) Number of machines; including overall frequency of repairs required;
- (10) Security restrictions, if any; and
- (11) Other pertinent factors.

§ 101-25.107 Guidelines for requisitioning and proper use of consumable or low cost items.

Consumable and low value items in inventory (cupboard stocks are not considered inventory) are subject to accounting and inventory record controls in accordance with applicable provisions of law and the principles and standards prescribed by the General Accounting Office, 2 GAO 125. Normally, however, the systems of control for such property cease at the time of issuance from a warehouse or storeroom to the consumer.

(a) The guidelines set forth in this § 101-25.107 are considered minimum to assure proper use of consumable or low cost items by individuals, subsequent to issue from accountable records and termination of formal accountability. Consumable items, for the purpose of this section, are considered to include those items actually consumed in use (e.g., pads and pencils) and those items required in performance of duties but for which, primarily by reason of the low value involved, no formal accountability is maintained after issue, and are generally referred to as "expendable."

(b) Approval of requisitions for replenishment of cupboard storeroom stocks should be restricted to officials at a

responsible supervisory level to insure that supply requirements are justified on the basis of essentiality and quantity. Where requisitions are not required, such as in procuring items from GSA self-service stores, informal "shopping lists" should be approved at the same level.

(c) Adequate safeguards and controls should be established to assure that issues of expendable supplies are made for official use only. In appropriate situations, this will include identification of individuals to whom expendable supplies have been issued. Experience has indicated, also, that certain items of expendables should not be displayed either at seasonal periods of the year or on a permanent basis.

(d) The items listed below have from experience proven to be personally attractive and particularly susceptible to being used for other than official duties. Agencies should give special attention to these and any other consumable or low cost items when issues are excessive when compared with normal program needs.

- Attache cases
- Ball point pens and refills
- Brief cases
- Binders
- Carbon paper
- Dictionaries
- Felt tip markers
- Felt tip pens and refills
- File folders
- Letterex
- Letter openers
- Pads (paper)
- Paper clips
- Pencils
- Pencil sharpeners
- Portfolios (leather, plastic and writing pads)
- Rubber bands
- Rulers
- Scissors
- Spray paint and lacquer
- Staplers
- Staples
- Staple removers
- Tape dispensers
- Transparent tape
- Typewriter ribbons

§ 101-25.108 Multiyear subscriptions for publications.

Subscriptions for periodicals, newspapers, and other publications for which it is known in advance that a continuing requirement exists should be for multiple years rather than for a single year where such method is advantageous for the purpose of economy or otherwise. Where various bureaus or offices in the same agency are subscribing to the same publication, consideration shall be given to consolidating these requirements, to the extent practical, on an agency-wide basis and on a multiyear basis. Payment covering issues to be delivered during the entire subscription period may be made in advance from currently available appropriations (31 U.S.C. 530a)

Two statutes appearing in the section which lists the statutes and regulations applicable to postal employees have been repealed. Section 606 of Title 18, United States Code, which related to limitations on political contributions and purchases, was repealed by the Federal Election Campaign Act of 1971, as amended, Pub. L. 94-283, section 201(a), 49 Stat. 496 (1976). Section 1727 of Title 18, United States Code, which provided for a fine of not more than \$50 for postage accounting violations, was repealed by the Act of July 5, 1968, Pub. L. 90-383, section 1(a), 82 Stat. 292, so as to permit prosecution under the postal embezzlement statute, 18 U.S.C. 1711. Accordingly, references to the two repealed statutes are deleted, and the remaining statutes are appropriately renumbered.

Although 39 U.S.C. 410(a) exempts the Postal Service from the notice and comment requirements of the Administrative Procedure Act regarding proposed rule making (5 U.S.C. 553), the Postal Service ordinarily invites public comment on proposed changes to its regulations. Since, however, this rule makes no substantive change in the regulations, notice and an opportunity for the submission of comments in this case are deemed unnecessary.

Accordingly, 39 CFR Part 447 is amended as follows:

List of Subjects in 39 CFR Part 447

Conflict of interests, Government employees.

PART 447—CODE OF ETHICAL CONDUCT FOR POSTAL EMPLOYEES

§ 447.23 [Amended]

§ 447.51 [Amended]

1. In paragraph (j) of § 447.23 and paragraph (a) of § 447.51 remove "the Civil Service Commission" and insert in lieu thereof "the Office of Personnel Management".

§ 447.53 [Amended]

2. In § 447.53 remove from paragraph (a) "the U.S. Civil Service Commission" and insert in lieu thereof "the Office of Personnel Management".

1. Section 447.53 is revised to read as follows:

§ 447.53 Investigation and enforcement.

The Office of the Special Counsel and the Merit Systems Protection Board investigate and adjudicate allegations of prohibited activity in violation of the regulations of the Office of Personnel Management by Postal Service employees. For jurisdiction in such a case, see 5 CFR 733.301 and Parts 1250-

1251.

§ 447.62 [Amended]

4. In paragraph (d) and paragraph (e) of § 447.62 remove "PFS-25" and insert in lieu thereof "EAS-25".

§ 447.91 [Amended]

5. In § 447.91, amend paragraph (h) by removing "607, and 608" and inserting in lieu thereof "and 607"; remove paragraph (z); redesignate paragraphs (aa) through (jj) as paragraphs (z) through (ii); amend redesignated paragraph (hh) by removing "first-class mail" and inserting in lieu thereof "First-Class Mail".

(39 U.S.C. 401)

W. Allen Sanders,

Associate General Counsel, Office of General Law and Administration

(15) (16) (17) (18) (19) (20) (21) (22) (23) (24) (25) (26) (27) (28) (29) (30) (31) (32) (33) (34) (35) (36) (37) (38) (39) (40) (41) (42) (43) (44) (45) (46) (47) (48) (49) (50) (51) (52) (53) (54) (55) (56) (57) (58) (59) (60) (61) (62) (63) (64) (65) (66) (67) (68) (69) (70) (71) (72) (73) (74) (75) (76) (77) (78) (79) (80) (81) (82) (83) (84) (85) (86) (87) (88) (89) (90) (91) (92) (93) (94) (95) (96) (97) (98) (99) (100) (101) (102) (103) (104) (105) (106) (107) (108) (109) (110) (111) (112) (113) (114) (115) (116) (117) (118) (119) (120) (121) (122) (123) (124) (125) (126) (127) (128) (129) (130) (131) (132) (133) (134) (135) (136) (137) (138) (139) (140) (141) (142) (143) (144) (145) (146) (147) (148) (149) (150) (151) (152) (153) (154) (155) (156) (157) (158) (159) (160) (161) (162) (163) (164) (165) (166) (167) (168) (169) (170) (171) (172) (173) (174) (175) (176) (177) (178) (179) (180) (181) (182) (183) (184) (185) (186) (187) (188) (189) (190) (191) (192) (193) (194) (195) (196) (197) (198) (199) (200) (201) (202) (203) (204) (205) (206) (207) (208) (209) (210) (211) (212) (213) (214) (215) (216) (217) (218) (219) (220) (221) (222) (223) (224) (225) (226) (227) (228) (229) (230) (231) (232) (233) (234) (235) (236) (237) (238) (239) (240) (241) (242) (243) (244) (245) (246) (247) (248) (249) (250) (251) (252) (253) (254) (255) (256) (257) (258) (259) (260) (261) (262) (263) (264) (265) (266) (267) (268) (269) (270) (271) (272) (273) (274) (275) (276) (277) (278) (279) (280) (281) (282) (283) (284) (285) (286) (287) (288) (289) (290) (291) (292) (293) (294) (295) (296) (297) (298) (299) (300) (301) (302) (303) (304) (305) (306) (307) (308) (309) (310) (311) (312) (313) (314) (315) (316) (317) (318) (319) (320) (321) (322) (323) (324) (325) (326) (327) (328) (329) (330) (331) (332) (333) (334) (335) (336) (337) (338) (339) (340) (341) (342) (343) (344) (345) (346) (347) (348) (349) (350) (351) (352) (353) (354) (355) (356) (357) (358) (359) (360) (361) (362) (363) (364) (365) (366) (367) (368) (369) (370) (371) (372) (373) (374) (375) (376) (377) (378) (379) (380) (381) (382) (383) (384) (385) (386) (387) (388) (389) (390) (391) (392) (393) (394) (395) (396) (397) (398) (399) (400) (401) (402) (403) (404) (405) (406) (407) (408) (409) (410) (411) (412) (413) (414) (415) (416) (417) (418) (419) (420) (421) (422) (423) (424) (425) (426) (427) (428) (429) (430) (431) (432) (433) (434) (435) (436) (437) (438) (439) (440) (441) (442) (443) (444) (445) (446) (447) (448) (449) (450) (451) (452) (453) (454) (455) (456) (457) (458) (459) (460) (461) (462) (463) (464) (465) (466) (467) (468) (469) (470) (471) (472) (473) (474) (475) (476) (477) (478) (479) (480) (481) (482) (483) (484) (485) (486) (487) (488) (489) (490) (491) (492) (493) (494) (495) (496) (497) (498) (499) (500) (501) (502) (503) (504) (505) (506) (507) (508) (509) (510) (511) (512) (513) (514) (515) (516) (517) (518) (519) (520) (521) (522) (523) (524) (525) (526) (527) (528) (529) (530) (531) (532) (533) (534) (535) (536) (537) (538) (539) (540) (541) (542) (543) (544) (545) (546) (547) (548) (549) (550) (551) (552) (553) (554) (555) (556) (557) (558) (559) (560) (561) (562) (563) (564) (565) (566) (567) (568) (569) (570) (571) (572) (573) (574) (575) (576) (577) (578) (579) (580) (581) (582) (583) (584) (585) (586) (587) (588) (589) (590) (591) (592) (593) (594) (595) (596) (597) (598) (599) (600) (601) (602) (603) (604) (605) (606) (607) (608) (609) (610) (611) (612) (613) (614) (615) (616) (617) (618) (619) (620) (621) (622) (623) (624) (625) (626) (627) (628) (629) (630) (631) (632) (633) (634) (635) (636) (637) (638) (639) (640) (641) (642) (643) (644) (645) (646) (647) (648) (649) (650) (651) (652) (653) (654) (655) (656) (657) (658) (659) (660) (661) (662) (663) (664) (665) (666) (667) (668) (669) (670) (671) (672) (673) (674) (675) (676) (677) (678) (679) (680) (681) (682) (683) (684) (685) (686) (687) (688) (689) (690) (691) (692) (693) (694) (695) (696) (697) (698) (699) (700) (701) (702) (703) (704) (705) (706) (707) (708) (709) (710) (711) (712) (713) (714) (715) (716) (717) (718) (719) (720) (721) (722) (723) (724) (725) (726) (727) (728) (729) (730) (731) (732) (733) (734) (735) (736) (737) (738) (739) (740) (741) (742) (743) (744) (745) (746) (747) (748) (749) (750) (751) (752) (753) (754) (755) (756) (757) (758) (759) (760) (761) (762) (763) (764) (765) (766) (767) (768) (769) (770) (771) (772) (773) (774) (775) (776) (777) (778) (779) (780) (781) (782) (783) (784) (785) (786) (787) (788) (789) (790) (791) (792) (793) (794) (795) (796) (797) (798) (799) (800) (801) (802) (803) (804) (805) (806) (807) (808) (809) (810) (811) (812) (813) (814) (815) (816) (817) (818) (819) (820) (821) (822) (823) (824) (825) (826) (827) (828) (829) (830) (831) (832) (833) (834) (835) (836) (837) (838) (839) (840) (841) (842) (843) (844) (845) (846) (847) (848) (849) (850) (851) (852) (853) (854) (855) (856) (857) (858) (859) (860) (861) (862) (863) (864) (865) (866) (867) (868) (869) (870) (871) (872) (873) (874) (875) (876) (877) (878) (879) (880) (881) (882) (883) (884) (885) (886) (887) (888) (889) (890) (891) (892) (893) (894) (895) (896) (897) (898) (899) (900) (901) (902) (903) (904) (905) (906) (907) (908) (909) (910) (911) (912) (913) (914) (915) (916) (917) (918) (919) (920) (921) (922) (923) (924) (925) (926) (927) (928) (929) (930) (931) (932) (933) (934) (935) (936) (937) (938) (939) (940) (941) (942) (943) (944) (945) (946) (947) (948) (949) (950) (951) (952) (953) (954) (955) (956) (957) (958) (959) (960) (961) (962) (963) (964) (965) (966) (967) (968) (969) (970) (971) (972) (973) (974) (975) (976) (977) (978) (979) (980) (981) (982) (983) (984) (985) (986) (987) (988) (989) (990) (991) (992) (993) (994) (995) (996) (997) (998) (999) (1000) (1001) (1002) (1003) (1004) (1005) (1006) (1007) (1008) (1009) (1010) (1011) (1012) (1013) (1014) (1015) (1016) (1017) (1018) (1019) (1020) (1021) (1022) (1023) (1024) (1025) (1026) (1027) (1028) (1029) (1030) (1031) (1032) (1033) (1034) (1035) (1036) (1037) (1038) (1039) (1040) (1041) (1042) (1043) (1044) (1045) (1046) (1047) (1048) (1049) (1050) (1051) (1052) (1053) (1054) (1055) (1056) (1057) (1058) (1059) (1060) (1061) (1062) (1063) (1064) (1065) (1066) (1067) (1068) (1069) (1070) (1071) (1072) (1073) (1074) (1075) (1076) (1077) (1078) (1079) (1080) (1081) (1082) (1083) (1084) (1085) (1086) (1087) (1088) (1089) (1090) (1091) (1092) (1093) (1094) (1095) (1096) (1097) (1098) (1099) (1100) (1101) (1102) (1103) (1104) (1105) (1106) (1107) (1108) (1109) (1110) (1111) (1112) (1113) (1114) (1115) (1116) (1117) (1118) (1119) (1120) (1121) (1122) (1123) (1124) (1125) (1126) (1127) (1128) (1129) (1130) (1131) (1132) (1133) (1134) (1135) (1136) (1137) (1138) (1139) (1140) (1141) (1142) (1143) (1144) (1145) (1146) (1147) (1148) (1149) (1150) (1151) (1152) (1153) (1154) (1155) (1156) (1157) (1158) (1159) (1160) (1161) (1162) (1163) (1164) (1165) (1166) (1167) (1168) (1169) (1170) (1171) (1172) (1173) (1174) (1175) (1176) (1177) (1178) (1179) (1180) (1181) (1182) (1183) (1184) (1185) (1186) (1187) (1188) (1189) (1190) (1191) (1192) (1193) (1194) (1195) (1196) (1197) (1198) (1199) (1200) (1201) (1202) (1203) (1204) (1205) (1206) (1207) (1208) (1209) (1210) (1211) (1212) (1213) (1214) (1215) (1216) (1217) (1218) (1219) (1220) (1221) (1222) (1223) (1224) (1225) (1226) (1227) (1228) (1229) (1230) (1231) (1232) (1233) (1234) (1235) (1236) (1237) (1238) (1239) (1240) (1241) (1242) (1243) (1244) (1245) (1246) (1247) (1248) (1249) (1250) (1251) (1252) (1253) (1254) (1255) (1256) (1257) (1258) (1259) (1260) (1261) (1262) (1263) (1264) (1265) (1266) (1267) (1268) (1269) (1270) (1271) (1272) (1273) (1274) (1275) (1276) (1277) (1278) (1279) (1280) (1281) (1282) (1283) (1284) (1285) (1286) (1287) (1288) (1289) (1290) (1291) (1292) (1293) (1294) (1295) (1296) (1297) (1298) (1299) (1300) (1301) (1302) (1303) (1304) (1305) (1306) (1307) (1308) (1309) (1310) (1311) (1312) (1313) (1314) (1315) (1316) (1317) (1318) (1319) (1320) (1321) (1322) (1323) (1324) (1325) (1326) (1327) (1328) (1329) (1330) (1331) (1332) (1333) (1334) (1335) (1336) (1337) (1338) (1339) (1340) (1341) (1342) (1343) (1344) (1345) (1346) (1347) (1348) (1349) (1350) (1351) (1352) (1353) (1354) (1355) (1356) (1357) (1358) (1359) (1360) (1361) (1362) (1363) (1364) (1365) (1366) (1367) (1368) (1369) (1370) (1371) (1372) (1373) (1374) (1375) (1376) (1377) (1378) (1379) (1380) (1381) (1382) (1383) (1384) (1385) (1386) (1387) (1388) (1389) (1390) (1391) (1392) (1393) (1394) (1395) (1396) (1397) (1398) (1399) (1400) (1401) (1402) (1403) (1404) (1405) (1406) (1407) (1408) (1409) (1410) (1411) (1412) (1413) (1414) (1415) (1416) (1417) (1418) (1419) (1420) (1421) (1422) (1423) (1424) (1425) (1426) (1427) (1428) (1429) (1430) (1431) (1432) (1433) (1434) (1435) (1436) (1437) (1438) (1439) (1440) (1441) (1442) (1443) (1444) (1445) (1446) (1447) (1448) (1449) (1450) (1451) (1452) (1453) (1454) (1455) (1456) (1457) (1458) (1459) (1460) (1461) (1462) (1463) (1464) (1465) (1466) (1467) (1468) (1469) (1470) (1471) (1472) (1473) (1474) (1475) (1476) (1477) (1478) (1479) (1480) (1481) (1482) (1483) (1484) (1485) (1486) (1487) (1488) (1489) (1490) (1491) (1492) (1493) (1494) (1495) (1496) (1497) (1498) (1499) (1500) (1501) (1502) (1503) (1504) (1505) (1506) (1507) (1508) (1509) (1510) (1511) (1512) (1513) (1514) (1515) (1516) (1517) (1518) (1519) (1520) (1521) (1522) (1523) (1524) (1525) (1526) (1527) (1528) (1529) (1530) (1531) (1532) (1533) (1534) (1535) (1536) (1537) (1538) (1539) (1540) (1541) (1542) (1543) (1544) (1545) (1546) (1547) (1548) (1549) (1550) (1551) (1552) (1553) (1554) (1555) (1556) (1557) (1558) (1559) (1560) (1561) (1562) (1563) (1564) (1565) (1566) (1567) (1568) (1569) (1570) (1571) (1572) (1573) (1574) (1575) (1576) (1577) (1578) (1579) (1580) (1581) (1582) (1583) (1584) (1585) (1586) (1587) (1588) (1589) (1590) (1591) (1592) (1593) (1594) (1595) (1596) (1597) (1598) (1599) (1600) (1601) (1602) (1603) (1604) (1605) (1606) (1607) (1608) (1609) (1610) (1611) (1612) (1613) (1614) (1615) (1616) (1617) (1618) (1619) (1620) (1621) (1622) (1623) (1624) (1625) (1626) (1627) (1628) (1629) (1630) (1631) (1632) (1633) (1634) (1635) (1636) (1637) (1638) (1639) (1640) (1641) (1642) (1643) (1644) (1645) (1646) (1647) (1648) (1649) (1650) (1651) (1652) (1653) (1654) (1655) (1656) (1657) (1658) (1659) (1660) (1661) (1662) (1663) (1664) (1665) (1666) (1667) (1668) (1669) (1670) (1671) (1672) (1673) (1674) (1675) (1676) (1677) (1678) (1679) (1680) (1681) (1682) (1683) (1684) (1685) (1686) (1687) (1688) (1689) (1690) (1691) (1692) (1693) (1694) (1695) (1696) (1697) (1698) (1699) (1700) (1701) (1702) (1703) (1704) (1705) (1706) (1707) (1708) (1709) (1710) (1711) (1712) (1713) (1714) (1715) (1716) (1717) (1718) (1719) (1720) (1721) (1722) (1723) (1724) (1725) (1726) (1727) (1728) (1729) (1730) (1731) (1732) (1733) (1734) (1735) (1736) (1737) (1738) (1739) (1740) (1741) (1742) (1743) (1744) (1745) (1746) (1747) (1748) (1749) (1750) (1751) (1752) (1753) (1754) (1755) (1756) (1757) (1758) (1759) (1760) (1761) (1762) (1763) (1764) (1765) (1766) (1767) (1768) (1769) (1770) (1771) (1772) (1773) (1774) (1775) (1776) (1777) (1778) (1779) (1780) (1781) (1782) (1783) (1784) (1785) (1786) (1787) (1788) (1789) (1790) (1791) (1792) (1793) (1794) (1795) (1796) (1797) (1798) (1799) (1800) (1801) (1802) (1803) (1804) (1805) (1806) (1807) (1808) (1809) (1810) (1811) (1812) (1813) (1814) (1815) (1816) (1817) (1818) (1819) (1820) (1821) (1822) (1823) (1824) (1825) (1826) (1827) (1828) (1829) (1830) (1831) (1832) (1833) (1834) (1835) (1836) (1837) (1838) (1839) (1840) (1841) (1842) (1843) (1844) (1845) (1846) (1847) (1848) (1849) (1850) (1851) (1852) (1853) (1854) (1855) (1856) (1857) (1858) (1859) (1860) (1861) (1862) (1863) (1864) (1865) (1866) (1867) (1868) (1869) (1870) (1871) (1872) (1873) (1874) (1875) (1876) (1877) (1878) (1879) (1880) (1881) (1882) (1883) (1884) (1885) (1886) (1887) (1888) (1889) (1890) (1891) (1892) (1893) (1894) (1895) (1896) (1897) (1898) (1899) (1900) (1901) (1902) (1903) (1904) (1905) (1906) (1907) (1908) (1909) (1910) (1911) (1912) (1913) (1914) (1915) (1916) (1917) (1918) (1919) (1920) (1921) (1922) (1923) (1924) (1925) (1926) (1927) (1928) (1929) (1930) (1931) (1932) (1933) (1934) (1935) (1936) (1937) (1938) (1939) (1940) (1941) (1942) (1943) (1944) (1945) (1946) (1947) (1948) (1949) (1950) (1951) (1952) (1953) (1954) (1955) (1956) (1957) (1958) (1959) (1960) (1961) (1962) (1963) (1964) (1965) (1966) (1967) (1968) (1969) (197

flights, reduced fare coupons, cash, merchandise, gifts, credits toward future free or reduced costs of services or goods, etc.) received by employees in connection with official travel and based on the purchase of a ticket or other services (e.g. car rental). These promotional materials are properly considered to be due the Government and may not be retained by the employee (see Comp. Gen. Decision D-199656, July 15, 1981). This regulation requires that when an employee receives promotional material, the employee shall accept the material on behalf of the United States and relinquish it to an appropriate agency official. The regulation provides guidelines for the disposition of promotional material and cash compensation.

EFFECTIVE DATE: October 18, 1983.

FOR FURTHER INFORMATION CONTACT: Richard Sturdy, Policy Development and Analysis Division, Office of Transportation (700-557-1256).

SUPPLEMENTARY INFORMATION: The General Services Administration has determined this is not a major rule for the purposes of Executive Order 12291 of February 17, 1981. Accordingly a regulatory impact analysis is not required. Because the amendments made by this rule incorporate and codify existing policies and do not make substantive changes, the General Services Administration finds that a general notice of proposed rulemaking and public procedure thereon, and a delayed effective date are unnecessary. Because no notice of proposed rulemaking is required, this rule is not subject to the provisions of the Regulatory Flexibility Act (5 U.S.C. 6001 et seq.).

List of Subjects in 41 CFR Part 101-25

Energy conservation, Government property management, Reporting and recordkeeping requirements.

PART 101-25—[AMENDED]

1. The table of contents for Part 101-25 is amended by revising and adding the following entries:

- Sec.
- 101-25.103 Disposition of promotional materials, trading stamps, or bonus goods.
- 101-25.103-1 General.
- 101-25.103-2 Promotional material received in conjunction with official travel from transportation companies, rental car companies, or other commercial activities.
- 101-25.103-3 Trading stamps or bonus goods received from contractors.

Sec.

101-25.103-4 Disposition of promotional materials, trading stamps, or bonus goods.

2. Section 101-25.103 is revised and §§ 101-25.103-1 through 101-25.103-4 are added as follows:

§ 101-25.103 Promotional materials, trading stamps, or bonus goods.

§ 101-25.103-1 General.

Federal agencies in a position to receive promotional materials, trading stamps, or bonus goods shall establish internal procedures for the receipt and disposition of these gratuities in accordance with § 101-25.103. The procedures shall provide for a minimum of administrative and accounting controls.

§ 101-25.103-2 Promotional material received in conjunction with official travel from transportation companies, rental car companies, or other commercial activities.

(a) All promotional materials (e.g., bonus flights, reduced-fare coupons, cash, merchandise, gifts, credits toward future free or reduced costs of services or goods, etc.) received by employees in conjunction with official travel and based on the purchase of a ticket or other services (e.g. car rental) are properly considered to be due the Government and may not be retained by the employee. The Comptroller General of the United States has stated that employees are obligated to account for any gift, gratuity, or benefit received from private sources incident to the performance of official duties (see Comp. Gen. Decision B-199656, July 15, 1981). When an employee receives promotional material, the employee shall accept the material on behalf of the United States and relinquish it to an appropriate agency official.

(b) Promotional coupons that provide for future free or reduced costs of services (travel) should be integrated into the agency travel plans to maximize the benefits to the Government. The coupons should then be applied to the maximum extent possible; e.g., coast-to-coast or overseas travel, if permitted.

(c) Promotional coupons that carry a cash surrender value shall be redeemed immediately. The cash received from redeemed coupons or other cash compensation (i.e., denied boarding or cancellation of reservation by carriers, etc.) shall be deposited in accordance with Department of Treasury requirements, and credited to miscellaneous receipt account 1099, "Miscellaneous Dividends and Earnings, Not Otherwise Classified."

(d) Promotional materials that cannot

be used by the receiving agency shall be disposed of in accordance with § 101-25.103-4.

§ 101-25.103-3 Trading stamps or bonus goods received from contractors.

When contracts contain a price reduction clause, any method (such as trading stamps or bonus goods) by which the price of a commodity or service is effectively reduced shall constitute a price reduction. Temporary or promotional price reductions are to be made available to contracting officers under the same terms and conditions as to other customers. Procuring activities, however, rather than accept trading stamps and bonus goods, shall attempt to deduct the cost of such items from the contract price. If obtaining such a price reduction is not possible, the contracting officer shall document the contract file to that effect and dispose of the items as provided in § 101-25.103-4.

§ 101-25.103-4 Disposition of promotional materials, trading stamps, or bonus goods.

(a) Agencies shall, through the lowest appropriate activity, arrange for transfer of promotional materials, trading stamps, or bonus goods, without reimbursement in accordance with internal agency procedures to a nearby Federal hospital or similar institution operated, managed, or supervised by the Department of Defense (DOD) or the Veterans Administration (VA) when:

(1) The contract does not contain a price reduction clause, or

(2) The contractor refuses to grant a price reduction, and

(3) It is deemed practical and in the best interest of the Government to accept such promotional items as a price reduction, and

(4) The procuring or receiving agency has no practical use for the promotional items.

(b) Before transferring promotional materials, trading stamps, or bonus goods to the above Federal institutions, it must be determined that the proposed recipient is prepared to receive and use such items. If these items cannot be used by the receiving agency or a medical facility, they should be disposed of in accordance with 41 CFR 101-43.44 and 45.

(Sec. 205(c), 63 Stat. 590 (40 U.S.C. 4601 (1))

Dated: August 22, 1983.

Gerald P. Carmona,

Administrator of General Services.

(78 Dec. 83-2011) (Rev. 10-17-82, 8-63-81)

BILLING CODE 4870-AM-48

g with per diem (1943). A newly duty at his residence while performing a portion of his per diem for the facts ap-

employees could during their temporary assignment it was extended at Chaco, all duties were been a possibility agency's concluding office, Albuquerque,

their duty station there first, including other orders, those orders on employment apparently the date. No duties were reported there

employees to Chaco that place and station indicates use at the end of apparently result- the employees'

different archeologists they returned over, the travel to spend their time they did not red as itinerant

quarters since was designated not change the

actual work at Chaco Canyon. Therefore, while the employees were assigned to that station, they were not away from a properly designated duty station, within the meaning of 5 U.S.C. § 5702 during the period covered by the vouchers.

Although the assignment may have involved the endurance of considerable physical hardship, employees' salaries may not be augmented by the incorrect designation of an official duty station. Based upon the employees' orders, the nature of their assignments and the actual duties performed, Chaco Canyon was their official duty station and since no duties were performed at Albuquerque, the agency had no discretion to designate it as their official duty station. Therefore, the payment of travel per diem was not authorized.

While it is unfortunate that the employing office erroneously determined that Albuquerque was the employees' official duty station, and represented to the employees that travel expenses would be paid, the United States is not bound by their unauthorized acts. *Matter of Peterson*, B-191039, June 16, 1978. Therefore, the augmented claims may not be paid, and the amounts previously paid for meals and lodgings furnished by the Government should be charged against these employees. However, waiver of the resulting debts may be considered as erroneous payments of pay or allowances (failure to deduct the cost of meals and lodgings furnished from pay otherwise due) under 5 U.S.C. § 5584.

[B-210717]

Travel Expenses—Air Travel—Bonuses, Gifts, etc.

The general rule is that a Federal employee is obligated to account for any gift, gratuity or benefit received from private sources incident to the performance of official duty. This rule applies to situations where an employee enters a promotional program sponsored by an airline, and, while traveling on official business, receives a discount as a result of entering that promotional program.

Travel Expenses—Air Travel—Bonuses, Gifts, etc.

A bonus ticket received by an employee as a result of trips paid by both appropriated funds while on official travel and personal funds is the property of the Government and must be turned in to the appropriate official of the Government. If an employee wishes to participate in the bonus program and retain the benefits from the program, he should make certain that all trips included in the bonus program are paid from personal funds.

Travel Expenses—Air Travel—Bonuses, Gifts, etc.

An employee who enters a promotional program sponsored by airlines which includes free upgrade of service to first class, membership in clubs, and check-cashing privileges, does not have to turn in such benefits to the Government. The Government is unable to use such benefits, and there is no reason for employee not to use such benefits.

Travel Expenses—Air Travel—Bonuses, Gifts, etc.

A discount for future travel received by employee while on official travel, which is either non-transferable or carries an expiration date, still is property of the Govern-

ment and should not be given back to the employee for personal use even if it appears that the Government may have no use for the discount.

Matter of: Discount Coupons and Other Benefits Received in the Course of Official Travel, February 24, 1984:

The Per Diem Travel and Transportation Allowance Committee (PDTATAC) of the Department of Defense has requested our opinion concerning the proper disposition of promotional gifts received by employees while on official travel. PDTATAC Control No. 83-1. We hold that such promotional gifts are the property of the Government and that employees may not retain any gift or gratuity received in the course of official travel.

Factual and Legal Background

The request from the Committee states that airlines have instituted frequent-flyer programs which entitle a traveler, who accumulates points or miles on a particular airline, to bonus travel. The more points or miles the individual accumulates, the greater the bonus. Participation in these programs is not automatic and requires the traveler to submit an application. Some airlines charge a fee to enroll and, in addition to discounts on fares or bonus points, some airlines offer a free upgrade to first class service on certain flights.

The Committee has raised five questions concerning these airline programs. These questions will be answered individually below. However, the basic issue is whether the employee is entitled to keep any of these bonuses earned as a result of Government-paid travel.

The general rule is that a Federal employee is required to account for any gift, gratuity, or benefit received from private sources incident to the performance of official duty, and any payments tendered to the employee are viewed as having been received on behalf of the Government. *John B. Currier*, 59 Comp. Gen. 95 (1979); and B-148879, July 20 and August 28, 1970. Therefore, we have held that an employee may not retain any bonus or gift coupon or similar item of value received from a commercial air carrier on the basis of a purchase of an airline ticket to be used for official travel. B-199656, July 15, 1981. The rationale behind this rule is to prevent double reimbursement to the employee from the Government and a private source and to avoid a conflict of interest.

We note that the General Services Administration (GSA) has recently promulgated regulations in the area. See Federal Property Management Regulation (FPMR) § 101-25.103, 41 C.F.R. § 101-25.103, as amended, 48 Fed. Reg. 48,231, October 18, 1983. These regulations state that all promotional materials such as bonus flights, reduced-fare coupons, cash, merchandise, gifts, credits toward future free or reduced costs of services or goods, received by an employee

in connection with official travel and based on the purchase of ticket, are properly considered to be due the Government and may not be retained by the employee. These regulations provide that promotional materials that provide for future free or reduced costs of travel should be integrated into the agency travel plans to maximize the benefits to the Government. Promotional materials that cannot be used by the agency shall be disposed of in accordance with 41 C.F.R. § 101-25.103-4.

Also, we note that the Office of Government Ethics by memorandum of November 16, 1983, to Designated Agency Ethics Officials, requested that employees be warned against making personal use of any travel promotional benefits received in connection with official travel.

Finally, we note that since participation in these programs is voluntary, an employee who wants to receive benefits for private use should make certain that the only trips credited to his bonus account are those paid from personal funds.

Specific Questions

Question 1. Since travel is arranged by the Government based on cost effectiveness, rather than on membership in one of these programs, traffic managers are unaware when a uniformed member or civilian employee has received a travel bonus. Should the burden be placed on the member or employee to turn in the bonus to the Government when participation on the airline promotion program is voluntary and the Government is without control?

Answer 1. The answer to the question is that it is the traveler's responsibility to return to the Government any discounts or benefits received as a result of official travel. See *Currier* and the GSA regulations, cited above. However, if the employee had to spend money to enter a program, as discussed above, the employee may submit a voucher which documents his out-of-pocket expenses spent to enter into the program. The Government should reimburse the employee's out-of-pocket expenses if those expenses are less than the discount received by the employee from the airlines. For example, if the employee spends \$25 to enter a program, and, as a result, the Government has received a benefit because his airline fare was reduced from \$400 to \$300 solely as a result of his entering the program, then the employee should be reimbursed for the cost of entering the program. Of course, the Government should only reimburse the employee up to the amount the employee pays to enter the program and only to the extent that the Government has received a benefit solely due to his entering that program.

Question 2. Most bonus travel requires more than one trip to be eligible. Some of those trips may be paid from personal funds. If a

free ticket is obtained from a combination of appropriated and personal funds, who does the ticket belong to?

Answer 2. Consistent with the regulations, above, our answer to this question is that the ticket (or certificate) is the property of the Government if part of the ticket was obtained through the use of appropriated funds while on official travel. This result prevents a conflict of interest from arising. See, generally, 5 C.F.R. §§ 735.201 *et seq.* The employee has an obligation to turn in the bonus ticket to the Government based on the general rule cited above. If the employee has used the bonus ticket for personal use, he must reimburse the value of the bonus ticket to the Government. See 63 Comp Gen. 233 (B-212236, dated today). Finally, as stated above, if the employee wishes to participate in the bonus program and retain the benefits from the program, he should make certain that all trips included in the bonus program are paid from personal funds.

Question 3. Besides travel bonuses, most programs provide other optional benefits, such as free upgrade to first class, membership in executive clubs, i.e., Delta's Crown Room Club, check-cashing privileges, etc., which have no value to the Government. Should such items be turned over to the Government if the value cannot be redeemed?

Answer 3. We do not believe that items such as free upgrade to first class, membership in executive clubs, and check-cashing privileges could be turned over to the Government. Obviously, such benefits could only be used by the employee and could not be used by the Government. Therefore, we see no reason that these items could or should be turned over to the Government. We also hold that the employee may use such benefits because denying the employee such benefits would serve no purpose.

Question 4. Travel bonuses are transferable in most cases; however, they may carry an expiration date. Although every attempt is made to take advantage of free travel opportunities, should the recipient of the bonus be denied its use if the Government is unable to use it within a reasonable time?

Answer 4. Even if the Government is unable to take advantage of free travel opportunities after every reasonable attempt, the bonus should not be returned to the employee. The reason for this is that the travel bonus never legally belonged to the employee. If a free flight for personal use was given to an employee by an agency, this would be tantamount to an illegal supplement of the employee's salary. In the case where the bonus is transferable, the employee who received the bonus as a result of official travel has no more legal right to this bonus than any other employee of the agency.

Question 5. Some items are non-transferable. One uniformed member was given a flight coupon worth \$200 as involuntary denied boarding compensation. Under Comptroller General decision 59 Comp. Gen. 95 (1979), the coupon was turned over to the

Gove
ther
bonu
use t
An
here,
the c
retur
cides
will i
coups
Th:
we n
ceipt
that
prom
and
§ 735.
trave
ment
intr

Trav

An em
travel
promot
belong
benefit
the iss
for rep
one of
See 63

Matte

a Res

Mr.
terior
ing of
a hot
The t
age F
was p
in wh
the v
Gover
had t
used

Government; however, unless this particular traveler is given further travel orders, it will go unused. Should non-transferable travel bonuses be denied to the recipient if the Government is unable to use them?

Answer 5. If the items are not transferable such as the coupon here, then if it is necessary to send that employee on official travel the coupon would be available for such a purpose. If the coupon is returned to the employee for personal use and then the agency decides to send the employee on official travel the discount coupon will not be available. Therefore, the Government should retain the coupon even if it is unable to use it at this time.

This concludes the questions raised by the Committee. However, we note one situation which has also arisen lately, that is, the receipt of gifts of nominal value as a result of official travel. We note that the Government Ethics Regulation allows employees to keep promotional material, such as pens, pencils, note pads, calendars, and other items of nominal intrinsic value. See 5 C.F.R. § 735.202(b)(4) (1983). We see no reason why employees on official travel who receive such gifts should return them to the Government. Accordingly, employees may keep gifts which are of nominal intrinsic value.

[B-212236]

Travel Expenses—Air Travel—Bonuses, Gifts, etc.

An employee received and used a bonus ticket and a free hotel room for personal travel as a result of trips paid by both personal funds and Government funds. Such promotional gifts which were received because of travel paid by Government funds belong to the Government. The employee must pay the full value of the tickets and benefits received to the Government. Since this employee used these gifts prior to the issuance of guidance on the use of such materials, he may reduce his liability for repayment based on the percentage of travel paid by personal funds. Any future use of promotional gifts will result in liability for the full value of the bonus or gift. See 63 Comp. Gen 229 (B-210717, dated today).

Matter of: John D. McLaurin—Promotional Gifts Received as a Result of Official Travel, February 24, 1984:

Mr. Richard Mulberry, Inspector General, Department of the Interior, has requested a decision concerning a travel bonus consisting of two free first-class round-trip tickets and four free nights at a hotel received by an Interior employee, Mr. John D. McLaurin. The travel bonus was awarded by United Airlines under their Mileage Plus program and the mileage accumulated by Mr. McLaurin was primarily as a result of official travel. The first issue presented is whether Mr. McLaurin should reimburse the Government for the value of the bonus awards. The second issue is, assuming the Government is to be reimbursed, should the reimbursement be limited to reflect the percentage of private travel versus official travel used to obtain the award. We hold that Mr. McLaurin must reim-

burse the Government for the bonus awards based on the percentage of official travel used to obtain the award.

Mr. McLaurin registered in the United Airlines Mileage Plus program in October 1981. By February 1983, Mr. McLaurin had traveled over 75,000 miles, and under the program, he was entitled to two free first-class round-trip tickets, four free nights at a Westin hotel, and a 50 percent discount on an Avis rental car for the weekend. Mr. McLaurin used the free trip and free hotel for his own personal benefit. The record shows that Mr. McLaurin accumulated the mileage by both official (Government-paid) and private travel, but the record does not show the number of miles of each type of travel. However, it appears that the majority of the miles were accumulated on official travel.

LEGAL ANALYSIS

The general rule is that a Federal employee is required to account for any gift, gratuity, or benefit received from private sources incident to the performance of official duty and any payments tendered to the employee are viewed as having been received on behalf of the Government. *John B. Currier*, B-195946, 59 Comp. Gen. 95 (1979); B-148879, July 20 and August 28, 1970. Therefore, we have held that an employee may not retain any bonus or gift coupon or similar item of value received from a commercial air carrier on the basis of a purchase of an airline ticket to be used for official travel. B-199656, July 15, 1981.

The bonus ticket and free hotel received by Mr. McLaurin clearly fall within the purview of these decisions. The only distinction is that a small portion of the bonus ticket was earned by private travel. We do not believe the fact that a portion of the bonus ticket was earned by private travel changes the result that the portion of the ticket earned as a result of the official ticket belongs to the Government. See 63 Comp. Gen. 229 (B-210717, dated today). Therefore, in applying the decisions cited above, we conclude that the portion of the bonus ticket or gift earned as a result of official travel is viewed as having been received on behalf of the Government. Accordingly, since Mr. McLaurin used the bonus ticket and gift for private use, when it was primarily the property of the Government, Mr. McLaurin must reimburse to the Government the value of the bonus ticket and gifts which were property of the Government.

We also note that at the time of Mr. McLaurin's travel under United's Mileage Plus program, a frequent flyer could use the bonus tickets to the place of his choice and the bonus tickets were transferable. Therefore, under that program it is clear that the Government could have sent Mr. McLaurin or some other Government employee on a free flight and at a free hotel while on official travel. However, even if airline programs limit the transferability

of the bonus flight or restrict bonus flights to specific cities, any bonus earned as a result of official travel belongs to the Government and must be turned in to the appropriate agency official. See our decision of today, 63 Comp. Gen. 229, *supra*, and 41 C.F.R. Part 101-25 as amended, 48 Fed. Reg. 48213, October 18, 1983.

In accordance with the discussion above, the Department of the Interior should collect the full value of the bonus tickets plus the value of the hotel room from Mr. McLaurin. Mr. McLaurin may have this amount reduced by a percentage equal to the percentage of private travel used to obtain the award. However, the burden of proof is on Mr. McLaurin to produce the necessary evidence to show that the travel was paid from personal funds. See generally 4 C.F.R. § 31.7 (1983). If Mr. McLaurin can produce the necessary evidence, then the amount of his liability may be reduced by the appropriate percentage.

We are allowing Mr. McLaurin to reduce his liability because he used these bonus tickets prior to the issuance of the GSA regulations and our decision of today, 63 Comp. Gen. 229, which declare that these bonuses are the property of the Government. After the date of this decision, we hold that any future use of promotional material will result in the employee being liable to the Government for the full value of the bonuses or promotional gifts used.

[B-213528]

General Services Administration—Services to Other Agencies, etc.—Procurement—Defense Department—Applicability of DOD Procedures, Restrictions, etc.—Restrictions on Total Labor Surplus Area Set-Asides

No legal authority exists to extend a Department of Defense (DOD) appropriations restriction on total labor surplus area set-asides to a General Services Administration (GSA) purchase of pliers, even though DOD is the major user of the pliers, where GSA is purchasing the pliers with its own appropriations.

General Services Administration—Services to Other Agencies, etc.—Procurement—Defense Department—Applicability of DOD Procedures, Restrictions, etc.—Restrictions on Total Labor Surplus Area Set-Asides

Protest allegation that a DOD appropriations restriction was applied to a GSA procurement while another DOD appropriations restriction was not applied and, thus, the latter restriction should have been, is without merit where the terms of the solicitation indicate that neither restriction was applied to the procurement.

Matter of: Wilde Tool Co., Inc., February 28, 1984:

Wilde Tool Co., Inc. (Wilde), protests the total labor surplus area (LSA) set-aside of bid item No. 2 under invitation for bids (IFB) No. FEN-ED-A3134-A-10-28-83, issued by the General Services Administration (GSA) for pliers.

We deny the protest.

ADMINISTRATION AND GENERAL PROCEDURES

PART A: TRAVEL POLICY

U2000 GENERAL

Each Service will authorize only that travel necessary to accomplish the mission of the Government effectively and economically. Each Service will establish internal controls to ensure that only travel which is essential to the needs of the Government is authorized.

U2010 MEMBER'S RESPONSIBILITY

A. Obligation to Exercise Prudence. When traveling on official orders, the member is expected to exercise the same care and regard for expenses incurred as a prudent person would exercise when traveling at personal expense. The member should be aware of the Service's right to review claims and therefore, should maintain sufficient records to validate expenses incurred.

B. Obligation to Relinquish Promotional Items to the Government

1. General. A member is obligated to account for any gift, gratuity or benefit received from private sources when performing official travel. This includes promotional materials given to the member by airlines, rental car companies, and motels; for example, bonus flights reduced-fare coupons, cash, merchandise gifts, and credits toward free or reduced costs of future services or goods. When a member receives promotional material, the member is accepting it on behalf of the Government and must relinquish it in accordance with regulations of the Service concerned (Comp. Gen. B-199656, 15 July 1981; 63 Comp. Gen. 229 (1984)).

2. Promotional Items of Nominal Intrinsic Value and Benefits Received That The Government Cannot Use. The member may keep items of nominal intrinsic value (for example, pens, pencils or calendars), and they may participate in promo-

tional programs which will accrue personal benefits such as seat upgrades, membership in clubs, and check-cashing privileges (Comp. Gen. B-199656, 15 July 1981; 63 Comp. Gen. 229 (1984)).

3. Travel Bonuses Carrying Expiration Dates and Nontransferable Coupons. Members will relinquish travel bonuses carrying expiration dates, and nontransferable travel coupons, even if they cannot be used by the Government for future official travel (63 Comp. Gen. 229 (1984)).

4. Items Received Through Mixed Official and Personal Travel. Promotional items received by the member as a result of a mixture of travel paid for by the Government and from personal funds, are the property of the Government. If the member uses a bonus ticket for personal use, the member must reimburse the value of the bonus ticket to the Government (63 Comp. Gen. 229 (1984) and 63 Comp. Gen. 233 (1984)).

5. Voluntary Relinquishing of Seat. A member may keep payments received from a carrier for voluntarily vacating a seat on an overbooked flight and taking a later flight. However, no additional per diem may be paid as a result of the delay in the member's return. If the member incurs additional travel expenses as a result of voluntarily giving up the seat, beyond those which would normally have been incurred, such additional expenses are not the responsibility of the Government. If in contrast to the above, a member is involuntarily denied boarding on an overbooked flight, compensation for the denied seat is due to the Government. Therefore, if the airline pays the member for such denied boarding, the member must relinquish that payment to the Government. (59 Comp. Gen 203 (1980)).

6. Administrative Instructions. Each of the Services may issue regulations or instructions deemed necessary for the judicious administration of the provisions in this subparagraph.

Department of Transportation

Office of the Secretary

Washington, D.C.

ORDER

DOT 1500.8

4-3-82

ATTACHMENT "B"

SUBJECT: COMMON CARRIER PROMOTIONAL EFFORTS

1. PURPOSE. This Order is intended to provide guidance for the accountability and disposition of reduced fare coupons and other promotional gratuities proffered by common carriers incident to carriage while on official business.
2. CANCELLATION. DOT M 1500.27, Half-Fare Coupons and Other Common Carrier Promotional Efforts, of 9-28-79, is cancelled.
3. REFERENCE. Treasury Fiscal Requirements Manual Bulletin No. 79-09 (retention: upon notification) which contains guidance pertaining to discount/half-fare coupons and other carrier promotional efforts.
4. BACKGROUND. During recent years some air carriers have instituted promotional efforts involving the distribution of half-fare discount coupons, cash coupons, merchandise, gold nuggets, etc. Each of these amenities involves the furnishing of a service under a contractual arrangement between the Government and an air carrier. Any items given beyond the terms of the contract become the property of the Government. Receipt of these promotional items or payments should not be confused with prizes awarded to employees who enter carrier-sponsored contests open to the general public. Such prizes remain the property of employees according to a recent decision of the Comptroller General (B-199656, 7-15-81).
5. RESPONSIBILITY OF TRAVELER. Each traveler on official business during a carrier's promotional period is responsible for obtaining the promotion item and submitting it to the accounting office (with the travel voucher) or other designated point established to control and account for such items.
6. DISPOSITION OF CASH. Cash obtained from redeemable coupons should be turned over to the accounting office for deposit as a miscellaneous receipt to the Treasury. Handling of cash will be in accordance with DOT 2770.88, Collections - Receipt and Control, of 9-17-79.

DISTRIBUTION: All Secretarial Offices
All Operating Administrations

OPI: Office of
Financial
Management

7. DISPOSITION OF BONUS GOODS. For these purposes, bonus goods include any item of real or potential value to the Government received which is in addition to an item or service to be delivered under a contract or other agreement. Departmental personnel receiving merchandise given to travelers as bonus goods should follow procedures contained in 41 CFR 101-25.103. This regulation provides that such merchandise be forwarded to the nearest Government medical facility for its use. Merchandise received that is of no value to a medical facility should be disposed of or used in accordance with 41 CFR 101-43, 44 or 45.
8. DISPOSITION OF GOLD NUGGETS. Offices holding the half-ounce gold nuggets should package the items in accordance with postal regulations with an accompanying description of the total avoirdupois weight (oz.) and forward via registered mail to the following address:

Superintendent - U.S. Assay Office
Bureau of the Mint
32 Old Slip
New York, NY 10005

Upon receipt, the Assay Office will assume custody of the gold and determine the precise value. Proceeds from the gold will be deposited to miscellaneous receipts of the Treasury. Notification of receipt will be made to the forwarding activity by the Mint.

9. DISPOSITION OF COUPONS. Coupons in excess of the needs of a particular activity which provide for discounts on future travel should be redistributed within the operating administration to assure usage before expiration. If an operating administration estimates that it will have excess coupons at the coupon expiration date, the excess will be forwarded immediately via certified mail to the Office of the Assistant Secretary for Administration, M-80, for disposition.
10. RESPONSIBILITY OF ACCOUNTING OFFICE OR OTHER DESIGNATED CONTROL POINT. The office receiving coupons and other promotional items will establish adequate controls, including log-in and log-out procedures, to assure that the items are accounted for and used to the maximum to reduce official travel costs or otherwise appropriately handled in accord with this directive.
11. ADDITIONAL INFORMATION. Additional information and guidance will be furnished Departmental personnel as it becomes available. Questions concerning the availability and period of use of coupons may be directed to servicing travel office personnel or to the participating carriers.

FOR THE SECRETARY OF TRANSPORTATION



Karen S. Lee
For the Assistant Secretary
for Administration

MAR 25 1988

**DAWSON ST.
INVESTMENT
COMPANY**

907-279-5208 2152 DAWSON ST. ANCHORAGE, ALASKA 99503

March 21, 1988

Senator Lloyd Jones and members of the Senate Transportation Committee:

I'd like to make a few comments favoring S473 to deal with "Frequent Flyer" benefits.

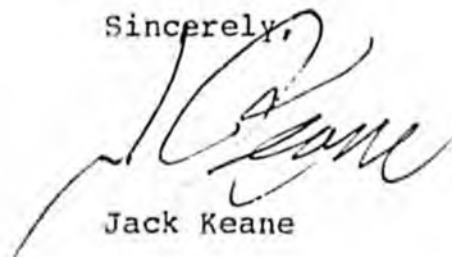
It is not appropriate for employees who have decision making powers over their "business travel" to personally benefit from those decisions. For public employees, both the potential for benefiting, and the appearance of that potential, would make it necessary to eliminate these benefits.

Recently, Alaska Airlines offered one free trip, anywhere they go, for two RT fares to L.A. This is a "kickback" in the range of 50% of the purchase. I've also noticed that state employees are always on the more expensive flights to Dillingham, likely because that airline has FF benefits. Would they stay overnite, because of this, when the other company could fly them back in the evening? In any other public purchasing this situation would not be tolerated, and it should not, in this area. It is infuriating to see their union come out with a claim that this is some deserved fringe benefit.

I think the airlines have arrangements for companies to buy blocks of tickets in company name, saving some money in the process. This whole area should be looked into as we attempt to economize.

Thanks for your consideration of this.

Sincerely,



Jack Keane



Alaska Public
Employees Association **APEA**

State Headquarters: 340 N. Franklin, Juneau, AK 99801 (907) 586-2334

MEMORANDUM

TO: Senator Lloyd Jones, Chairman
Senate Transportation Committee

FROM: Cherie Shelle *CS*

SUBJECT: SB 473

DATE: February 23, 1988

Senate Bill 473 would require state employees who acquire airline travel benefits as a result of travel on state business to use those benefits on other business related travel. APEA has reviewed this legislation and believe it raises the following concerns:

1. How would travel benefits acquired from personal travel be distinguished from business travel. Press reports indicate that employees would have two different airline benefits accounts, one for personal use and one for business use. The legislation does not address this issue and there is no requirement on the airline industry to issue two employee accounts to accommodate the State of Alaska.

2. Are employees required as a part of their state duties to participate in airline benefit programs? Could employee elect not to participate?

3. What happens to travel account benefits if an employee terminates? Under the current Alaska Airlines program it takes 25,000 miles to obtain a coach ticket. An employee, may terminate with 24,000 miles. Would those mileage benefits be lost?

4. Would an employee be required to cash in the award as soon as a coach fare is available or would the employee be allowed to save mileage benefits for a first class fare?

5. Would the employee be allowed to use travel benefits that

frequently accrue to family members as a result of the mileage account. An example would be half fare tickets for family members.

6. What disciplinary measures would be appropriate for using the travel benefits for personal use. What disciplinary measures would be appropriate for intentionally refusing to participate in travel benefits programs. What disciplinary measures would be appropriate for accidentally forgetting to collect travel benefits?

7. Would travel accounts be monitored so that all employees are treated equally?

8. AS 39.25.210 provides that violation of the Personnel Act is a misdemeanor. If the state does not have a way to monitor travel benefit activities it seems unfair to selectively enforce misdemeanor charges against employees which would result in termination.

9. How would any projected savings be reflected in departments' budgets?

Travel is for the benefit of the employer, not the employee. Most employees who travel are not overtime eligible and frequently travel on their own time. For a typical one day trip from Juneau to Anchorage, an employee may arrive at the airport a 6:00 a.m. (2 hours before the regular work day) and not arrive back in Juneau until 9:30 pm. (5 hours after the normal close of business). Thus in order to work 7 1/2 hours in Anchorage for the employer's convenience, the employee has donated 7 hours of his or her personal time which may have been spent with the employee's family or other personal endeavors. Extended business travel often cause the employee personal expense and hardship.

Travel incentive awards have been negotiated in collective bargaining agreements. The current supervisory agreement provides that bargaining unit members shall retain travel incentive awards resulting from travel on behalf of the employer. Similar language was also in the tentative agreement with the General Government unit. Travel incentive awards are an appropriate subject of bargaining rather than statute.

It is not good public policy to enact legislation based on a private corporations current promotional plans. Today's travel benefits may very well be gone tomorrow. APEA urges the committee not to pass this legislation.

cc: Senator Halford