

**HB**

**123**



Representative John Coghill, Chair,  
House State Affairs

Representative Fred Dyson, Chair  
House HESS Committee

And

KTOO-TV/Gavel to Gavel Alaska

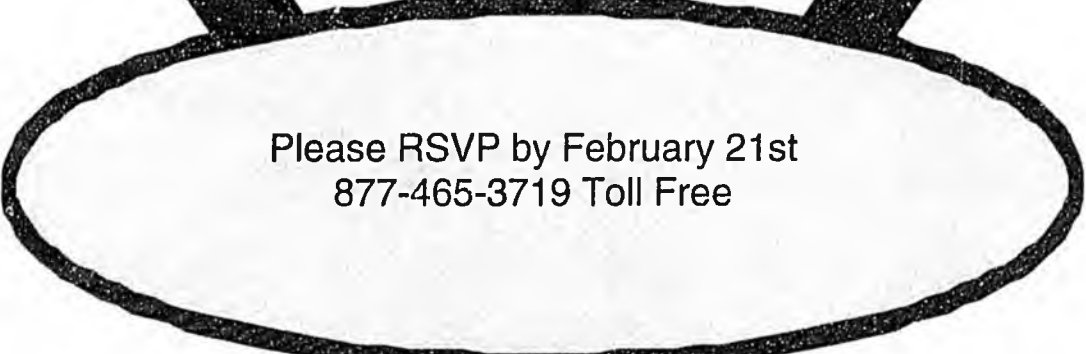
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# ALASKA STATE LEGISLATURE

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**REPRESENTATIVE ANDREW HALCRO**  
District 12

**SESSION**  
STATE CAPITOL, SUITE 418  
JUNEAU, AK 99801-1182  
(907) 465-4939  
FAX (907) 465-2418  
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## Memorandum

**Date:** February 15, 2001

**To:** Representative John Coghill  
Chairman, House State Affairs Committee

**From:** Representative Andrew Halcro

**Re:** Hearing Request - HB 123

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I respectfully request the House State Affairs Committee schedule HB 123 – “*An Act relating to the use of frequent flyer miles or another bonus earned on travel paid for by the state*” for a committee hearing at your earliest convenience.

This legislation would save the State of Alaska on transportation expenses by utilizing travel awards earned by state employees on official business travel for subsequent state travel. Additionally, some travel agents have indicated state employees may not be selecting the least expensive carrier option when traveling on state business because they want to accrue frequent flyer miles on their preferred carrier.

Attached for your information is the referral packet including a copy of the legislation, sponsor statement, travel expenditures compiled for recent fiscal years, and a copy of the applicable federal travel regulations.

Please contact Kevin Hand of my staff at x4939 as needed.

Thank you for your consideration.

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## HB 123

"An Act relating to the use of frequent flyer miles or another bonus earned on travel paid for by the state."

### Sponsor Statement

The State of Alaska spent more than \$15.7 million on employee transportation in the recent fiscal year. The public dollars spent on state business travel have been steadily trending upwards.

The State of Alaska presently has no policy regarding the utilization of mileage benefits accrued by state employees while on state business. HB 123 would require a state employee who accrues frequent flyer miles while on state travel to utilize any incentives received for future official state business travel. The incentives earned while on state funded travel are rightfully the property of the State of Alaska and should be utilized for the future benefit of the state.

This legislation has two purposes. First, to save the State of Alaska on travel expenses by utilizing travel awards earned by state employees on subsequent state travel. Second, travel agents have indicated state employees may not be selecting the least expensive carrier option when traveling on state business because they want to accrue frequent flyer miles on their preferred carrier.

HB 123 does not present any record keeping burden on state agencies or airlines. Instead, the onus is on the employee to comply with provisions of the legislation. Enforcement would be through the state ethics code as personal use of state accrued miles would be an inappropriate utilization of state resources for personal benefit.

The federal government requires frequent flyer miles accrued by federal employees on official travel to be utilized for the benefit of the federal government (*See* 41 CFR 310.53). However, the federal standard includes criminal sanctions and fines that are not present within HB 123. This legislation would make Alaska laws parallel the federal regulations without the burdensome paperwork and reporting requirements of the current federal standard. Many state governments, including the majority of western states, have implemented similar programs. HB 123 would be the least intrusive and troublesome standard applied.

The passage of HB 123 represents an effective tool to attain real cost savings to the State of Alaska without the creation of a expensive, burdensome program to realize those savings.

## SUMMARY

You requested information on state expenditures for air travel. Specifically, you were interested in how much the state spent for each of the past two fiscal years for which data are available.

We sent you several previous legislative reports to answer your questions regarding business-related mileage benefits of Alaska state employees.<sup>1</sup> The previous reports also provide information about how the federal government regulates mileage benefits and attempts by private industry to obtain mileage awards accrued by employees through business-related travel.

Table 1 provides approximate transportation costs for state executive branch employees during the first two quarters of fiscal year 1999, and during fiscal year 1998. "Transportation costs" include expenditures for travel including air, ferry, train, and bus. According to Debbie Bump at the Department of Administration, Division of Finance, the cost of air transportation alone is not available. She reports however, air transportation is the predominant method of travel used by state employees.

**Table 1: Transportation Costs for Alaska Executive Branch Employees**  
**1<sup>st</sup> and 2<sup>nd</sup> Quarters of FY99, and FY98**  
(thousands of dollars)

Year	In-state Transportation	Out-of-state Transportation	Total
1 <sup>st</sup> and 2 <sup>nd</sup> Quarters, FY99	\$6,080.4	\$1,338.4	\$7,418.8
FY98	\$12,027.6	\$2,950.3	\$14,977.9

Notes: Figures do not include costs incurred by employees of the University of Alaska, car rentals, or per diem. Figures include air travel costs, as well as costs from other means of travel such as ferry, train, and bus.

Source: Alaska Department of Administration, Division of Finance, (Debbie Bump, Administrative Services Manager, 465-5615).

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I hope you find this information useful. Please do not hesitate to contact us if you have questions or need additional information.

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<sup>1</sup> Previous legislative reports on employee travel and mileage benefits include "State Travel Procedures Summary," compiled in April 1997; "Frequent Flyer Program for State Employees," Research Request 94.016; "Airline Refunds and Awards Regarding State Employee Travel," Research Request 90.045, and "State Employee Travel," Research Request 89.396.

**Subject:** Airline Miles

**Date:** Tue, 13 Feb 2001 18:30:57

**From:** "harold frank" <apasdu@hotmail.com>

**To:** Representative\_Andrew\_Halcro@legis.state.ak.us

Dear Representative Halcro:

I support and applaud your efforts to capture airline miles that State workers and legislators receive when traveling on State of Alaska business. So many of the State of Alaska employees and legislators are frequent fliers traveling on State business and the airline miles they receive are used for personal trips such as vacations, etc., etc. Like you, I believe the benefits received from business travel by public servants should remain public property and not become personal property of the employee. I understand that the employees and legislators are reluctant to accept such views, but if this is part of a compensation package, then the employee bargaining units need to accept that when pay raises and compensation are negotiated, then airline miles should be on the table, also. I don't think I need to address the legislators travel because you folks live in a glass house already.

I would like to cite a couple of examples to you of how ridiculous and ludicrous this perquisite offered and accepted by public servants can be at times. I used to be involved in the private sector and became a Gold Card Member of the Alaska Airlines Mileage Plan (A perk the company was thinking of capturing, I might add.). One time, I was traveling from Juneau to Anchorage and the announcement came over the intercom that all Gold Card and MVP members could board. Almost the whole lobby stood up to get on the plane and a huge majority of the MVP crowd were State employees. It dawned on me then that maybe these public servants should be using the airline miles for public business. On another occasion, I overheard the flight attendants say to another, "Do not announce that MVP customers may board. The whole group holds MVP cards." I found that amusing and ironic that almost the whole plane from Juneau to Anchorage was State employees on business trips. I think you get my point.

I was employed by the Federal government when the Internal Revenue Service determined that airline miles were compensation for the employee and, therefore, subject to taxes. So the privilege was removed because the value of compensation (i.e. vacation trips to choice of destination) could not be determined. The IRS viewed this as added compensation and couldn't gauge how the airline miles would be used. The value of the tickets for cashing in airline miles changed with the seasons and competitive airline rates, so the privilege was removed from me as a Federal employee. In other words, cashing in 40,000 air miles for a trip to Mexico or Boston had a sliding scale depending on the season or even the airlines.

I have heard the argument that this "compensates" the State employee for traveling in off times. That is a hollow argument. Supposedly, the employee's bargaining unit makes sure they are fairly compensated when budgets and pay raises are negotiated. Besides, if you look at the average frequent flier that is a State employee, you will find that they are usually mid- to top-level managers in a professional series and their compensation packages should be adequate. The professional, or exempt employees have enough compensation that "off" hour travel should be expected of the employee. That is why they are salaried and compensated so well. As for the non-professional series employees, from what I recall as a supervisor of such individuals, the employment law was designed so that I, as a supervisor, could not abuse the employee. There are enough regulations in place to protect non-professional employees.

I have observed that State employees "expect" these miles as compensation for "traveling" outside of business hours and think it is their "right" to

receive these benefits. I use quotes because I have had this discussion with several State employees each time the State Legislature considers capturing the air miles earned by each individual. It is logical to assume that airline miles earned on State of Alaska business by a public servant should be captured by the State.

If the employees argue to retain this perk, then each time the legislature discusses employee compensation adjustments for the new fiscal year, this type of compensation item should be mentioned in the same breath. The average person cannot afford to take their whole family to Disneyland using airline miles. Most State of Alaska frequent fliers can afford this. To my way of reckoning, a family of four can expect to pay anywhere from 2,000 to 5,000 dollars on a trip to and from Disneyland in airfares. The State employees receive airline miles for this type of vacation for what most of us would call, "...just doing my job...". I wish I could receive such benefits for just doing my job. For the State employees, wouldn't the earned airline miles be better spent on business trips?

The argument is also made that State employees aren't paid enough for the jobs they do, so airline miles compensates them for this inconvenience. I also believe this argument is hollow. State workers are renowned and envied for their medical, dental and retirement packages. I don't know if airline miles fits in there anywhere, but it looks to me as if the airline miles is a privilege and not a right. Besides, if the State employee is so "inconvenienced" with travel, perhaps they should go elsewhere for employment. I can think of a couple hundred people that would gladly accept such employment packages for "...just doing my job...".

I hope my letter of support inspires you to complete what you have started. There are ways to capture the airline miles that State employees receive from business travel that are not too intrusive. The private company I worked for considered using one travel agent that forwarded the airline miles earned by me on company business to the company for future business travel. The Federal government has this system already in place. The Federal government issues airline mileage cards to those frequent flier employees and captures the mileage earned in to one account for use upon demand. I do not believe it is unreasonable to expect the same from State of Alaska public sector employees. Besides, in a shrinking economy, your idea to capture this benefit is timely.

Harold Frank, Jr.  
Ph: (907) 789-0952  
e-mail: apasdu@hotmail.com

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**Subject: FREQUENT FLYER MILES**

**Date:** Tue, 13 Feb 2001 12:04:48 -0900

**From:** "JOSEPH FORD" <anjjf@uaa.alaska.edu>

**To:** <Representative\_Andrew\_Halcro@legis.state.ak.us>

Hi

I saw the article in the Daily News today regarding your bill and I wanted to let you know how much I support your position. I retired from the U.S. Coast Guard in 1990 and we did have a policy (at that time) regarding ownership of the mileage. You may want to check and see with some of the Federal agencies are doing.

I will be following your progress with this bill,

Sincerely,

Joseph J. Ford

✓

**James & Mildred Tapscott**

P. O. Box 871276  
Wasilla, AK 99687

(907) 376-5571  
[mitap@alaska.net](mailto:mitap@alaska.net)

February 22, 2000

Rep. Andrew Halcro  
Alaska State Legislature  
State Capitol  
Juneau, Ak. 99801 1182

*Bill file*

Subject: HB279 – Frequent flyer miles

We are enclosing various articles and letters regarding the frequent flyer miles – dating back to March 1991.

We feel very strongly that this mileage belongs to the state and not to anyone individual who happens to be on the state payroll. If the legislature is sincere about the so-called budget gap, why don't they resolve this flagrant abuse of the taxpayers money?

So please hang in there and don't let HB279 fall thru the cracks.

Sincerely,



Millic & Jim Tapscott

Encl: various ff mileage documents

March 12, 1991

Honorable Walter J. Hickel  
Governor, State of Alaska  
Pouch A  
Juneau, Alaska 99809

Dear Governor Wally:

In support of your fat-cutting efforts, Millie and I would like to suggest that the subject of airline frequent flyer mileage awards be examined to possibly reduce state employee travel costs.

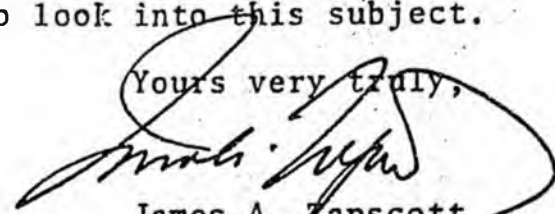
When we hear state workers brag about free trips to Tahiti, Mazatlan, Hawaii, etc. on tax payers monies, we cannot help but wonder why those frequent flyer mileage awards could not be placed in some sort of state pool to be utilized for other official business travel.

We understand that this subject surfaced during Governor Sheffield's term but did not see the light of day.

Surely there is a way the airlines and the state can come to some kind of an agreement to effect a considerable savings in future official travel costs.

We hope you will appoint staff to look into this subject.

Yours very truly,



James A. Zapscott  
P.O. Box 871276  
Wasilla, Alaska 99687

File

P. O. Box 240223  
Douglas, AK 99824-0223

January 21, 2000

Rep. Andrew Halcro  
Alaska House of Representatives  
Juneau, AK

Dear Sir:

This is in reference to your letter to the editor in Thursday's EMPIRE concerning HB 279, requiring frequent flyer miles awarded to State employees, traveling at State expense, to use those "miles" to the benefit of the State.

As a former State employee, who did considerable traveling by air (although not at a time when "frequent flyer" miles were awarded), I whole-heartedly support your proposed legislation.

As to the argument State employees travel on their own time, are away from their families, etc., and should be compensated with a "freebie" or over-time pay--- this is a "non-call."

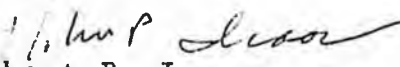
State employees are reasonably well paid (although there are those who would say otherwise!), and receive an excellent per diem rate.

If your job calls for traveling, so be it. An employee knows what is required. If traveling is not acceptable or inconveniences his or her personal life, do something else!

A side issue would be that awarding "frequent flyer" miles to State employees allows them to accumulate miles to the extent it is detrimental to any other airline coming to Juneau, even though a competing airline might also offer "FFMS". Employees who already have substantial mileage will not switch, even if costs are less. (This was very evident during MARKAIR'S venture in the Juneau market.)

I do not know the details of HB 279, but would suggest that a State "FFM" account be established to bank all "FFM" to a State account.

Yours truly,

  
Robert P. Isaac

## Voice of T

## The Anchorage Times

Publisher: BILL J. ALLEN

*"Believing in Alaskans; putting Alaska first"*

Editors: DENNIS FRADLEY; PAUL JENKINS; WILLIAM J. TOBIN

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## Economic travel

**IT'S A QUESTION** that's been asked since airlines first began awarding frequent flyer bonuses: Why can state employees, who accrue bonus miles while traveling on official business, use those free tickets for personal travel?

It's a matter that Rep. Andrew Halcro of Anchorage hopes to address this session. The Republican lawmaker wants state workers to be restricted in their use of free mileage, similar to the way Uncle Sam limits federal employees.

There is no law on the books now that prevents state workers from using bonus miles for vacation trips or other personal travel. In other words, there is no requirement that these miles — earned while traveling at public expense — be used to help offset the cost of future state travel.

That's not the case with federal employees. They are required to use accrued mileage benefits for subsequent official travel assignments. According to federal law, any promotional benefits an employee receives in connection with official travel are considered the property of the government.

But state employees can keep what they get.

Halcro says this contributes to the high cost of state travel. "Some travel agents," he said, "have indicated state employees may not be selecting the least expensive carrier option when traveling on state business because they want to accrue frequent flyer miles on their preferred carrier."

He has introduced a bill to stop that. The measure, HB279, mimics the federal law. It says any state employee who accrues mileage benefits would be obligated to use them to offset the cost of future official travel on state business.

It would be up to individual employees to comply with the requirements, under provisions of the state ethics code — thus avoiding burdensome record keeping by state agencies or airlines. Under this proposal, personal use of state-accrued mileage benefits would be considered an inappropriate appropriation of state resources.

All branches and divisions of state government, including the University of Alaska, the Alaska Railroad, the Legislature, the governor's office, administration offices and the judiciary, would be covered under the bill.

In an era when state spending is flying through the roof, Halcro's plan would bring one portion of state expenses down to earth.

The Legislature should pass the bill.



## Rights a

By PAUL JENKINS

When police officials are in a hurry to limit who can possess a firearm, it is a virtual certainty that their cronies will benefit. Hard-won by blood and pain, the Constitution is reduced to a political favor.

In New York and Los Angeles, in such cities, police allow cronies to buy or powerful their element rights.

Anchorage is no better.

Police chiefs here for years who would listen that they would not and certainly will not require federal document, allow a city resident to possess a firearm whose ownership is restricted, by the National Firearms Act, federal law controls things like shotguns, silencers, shotguns shorter than 18 inches and

I know about the local police because some time back I asked Police Chief Duane Udland for such a form for me so I could cut inches off the barrel of a shotgun intended for use as a tent gun. Udland emphatically said he had never signed the federal forms and never would. Period.

That was untrue, but I'm certainly not alone in getting that answer. In a Jan. 3 letter, he wrote an applicant that "The Anchorage Police Department cannot sign AF&F (sic) permits."

That's the story peddled to everyone who asks.

When an applicant, a man, brought Udland's signature for a permit was rebuffed, the man complained to the municipal ombudsman.

That office investigated and Ombudsman Alan Udland on June 26, 1998, letter to the municipal attorney holding that such forms would exit the city. Further, the ombudsman said, "Both the current and former Chiefs have adhered strictly."

But that, too, is untrue. Despite the ombudsman's findings, Udland already had signed

# State gets nowhere in efforts to capture frequent-flier miles

By SHEILA TOOMEY  
Daily News reporter

Pity the poor state worker who must travel from Juneau to Anchorage twice a month on state business.

What a drag.

True, he's probably well paid and traveling is part of his job description. But still, that's 29,692 miles a year in airplanes.

Enough miles to earn Mr. Bureaucrat a free vacation trip to Mexico on Alaska Airlines' frequent-flier plan.

Or he may prefer to accumulate another 11,308 miles

of travel on official state business and get a free ticket to Europe, Hawaii or Asia instead.

Is something wrong with this picture?

Frequent-flier plans were designed to encourage brand loyalty among people who fly a lot, to get frequent fliers to buy all their tickets from the same airline or group of airlines. The reward for buying all those tickets can be hundreds, even thousands, of dollars in free air travel.

The hitch is, when state

employees travel on state business, they don't pay for their tickets. The people of Alaska do, to the tune of \$15.5 million a year, according to Robert Libbey, deputy commissioner of administration.

No one in government seems to know how many miles all that state money buys each year, so it's impossible to figure out how many free trips the state could reap if it captured the mileage awards for govern-

ANCHORAGE DAILY NEWS

SUNDAY, JUNE 28, 1992

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# MILES: State travel pays for private trips

Continued from Page A-1

ment use. A mere 15,000 miles — about 13 round trips between Juneau and Anchorage — earns a free round-trip ticket to anywhere in the state that Alaska Airlines flies. Which means that every 14th trip could be free.

Right now, the state of Alaska makes no effort to capture the miles it pays for, and it does not contract with airlines for cut rates in lieu of the mileage awards.

Before it stopped flying to Southeast, MarkAir, one of Alaska's two major carriers, offered the Hickel administration \$10 million worth of air travel for \$7 million and state officials "just sat on it," according to MarkAir spokesman Larry Anderson.

"We heard all this rhetoric about the state trying to cut their budget. They could have saved 30 percent of their travel budget," Anderson said.

State officials say MarkAir's offer came with a short take-it-or-leave-it deadline that a government committed to fair procurement practices couldn't possibly meet.

Capturing air travel benefits for the state is very complicated and probably impossible, said Nancy Bear Usera, commissioner of administration. The airlines won't cooperate and the unions say those miles are a benefit that can't be taken away.

But there is little doubt

the state has a legal right to take them away, even if it can't get all of them transferred to public use.

"(B)e assured that, in our view, even a very strict position on the acceptance of these premiums would be wholly defensible," wrote Assistant Attorney General Jim Baldwin in a 1983 attorney general's opinion.

There certainly are obstacles, but other states, the federal government and even some private corporations have overcome most of them.

□  
Of the three states along the West Coast of the United States, two forbid personal use of frequent-flier miles earned by state workers traveling on state business. Washington lets state workers keep them. But state employees don't fly often, said Gary Ogden of the Office of Financial Management in Olympia. Their cities are connected by roads. The state capital doesn't even have an airport.

In Oregon, frequent-flier miles have been classified as a benefit and using them for personal travel is a violation of the state ethics law, said Theresa McHugh of the Oregon state Executive Department. "If you're on state business, those are state miles."

The state buys its tickets through a single travel agent, who bids for the con-

tract. "It's generally pretty easy for us to track," McHugh said.

In 1991, Oregon adopted a policy of encouraging state employees to join frequent-flier clubs so the mileage could be used by the people who earned it for future state trips, said Barbara Carranza of the Executive Department budget and management division. Each employee is required to keep travel records going back three years. Agencies monitor their own staffs, Carranza said.

"It's really cumbersome," she said. "The airlines don't make it easy." They won't allow the miles to be pooled and used by someone other than the person who earned them. "They're banking on a lot of these miles never being used."

A lot of state employees just don't collect the mileage, Carranza said. "It's too much trouble."

Again, most travel in Oregon is by car.

□  
California is big enough to require a lot of in-state air travel, and no one keeps any benefits earned while traveling on state business, according to James Lee in Gov. Pete Wilson's office in Sacramento.

The state negotiates exclusive paired-cities contracts with airlines in return for significantly cheaper fares — usually half the standard coach ticket, said Charles

Adams of the California General Services Department. No one flying on a state ticket gets frequent-flier miles.

Policing the program is pretty simple, according to Lee. Except in rare circumstances, state tickets must be purchased with special state air travel charge cards. The cards may only be used to buy approved tickets on contract airlines. Use of the charge cards triggers the special state rate and blocks the awarding of frequent-flier miles.

The federal government has a similar program. Federal employees who use frequent-flier miles earned on government-purchased tickets are stealing government property and can be punished if caught — anything from a reprimand to criminal prosecution, said Larry Tucker, chief of the regulatory policy branch of the General Services Administration in Virginia.

Federal workers must use designated carriers. And because the contract rate is so much lower than standard fares, other airlines won't let them trade in their tickets so they can fly on, and illegally collect benefits from, an unauthorized carrier.

Ticket switching is one of the loopholes any government travel plan must address. In Alaska, MarkAir

Please see Back Page, MILES

## MILES: State gets nowhere in efforts to collect travel bonuses

Continued from Page A-7

learned about it the hard way.

As a token show of support for MarkAir and the competition it introduced into the marketplace this winter, the Hickel administration bought 100 discounted MarkAir tickets. The purchase turned out to be even more of a token than it first seemed.

Most of the MarkAir tickets were traded in for tickets on Alaska Airlines by state workers heavily invested in the Alaska Airlines frequent-flier program, said Anderson of MarkAir. This was possible because Alaska Airlines was willing to accept the discount tickets. MarkAir had no choice but to forward most of the money it got from the state to a rival that may well put it out of business.

"They're all working to go to Hawaii," said Anderson of the ticket switchers. He believes the state doesn't want to change its travel rules, even if it means saving millions of dollars, because everyone from the commissioners on down is making out like bandits. "Who wants to kill the golden goose?"

"I call these frequent-flier programs the cocaine of the industry," said Anderson, repeating one of his favorite lines.

State workers are so addicted, "they think they deserve it," he said. "They're down there in that damn rainhole down in Juneau and they figure we owe them a free trip to Hawaii because they're down there."

Anderson is bitter. MarkAir spent millions cutting fares and expanding its service to Southeast, expecting to significantly increase its 8 percent slice of the state travel pie. But the company failed to do adequate research beforehand.

"Quite frankly, I don't think we were aware how important, what an effective tool the frequent-flier program was with the state workers," Anderson said. "I don't think we were as

aware of it as we should have been. ... We kind of got in there and then we discovered it."

It's all academic now. Last month, MarkAir canceled its Southeast flights.

- Lack of competition.
- Airline non-cooperation
- Unions
- State procurement rules

This is Nancy Bear Usera's short list of reasons why she has been unable to fix what ails state travel rules. Usera says she's been searching for a way to collect some kind of air travel benefits for the state since she joined the Hickel administration.

Right now, for instance, the state has a request for bids on the table, asking airlines to bid on exclusive rights to state travel between paired cities: Juneau-Anchorage, Juneau-Seattle, Juneau-Sitka, Juneau-Fairbanks and Fairbanks-Seattle, Anchorage-Fairbanks, Anchorage-Seattle, Anchorage-Bethel and Anchorage-Kotzebue.

The deadline was June 11. No airline bid, Usera said. The deadline was extended to June 30.

"I don't believe we're going to bid the project," said Anderson of MarkAir. "It's too little, too late."

Although the contract says state workers will be required to fly on the contract airlines, there's no protection against ticket switching, Anderson said. The tickets would be written on regular ticket forms and Alaska Airlines would almost certainly accept them.

"There's nothing that guarantees you're going to get the revenue you bid for. ... You bid the fare then you don't get the volume."

If MarkAir doesn't bid, that leaves Alaska Airlines as the only realistic contender for most of the routes. "We're evaluating the situation as we speak," Alaska Airlines spokesman Greg Witter said last week.

Alaska Airlines has "a philosophical problem" with giving the government special rates, Witter explained.

"We've always been of the opinion that government



contract fares are a subsidy for the government paid for by the general public. ... Costs have to be passed on." However, he added, "if for competitive reasons we're forced to bid, we will."

Forced by competition? Not likely.

"What on earth is Alaska Airlines' incentive to say

we'll give you a contract?" Usera asked.

With so little competition, is there any point to changing the state travel system now in place?

Yes, according to Anderson. MarkAir currently offers a rebate program to business and government.

For every dollar a company or an agency spends on the airline, they get 10 cents in a credit account. They can buy tickets or other merchandise with those credits, Anderson said. MarkAir will do the bookkeeping.

And on July 1, MarkAir starts to start offering a mileage program in addition to the rebates. When a frequent flier earns enough miles for a trip to Mexico or Hawaii, MarkAir will buy them one on an airline that flies there, Anderson said.

Theoretically that would give MarkAir an edge over the competition — the state gets a 10 percent savings and state workers get their trips to Hawaii. (Actually, Mexico is the most popular destination for Alaskans using frequent-flier miles, according to Daily News travel columnist Scott McMurren. Hawaii is the preferred destination of choice nationwide.)

"A double dip," is how Anderson describes MarkAir's benefits.

But Alaska Airlines has proved an aggressive competitor and there is every reason to believe it would challenge MarkAir if it started losing business to them.

Usera said state agencies have been told they can join the MarkAir rebate plan if they wish, but a spot check of several departments last week produced no one in charge of travel who had gotten this message, not Corrections, Law, Fish and Game or the governor's office.

Another voice in the debate over travel benefits is the state employee unions. In 1988, state negotiators agreed in writing to let supervisors keep frequent-flier miles as a benefit. But that contract expires this year, Usera said.

There is no such agreement with the general government workers. Jon Stables, business agent for the Alaska State Employees Association, said union activists prefer Alaska Airlines in part because it's a better union company. He reiterated the union position that the state can't take away

travel benefits without negotiations.

The 1983 legal opinion from the Department of Law disagrees.

Personal use of frequent-flier miles by state workers probably doesn't violate the state's ethics law, concluded Assistant Attorney General Jim Baldwin back then. Legally they don't add up to "an unlawful gratuity." The law was rewritten in 1986, but that opinion is probably still correct, Baldwin said last week.

However, Baldwin's written opinion says, the state has broad power to regulate travel by state workers. And such regulations could be enacted immediately, because they affect only the internal management of a state agency, not the public at large.

If the competitive situation is as bleak as it looks, and if the state can't figure out a way to capture frequent-flier benefits for public use, is there any reason to stop state employees from keeping the miles for personal use? Wouldn't the uncooperative airlines be the only beneficiaries of a ban? They'd get the same amount of business, but wouldn't have to pony up free tickets. Baldwin's 1983 opinion suggests another consideration:

"To the extent that travel is discretionary with an employee, the availability of a premium may influence an employee to abuse that discretion by traveling when it is not justifiable. ... This availability of premiums from various airlines may influence decision regarding scheduling ... or whether or not to request a special fare (most premiums are available only to those who travel at full fare). Consequently, the state's interests can be directly and substantially affected any time the availability of a travel premium becomes a factor in an employee's decisions regarding travel plans."

Said Anderson "The state needs to take control of its travel budget. But nobody wants to step up and take the responsibility of doing it. They'll probably end up in the river."



# Anchorage Daily News

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Friday, February 4, 2000

## Economic travel

IT'S A QUESTION that's been asked since airlines first began awarding frequent flyer bonuses: Why can state employees, who accrue bonus miles while traveling on official business, use those free tickets for personal travel?

It's a matter that Rep. Andrew Halcro of Anchorage hopes to address this session. The Republican lawmaker wants state workers to be restricted in their use of free mileage, similar to the way Uncle Sam limits federal employees.

There is no law on the books now that prevents state workers from using bonus miles for vacation trips or other personal travel. In other words, there is no requirement that these miles - earned while traveling at public expense - be used to help offset the cost of future state travel.

That's not the case with federal employees. They are required to use accrued mileage benefits for subsequent official travel assignments. According to federal law, any promotional benefits an employee receives in connection with official travel are considered the property of the government.

But state employees can keep what they get.

Halcro says this contributes to the high cost of state travel. "Some travel agents," he said, "have indicated state employees may not be selecting the least expensive carrier option when traveling on state business because they want to accrue frequent flyer miles on their preferred carrier."

He has introduced a bill to stop that. The measure, HB279, mimics the federal law. It says any state employee who accrues mileage benefits would be obligated to use them to offset the cost of future official travel on state business.

It would be up to individual employees to comply with the requirements, under provisions of the state ethics code - thus avoiding burdensome record keeping by state agencies or airlines. Under this proposal, personal use of state-accrued mileage benefits would be considered an inappropriate appropriation of state resources.

All branches and divisions of state government, including the University of Alaska, the Alaska Railroad, the Legislature, the governor's office, administration offices and the judiciary, would be covered under the bill.

In an era when state spending is flying through the roof, Halcro's plan would bring one portion of state expenses down to earth.

The Legislature should pass the bill.

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# Air miles wanted by state

By TROY K. SCHNEIDER  
Governing Magazine

Alaska's state employees rack up millions of frequent-flier miles traveling back and forth over a state that's bigger than Texas, California and Colorado combined.

Alaska officials would like to capture all of that free air travel for the state's own use, but so far the effort doesn't seem to be able to get off the ground.

Alaska's government spends \$15.5 million a year on travel, delivering services in a state where the distance from the capital, Juneau, to the biggest city, Anchorage, is 571 miles.

Naturally, state employees' frequent-flier miles add up quickly. The Alaska State Employees Association, the state's major employee union, takes the position that the miles constitute an employee benefit. But state officials argue that benefits earned at taxpayer expense should be going to the state for official travel.

Last spring, when the state solicited bids for exclusive contracts on nine frequently traveled routes, officials hoped to emulate California's arrangement. There, employees fly for as little as half the standard fare and no frequent-flier miles are given.

In Alaska, however, no airlines bid. Robert Libbey, a deputy commissioner of administration, said lack of competition and the recent industry price wars gave carriers little incentive to offer discounts. "They said they really can't offer us anything less than the price we'd get if we walked up to the counter."

Discount contracts aren't the only way to get the most out of travel budgets, however. Hawaii, for example, simply requires that employees use state-financed miles for subsequent trips.

But for now at least, such a policy isn't on the agenda

**PART 301-53—USING PROMOTIONAL MATERIALS AND FREQUENT TRAVELER PROGRAMS**

Seq.

- 301-53.1 What must I do with promotional benefits or materials I receive from a travel service provider?
- 301-53.2 Should I join a frequent traveler program?
- 301-53.3 May my agency reimburse membership fees in a frequent traveler program?
- 301-53.4 How may I use frequent traveler benefits?
- 301-53.5 Under what circumstances may I use frequent traveler benefits to upgrade my transportation class of service?
- 301-53.6 When my agency participates in a mandatory travel management program, may I select a travel service provider based on whether it provides frequent travel credits?
- 301-53.7 How should I handle frequent traveler credits when I accumulate both personal and official credits from a single travel service provider?
- 301-53.8 What are my options if I cannot establish separate frequent traveler accounts?
- 301-53.9 What is my liability for improper use of frequent traveler benefits?
- 301-53.10 Is there any instance when I may make personal use of benefits furnished by a travel service provider?

AUTHORITY: 5 U.S.C. 5707; 31 U.S.C. 1353.

SOURCE: 63 FR 15970, Apr. 1, 1998, unless otherwise noted.

**§301-53.1 What must I do with promotional benefits or materials I receive from a travel service provider?**

Any promotional benefits or material you receive from a private source in connection with official travel are considered property of the Government. You must:

(a) Accept the benefits or materials on behalf of the Federal Government; and

(b) Turn the benefits or material over to your agency in accordance with your agency's procedures established under 41 CFR 101-25.103.

**§301-53.2 Should I join a frequent traveler program?**

Yes. You are encouraged to join frequent traveler programs to realize cost savings or reduce official travel cost.

**§301-53.3 May my agency reimburse membership fees in a frequent traveler program?**

Yes, if the benefits of membership are expected to exceed the cost of membership.

**§301-53.4 How may I use frequent traveler benefits?**

You may use frequent traveler benefits earned on official travel to obtain travel services for a subsequent official travel assignment(s).

**§301-53.5 Under what circumstances may I use frequent traveler benefits to upgrade my transportation class of service?**

You may use frequent travel benefits earned on official travel to upgrade your transportation class of service when your agency's policies authorize you to upgrade to premium-class other than first-class airline accommodations, solely through redemption of frequent traveler benefits or when the requirements for first-class or premium other than first class airline accommodations are met in accordance with §§301-10.123 and 301-10.124.

**§301-53.6 When my agency participates in a mandatory travel management program, may I select a travel service provider based on whether it provides frequent travel credits?**

No. You must use the travel management program for which your agency is a mandatory user, including contract passenger transportation service when such programs are available.

**§301-53.7 How should I handle frequent traveler credits when I accumulate both personal and official credits from a single travel service provider?**

You should establish separate accounts for personal and official use.

**§301-53.8 What are my options if I cannot establish separate frequent traveler accounts?**

You must be able to account for every credit and debit in your frequent traveler account, and submit an accounting to your agency upon request. The accounting must specify:

(a) The date and amount of all credits you receive for both personal and official travel, including credits (e.g., credits from a travel service vendor credit card).

(b) The date and amount of any debit to your account for both personal and official travel.

**§301-53.9 What is my liability for improper use of frequent traveler benefits?**

You may be subject to:

(a) Disciplinary action by your agency, which may include repayment of the cost of the ticket; and

(b) Criminal sanctions, including a fine and/or imprisonment.

**§301-53.10 Is there any instance when I may make personal use of benefits furnished by a travel service provider?**

Yes, you may use benefits (e.g., free meals, check-cashing privileges, or memberships in executive clubs) only if:

(a) The Government can not use the benefit;

(b) To receive the immediate benefit, you do not forfeit a future benefit the Government could use; and

(c) The benefit can not be redeemed for cash value.



## TRAVEL MANAGEMENT POLICY

Complete Table of Contents

### SECTION

§ 301-53.1

### QUESTION

**What must I do with promotional benefits or materials I receive from a travel service provider?**

### ANSWER

Any promotional benefits or material you receive from a private source in connection with official travel are considered property of the Government. You must:

- (a) Accept the benefits or materials on behalf of the Federal Government; and
- (b) Turn the benefits or material over to your agency in accordance with your agency's procedures established under 41 CFR 101-25.103.



## TRAVEL MANAGEMENT POLICY

[Complete Table of Contents](#)

### SECTION

§ 301-53.2

### QUESTION

Should I join a frequent traveler program?

### ANSWER

Yes. You are encouraged to join frequent traveler programs to realize cost savings or reduce official travel cost.



## TRAVEL MANAGEMENT POLICY

[Complete Table of Contents](#)

### SECTION

§ 301-53.3

### QUESTION

May my agency reimburse membership fees in a frequent traveler program?

### ANSWER

Yes, if the benefits of membership are expected to exceed the cost of membership.



## TRAVEL MANAGEMENT POLICY

[Complete Table of Contents](#)

### SECTION

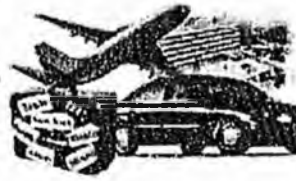
§ 301-53.4

### QUESTION

How may I use frequent traveler benefits?

### ANSWER

You may use frequent traveler benefits earned on official travel to obtain travel services for a subsequent official travel assignment(s).



## TRAVEL MANAGEMENT POLICY

[Complete Table of Contents](#)

### SECTION

§ 301-53.5

### QUESTION

**Under what circumstances may I use frequent traveler benefits to upgrade my transportation class of service?**

### ANSWER

You may use frequent travel benefits earned on official travel to upgrade your transportation class of service when your agency's policies authorize you to upgrade to premium-class other than first-class airline accommodations, solely through redemption of frequent traveler benefits or when the requirements for first-class or premium other than first-class airline accommodations are met in accordance with § 301-10.123 and § 301-10.124.



## TRAVEL MANAGEMENT POLICY

[Complete Table of Contents](#)

### SECTION

§ 301-53.6

### QUESTION

**When my agency participates in a mandatory travel management program, may I select a travel service provider based on whether it provides frequent travel credits?**

### ANSWER

No. You must use the travel management program for which your agency is a mandatory user, including contract passenger transportation service when such programs are available.



## TRAVEL MANAGEMENT POLICY

[Complete Table of Contents](#)

### SECTION

§301-53.7

### QUESTION

**How should I handle frequent traveler credits when I accumulate both personal and official credits from a single travel service provider?**

### ANSWER

You should establish separate accounts for personal and official use.



## TRAVEL MANAGEMENT POLICY

[Complete Table of Contents](#)

### SECTION

§ 301-53.8

### QUESTION

**What are my options if I cannot establish separate frequent traveler accounts?**

### ANSWER

You must be able to account for every credit and debit in your frequent traveler account, and submit an accounting to your agency upon request. The accounting must specify:

- (a) The date and amount of all credits you receive for both personal and official travel, including credits (e.g., credits from a travel service vendor credit card).
- (b) The date and amount of any debit to your account for both personal and official travel.



## TRAVEL MANAGEMENT POLICY

[Complete Table of Contents](#)

### SECTION

§ 301-53.9

### QUESTION

What is my liability for improper use of frequent traveler benefits?

### ANSWER

You may be subject to:

- (a) Disciplinary action by your agency, which may include repayment of the cost of the ticket; and
- (b) Criminal sanctions, including a fine and/or imprisonment.



## TRAVEL MANAGEMENT POLICY

[Complete Table of Contents](#)

### SECTION

§ 301-53.10

### QUESTION

Is there any instance when I may make personal use of benefits furnished by a travel service provider?

### ANSWER

Yes, you may use benefits (e.g., free meals, check-cashing privileges, or memberships in executive clubs) only if:

- (a) The Government can not use the benefit;
- (b) To receive the immediate benefit, you do not forfeit a future benefit the Government could use; and
- (c) The benefit can not be redeemed for cash value.

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HB 123  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: All state agencies  
 Title: An Act relating to use of frequent BRU: Various  
 flyer miles or other bonus earned on state travel. Component: Various  
 Sponsor: Rep. Halcro  
 Requester: House State Affairs Component Number: \_\_\_\_\_

**Expenditures/Revenues (Thousands of Dollars)**

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	43.2	43.2	215.8	215.8	215.8	215.8
Travel	(10.5)	(10.5)	(52.5)	(52.5)	(52.5)	(52.5)
Contractual	20.7	6.0	94.8	30.0	30.0	30.0
Supplies	1.5	1.5	7.5	7.5	7.5	7.5
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>54.9</b>	<b>40.2</b>	<b>265.6</b>	<b>200.8</b>	<b>200.8</b>	<b>200.8</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF	59.1	44.4	286.6	221.8	221.8	221.8
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type) various - note 3	(4.2)	(4.2)	(21.0)	(21.0)	(21.0)	(21.0)
<b>TOTAL</b>	<b>54.9</b>	<b>40.2</b>	<b>265.6</b>	<b>200.8</b>	<b>200.8</b>	<b>200.8</b>

Estimate of any current year (FY2001) cost: 0.0

**POSITIONS**

Full-time						
Part-time	3	3	15	15	15	15
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

**Assumptions:**

1. Fifteen executive branch agencies are affected by the proposed legislation. Only three agencies have widespread impact before the bargaining unit contracts expire June 30, 2003 because initially the bill will only affect non-covered employees.
2. Each affected agency will require part-time (1/3) range 12 position to track mileage by individual traveler, monitor its use, and perform routine compliance procedures. First year includes \$7,400 in computer, phone, cubicle, supplies and training costs associated with each of these positions, succeeding years include \$2,500 in costs associated with each of these positions. Not included is any cost for the additional time spent by managerial or supervisory staff in compliance and enforcement efforts. Additional costs will be incurred as a result of bargaining activities. It is not possible to estimate those costs at this time.

Prepared by: Kim Garner Phone 465-3435  
 Division: Finance Date/Time 2/21/00 2:30 PM  
 Approved by: Jim Duncan, Commissioner Date 2/21/01  
 Agency: Department of Administration

For distribution information, call the Governor's Legislative Office

3. On average, ten travelers per agency earn enough mileage per year to purchase one ticket per individual for benefit to the state. Average ticket price on these trips is assumed at \$350 for annual travel savings of \$3,500 per affected agency. Because mileage accrues to individual, benefits accrue to program paying individual's salary. Funding source for savings allocated 60% GF/40% other funds to match overall funding mix for state payroll expenditures.

# FISCAL NOTE

STATE OF ALASKA  
2001 LEGISLATIVE SESSION

NO. \_\_\_\_\_  
BILL VERSION: \_\_\_\_\_  
PUBLISH DATE: \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: "An act relating to the use of frequent flyer miles or another bonus earned on travel paid..."  
Sponsor: Representative Halcro  
Requestor: House State Affairs

Department Affected: Legislature  
BRU: Legislative Council  
Legislative Operating Budget  
Component: All

COMPONENT SERIAL NO:

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
PERSONAL SERVICES	16.2	13.7	13.7	13.7	13.7	13.7
TRAVEL	0	-3.9	-3.9	-3.9	-3.9	-3.9
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>9.8</b>	<b>9.8</b>	<b>9.8</b>	<b>9.8</b>	<b>9.8</b>

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	9.8	9.8	9.8	9.8	9.8
FEDERAL FUNDS						
OTHER FUND SOURCE						
<b>TOTAL</b>	<b>0.0</b>	<b>9.8</b>	<b>9.8</b>	<b>9.8</b>	<b>9.8</b>	<b>9.8</b>

POSITIONS:

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

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary)

HB 123 would require Legislators and Legislative Branch employees who participate in frequent flyer mileage programs or other bonus programs and who accrue miles or another bonus in the program because of state-paid travel expenses use the mileage or bonus for subsequent state travel. The Legislative Council will implement this program for the Legislative Branch. The Legislature would realize cost savings from cashing in mileage for airline travel but would also incur costs due to increased monitoring responsibilities.

Prepared By: Karla Schofield, Deputy Director *Karla Schofield* Phone: 465-3852  
Division: Administrative Services Date: 2/21/01

Approved By: Pamela A. Varni, Executive Director *Pamela A. Varni*  
Agency: Legislative Affairs Agency Date: 2/21/01

Distribution (by preparer): Leg. Finance, Legislative Sponsor, Requestor, OMB, Gov. , & Impacted Agency(ies).

Personal Services

PPT Range 12, approximately 1/3 time, to track mileage, and ensure the State of Alaska received the benefit of legislator and employee paid travel mileage awards and that Legislative Council policies were followed. 13.7

Programmer time to modify the Legislature's travel database to accommodate legislative employees and mileage information. 2.5

Travel

Cost savings would be realized each time a Legislator or employee used mileage earned for the purchase of an airline ticket on a subsequent trip.

Alaska Airlines mileage can be redeemed for a free airline ticket at 20,000 miles, or 30,000 for a peak ticket.

A few Legislators would be able to redeem enough mileage for 1 free ticket per year. Several Legislators would need to accumulate mileage for two or three years to qualify for a free ticket. A few Legislators would need to accumulate miles over several years in order to qualify for a free airline ticket. It would also take several years for those legislative employees who travel to earn sufficient mileage for a free ticket.

This fiscal note estimates 7 free tickets per year could be purchased. The savings from the free tickets would not begin to be realized until the second year after the program was implemented.

Coach airfare to Anchorage is 551. 7 times 551 = 3,857 -3.9  
Savings to the Legislature would be 3.9 per year.

## SUMMARY

You requested information on state expenditures for air travel. Specifically, you were interested in how much the state spent for each of the past two fiscal years for which data are available.

We sent you several previous legislative reports to answer your questions regarding business-related mileage benefits of Alaska state employees.<sup>1</sup> The previous reports also provide information about how the federal government regulates mileage benefits and attempts by private industry to obtain mileage awards accrued by employees through business-related travel.

Table 1 provides approximate transportation costs for state executive branch employees during the first two quarters of fiscal year 1999, and during fiscal year 1998. "Transportation costs" include expenditures for travel including air, ferry, train, and bus. According to Debbie Bump at the Department of Administration, Division of Finance, the cost of air transportation alone is not available. She reports however, air transportation is the predominant method of travel used by state employees.

**Table 1: Transportation Costs for Alaska Executive Branch Employees**  
**1<sup>st</sup> and 2<sup>nd</sup> Quarters of FY99, and FY98**  
(thousands of dollars)

Year	In-state Transportation	Out-of-state Transportation	Total
1 <sup>st</sup> and 2 <sup>nd</sup> Quarters, FY99	\$6,080.4	\$1,338.4	\$7,418.8
FY98	\$12,027.6	\$2,950.3	\$14,977.9

Notes: Figures do not include costs incurred by employees of the University of Alaska, car rentals, or per diem. Figures include air travel costs, as well as costs from other means of travel such as ferry, train, and bus.

Source: Alaska Department of Administration, Division of Finance, (Debbie Bump, Administrative Services Manager, 465-5615).

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I hope you find this information useful. Please do not hesitate to contact us if you have questions or need additional information.

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<sup>1</sup> Previous legislative reports on employee travel and mileage benefits include "State Travel Procedures Summary," compiled in April 1997; "Frequent Flyer Program for State Employees," Research Request 94.016; "Airline Refunds and Awards Regarding State Employee Travel," Research Request 90.045, and "State Employee Travel," Research Request 89.396.

**Subject: Airline Miles**

**Date: Tue, 13 Feb 2001 18:30:57**

**From: "harold frank" <apasdu@hotmail.com>**

**To: Representative\_Andrew\_Halcro@legis.state.ak.us**

Dear Representative Halcro:

I support and applaud your efforts to capture airline miles that State workers and legislators receive when traveling on State of Alaska business. So many of the State of Alaska employees and legislators are frequent fliers traveling on State business and the airline miles they receive are used for personal trips such as vacations, etc., etc. Like you, I believe the benefits received from business travel by public servants should remain public property and not become personal property of the employee. I understand that the employees and legislators are reluctant to accept such views, but if this is part of a compensation package, then the employee bargaining units need to accept that when pay raises and compensation are negotiated, then airline miles should be on the table, also. I don't think I need to address the legislators travel because you folks live in a glass house already.

I would like to cite a couple of examples to you of how ridiculous and ludicrous this perquisite offered and accepted by public servants can be at times. I used to be involved in the private sector and became a Gold Card Member of the Alaska Airlines Mileage Plan (A perk the company was thinking of capturing, I might add.). One time, I was traveling from Juneau to Anchorage and the announcement came over the intercom that all Gold Card and MVP members could board. Almost the whole lobby stood up to get on the plane and a huge majority of the MVP crowd were State employees. It dawned on me then that maybe these public servants should be using the airline miles for public business. On another occasion, I overheard the flight attendants say to another, "Do not announce that MVP customers may board. The whole group holds MVP cards." I found that amusing and ironic that almost the whole plane from Juneau to Anchorage was State employees on business trips. I think you get my point.

I was employed by the Federal government when the Internal Revenue Service determined that airline miles were compensation for the employee and, therefore, subject to taxes. So the privilege was removed because the value of compensation (i.e. vacation trips to choice of destination) could not be determined. The IRS viewed this as added compensation and couldn't gauge how the airline miles would be used. The value of the tickets for cashing in airline miles changed with the seasons and competitive airline rates, so the privilege was removed from me as a Federal employee. In other words, cashing in 40, 000 air miles for a trip to Mexico or Boston had a sliding scale depending on the season or even the airlines.

I have heard the argument that this "compensates" the State employee for traveling in off times. That is a hollow argument. Supposedly, the employee's bargaining unit makes sure they are fairly compensated when budgets and pay raises are negotiated. Besides, if you look at the average frequent flier that is a State employee, you will find that they are usually mid- to top-level managers in a professional series and their compensation packages should be adequate. The professional, or exempt employees have enough compensation that "off" hour travel should be expected of the employee. That is why they are salaried and compensated so well. As for the non-professional series employees, from what I recall as a supervisor of such individuals, the employment law was designed so that I, as a supervisor, could not abuse the employee. There are enough regulations in place to protect non-professional employees.

I have observed that State employees "expect" these miles as compensation for "traveling" outside of business hours and think it is their "right" to

receive these benefits. I use quotes because I have had this discussion with several State employees each time the State Legislature considers capturing the air miles earned by each individual. It is logical to assume that airline miles earned on State of Alaska business by a public servant should be captured by the State.

If the employees argue to retain this perk, then each time the legislature discusses employee compensation adjustments for the new fiscal year, this type of compensation item should be mentioned in the same breath. The average person cannot afford to take their whole family to Disneyland using airline miles. Most State of Alaska frequent fliers can afford this. To my way of reckoning, a family of four can expect to pay anywhere from 2,000 to 5,000 dollars on a trip to and from Disneyland in airfares. The State employees receive airline miles for this type of vacation for what most of us would call, "...just doing my job...". I wish I could receive such benefits for just doing my job. For the State employees, wouldn't the earned airline miles be better spent on business trips?

The argument is also made that State employees aren't paid enough for the jobs they do, so airline miles compensates them for this inconvenience. I also believe this argument is hollow. State workers are renowned and envied for their medical, dental and retirement packages. I don't know if airline miles fits in there anywhere, but it looks to me as if the airline miles is a privilege and not a right. Besides, if the State employee is so "inconvenienced" with travel, perhaps they should go elsewhere for employment. I can think of a couple hundred people that would gladly accept such employment packages for "...just doing my job...".

I hope my letter of support inspires you to complete what you have started. There are ways to capture the airline miles that State employees receive from business travel that are not too intrusive. The private company I worked for considered using one travel agent that forwarded the airline miles earned by me on company business to the company for future business travel. The Federal government has this system already in place. The Federal government issues airline mileage cards to those frequent flier employees and captures the mileage earned in to one account for use upon demand. I do not believe it is unreasonable to expect the same from State of Alaska public sector employees. Besides, in a shrinking economy, your idea to capture this benefit is timely.

Harold Frank, Jr.  
Ph: (907) 789-0952  
e-mail: apasdu@hotmail.com

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**Subject: FREQUENT FLYER MILES**

**Date: Tue, 13 Feb 2001 12:04:48 -0900**

**From: "JOSEPH FORD" <anjff@uaa.alaska.edu>**

**To: <Representative\_Andrew\_Halcro@legis.state.ak.us>**

Hi

I saw the article in the Daily News today regarding your bill and I wanted to let you know how much I support your position. I retired from the U.S. Coast Guard in 1990 and we did have a policy (at that time) regarding ownership of the mileage. You may want to check and see with some of the Federal agencies are doing.

I will be following your progress with this bill,

Sincerely,

Joseph J. Ford

✓

**James & Mildred Tapscott**

P. O. Box 871276  
Wasilla, AK 99687

(907) 376-5571  
[mitap@alaska.net](mailto:mitap@alaska.net)

Februaruy 22. 2000

*bill file*

Rep. Andrew Halcro  
Alaska State Legislature  
State Capitol  
Juneau, Ak. 99801 1182

Subject: HB279 – Frequent flyer miles

We are enclosing various articles and letters regarding the frequent flyer miles – dating back to March 1991.

We feel very strongly that this mileage belongs to the state and not to anyone individual who happens to be on the state payroll. If the legislature is sincere about the so-called budget gap, why don't they resolve this flagrant abuse of the taxpayers money?

So please hang in there and don't let HB279 fall thru the cracks.

Sincerely,



Mildie & Jim Tapscott

Encl: various ff mileage documents

March 12, 1991

Honorable Walter J. Hickel  
Governor, State of Alaska  
Pouch A  
Juneau, Alaska 99809

Dear Governor Wally:

In support of your fat-cutting efforts, Millie and I would like to suggest that the subject of airline frequent flyer mileage awards be examined to possibly reduce state employee travel costs.

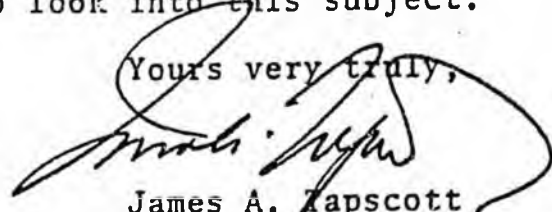
When we hear state workers brag about free trips to Tahiti, Mazatlan, Hawaii, etc. on tax payers monies, we cannot help but wonder why those frequent flyer mileage awards could not be placed in some sort of state pool to be utilized for other official business travel.

We understand that this subject surfaced during Governor Sheffield's term but did not see the light of day.

Surely there is a way the airlines and the state can come to some kind of an agreement to effect a considerable savings in future official travel costs.

We hope you will appoint staff to look into this subject.

Yours very truly,



James A. Tapscott  
P.O. Box 871276  
Wasilla, Alaska 99687

File

P. O. Box 240223  
Douglas, AK 99824-0223

January 21, 2000

Rep. Andrew Halcro  
Alaska House of Representatives  
Juneau, AK

Dear Sir:

This is in reference to your letter to the editor in Thursday's EMPIRE concerning HB 279, requiring frequent flyer miles awarded to State employees, traveling at State expense, to use those "miles" to the benefit of the State.

As a former State employee, who did considerable traveling by air (although not at a time when "frequent flyer" miles were awarded), I whole-heartedly support your proposed legislation.

As to the argument State employees travel on their own time, are away from their families, etc., and should be compensated with a "freebie" or over-time pay--- this is a "non-call."

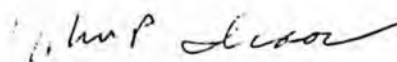
State employees are reasonably well paid (although there are those who would say otherwise!), and receive an excellent per diem rate.

If your job calls for traveling, so be it. An employee knows what is required. If traveling is not acceptable or inconveniences his or her personal life, do something else!

A side issue would be that awarding "frequent flyer" miles to State employees allows them to accumulate miles to the extent it is detrimental to any other airline coming to Juneau, even though a competing airline might also offer "FFMS". Employees who already have substantial mileage will not switch, even if costs are less. (This was very evident during MARKAIR'S venture in the Juneau market.)

I do not know the details of HB 279, but would suggest that a State "FFM" account be established to bank all "FFM" to a State account.

Yours truly,

  
Robert P. Isaac

**PART 301-53—USING PROMOTIONAL MATERIALS AND FREQUENT TRAVELER PROGRAMS**

Sec.

- 301-53.1 What must I do with promotional benefits or materials I receive from a travel service provider?
- 301-53.2 Should I join a frequent traveler program?
- 301-53.3 May my agency reimburse membership fees in a frequent traveler program?
- 301-53.4 How may I use frequent traveler benefits?
- 301-53.5 Under what circumstances may I use frequent traveler benefits to upgrade my transportation class of service?
- 301-53.6 When my agency participates in a mandatory travel management program, may I select a travel service provider based on whether it provides frequent travel credits?
- 301-53.7 How should I handle frequent traveler credits when I accumulate both personal and official credits from a single travel service provider?
- 301-53.8 What are my options if I cannot establish separate frequent traveler accounts?
- 301-53.9 What is my liability for improper use of frequent traveler benefits?
- 301-53.10 Is there any instance when I may make personal use of benefits furnished by a travel service provider?

**AUTHORITY:** 5 U.S.C. 5707; 31 U.S.C. 1353.

**SOURCE:** 63 FR 15970, Apr. 1, 1998, unless otherwise noted.

**§301-53.1 What must I do with promotional benefits or materials I receive from a travel service provider?**

Any promotional benefits or material you receive from a private source in connection with official travel are considered property of the Government. You must:

- (a) Accept the benefits or materials on behalf of the Federal Government; and
- (b) Turn the benefits or material over to your agency in accordance with your agency's procedures established under 41 CFR 101-25.103.

**§301-53.2 Should I join a frequent traveler program?**

Yes. You are encouraged to join frequent traveler programs to realize cost savings or reduce official travel cost.

**§301-53.3 May my agency reimburse membership fees in a frequent traveler program?**

Yes, if the benefits of membership are expected to exceed the cost of membership.

**§301-53.4 How may I use frequent traveler benefits?**

You may use frequent traveler benefits earned on official travel to obtain travel services for a subsequent official travel assignment(s).

**§301-53.5 Under what circumstances may I use frequent traveler benefits to upgrade my transportation class of service?**

You may use frequent travel benefits earned on official travel to upgrade your transportation class of service when your agency's policies authorize you to upgrade to premium-class other than first-class airline accommodations, solely through redemption of frequent traveler benefits or when the requirements for first-class or premium other than first class airline accommodations are met in accordance with §§301-10.123 and 301-10.124.

**§301-53.6 When my agency participates in a mandatory travel management program, may I select a travel service provider based on whether it provides frequent travel credits?**

No. You must use the travel management program for which your agency is a mandatory user, including contract passenger transportation service when such programs are available.

**§301-53.7 How should I handle frequent traveler credits when I accumulate both personal and official credits from a single travel service provider?**

You should establish separate accounts for personal and official use.

**§301-53.8 What are my options if I cannot establish separate frequent traveler accounts?**

You must be able to account for every credit and debit in your frequent traveler account, and submit an accounting to your agency upon request. The accounting must specify:

(a) The date and amount of all credits you receive for both personal and official travel, including credits (e.g., credits from a travel service vendor credit card).

(b) The date and amount of any debit to your account for both personal and official travel.

**§301-53.9 What is my liability for improper use of frequent traveler benefits?**

You may be subject to:

- (a) Disciplinary action by your agency, which may include repayment of the cost of the ticket; and
- (b) Criminal sanctions, including a fine and/or imprisonment.

**§301-53.10 Is there any instance when I may make personal use of benefits furnished by a travel service provider?**

Yes, you may use benefits (e.g., free meals, check-cashing privileges, or memberships in executive clubs) only if:

- (a) The Government can not use the benefit;
- (b) To receive the immediate benefit, you do not forfeit a future benefit the Government could use; and
- (c) The benefit can not be redeemed for cash value.

## POM for Representative Halcro



From: Ms. Carol Jensen  
4800 E 112th Ave

Telephone: 250-1953

Anchorage, AK 99516

NON Constituent

Registered Voter: V

Email:

Bill: HB 123 Title: USE OF BONUSES EARNED ON STATE TRAVEL  
Message:

Tremendous savings could be realized if state travel was done by using frequent flyer miles earned by individuals while on state travel. These miles belong to the state. They would not have been earned were it not for the state travel. There's no reason they shouldn't be used for state travel.

Entered in ANC on 2/20/01 POMID:99222

Distribution: 15

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Message 2 out of 12.

# Alaska State Legislature

Senate Advisory Council



PO Box V  
State Capitol  
Juneau, Alaska 99811  
Phone (907) 465-3114

## MEMORANDUM

TO: Senator Halford  
Alaska State Senate

ATTN: Theresa Maser

FROM: Lee Ann Lucas *LA*  
Senate Advisory Council

DATE: March 2, 1988

SUBJECT: Frequent Flyer Mileage: IR# 38-003240

HB123

You asked the Senate Advisory Council to gather information on the Federal policy regarding use of "frequent flyer" mileage awards by its employees on government business.

41 CFR Part 1-1-25 issued October 18, 1983 (see Attachment A) incorporates and codifies existing policies regarding promotional materials received by employees in connection with official travel and based on the purchase of a ticket or other services (e.g. car rental). The regulation states in part:

(a) All promotional materials (e.g. bonus flights, reduced fare coupons, cash, merchandise gifts, credits toward future travel 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.

(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 U.S. Department of Transportation, Office of the Secretary, issued an Order on April 5, 1982 concerning common carrier promotional efforts (see Attachment B) intended to provide guidance for the accountability and disposition of reduced fare coupons and other promotional gratuities offered by common carriers while on official business. Sections 5 and 10 of this Order read:

5. RESPONSIBILITY OF TRAVELER. Each traveler on official business during a carrier's promotional period is

information as soon as I receive it.

DEC 27 '90 10:11 AM LES PETERSON

HP

F.4.4

Senator Halford  
March 2, 1988  
Page 3

I also contacted Alaska Airlines Gold Coast Travel Service Center to inquire if a person could be issued two Gold Coast Travel cards, one for business and one for personal travel. I was informed that yes that could be done. I also asked if a card could be issued in the name of an agency or company. She responded that mileage could not be pooled into an agency or company account, the cards can only be issued under an individual's name. However, mileage awards may be designated to another person by stating the designee's name on the redemption request form when submitting. Once the transfer is made, the award then becomes non-transferable.

If I can be of further service, please let me know.

LAL:jal  
Attachments

Introduced: 4/18/89  
Referred: State Affairs and  
Finance

6-1198A

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

HOUSE BILL NO. 297

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

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

7

8

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

9

\* Section 1. AS 39.90 is amended by adding a new section to read:

10

Sec. 39.90.030. TRAVEL BENEFITS. (a) If the cost of travel or

11

lodging was paid for by the state or if the employee was reimbursed by

12

the state for the cost, a state employee may not acquire or use, for

13

the employee's personal benefit, benefits offered for purchase of the

14

travel or lodging.

15

(b) This section does not prohibit a state employee from estab-

16

lishing a state travel account with an airline or other travel entity

17

or from requesting, if the account is established, that benefits

18

earned by travel at state expense be credited to that account. Bene-

19

fits earned on the employee's state travel account may only be used

20

for travel expenses incurred on state business.

1           (c) In this section, "state agency" means a department, institution, board,  
2 commission, division, authority, public corporation, committee, or other administrative  
3 unit of the executive, judicial, or legislative branch of state government, including the  
4 University of Alaska, the Alaska Housing Finance Corporation, and the Alaska  
5 Railroad Corporation.

During Session, January - May:  
State Capitol, Room 115  
Juneau, Alaska 99801  
(907) 465-2095  
465-3810 FAX



During Interim, June - December:  
716 W 4th Ave, Suite 520  
Anchorage, Alaska 99501  
(907) 269-0240  
269-0242 FAX

Senator Loren Lemman

## **Sponsor Statement for House CS for CS SJR 8(MLV)**

**“Relating to supporting polling places at military installations.”**

SJR 8 expresses the Legislature’s support for locating polling places at military installations to provide convenient access for military men and women to vote. SJR 8 responds to a Department of Defense (DoD) directive issued before the last election that advised installation commanders not to allow their facilities to be used for polling places.

For many years polling places have been located at military bases, posts, armories and other installation facilities, such as elementary schools. Denying access to these facilities means denying a military voter convenient access to the ballot box.

The impact of the DoD directive on the last election was temporarily avoided. U.S. Senator Ted Stevens helped postpone the effective date of the DoD directive until December 31, 2000 through a congressional insert in an appropriations bill. That time has expired, and the DoD directive is now in full effect. Thousands of military men and women in Alaska, therefore, could be in jeopardy of being denied access to their traditional polling locations.

SJR 8 calls upon the President of the United States and Secretary of Defense to rescind the DoD directive so military men and women are able to freely exercise the same Constitutional right they defend for every American.

**Prepared by Paul Roetman, Legislative Aide to Senator Loren Lemman (907-465-3712)  
Last updated: February 14, 2001**

During Session January - May:  
State Capitol, Room 115  
Juneau, Alaska 99801  
(907) 465-2095  
465-3810 FAX



During Interim, June - December:  
716 W 4th Ave, Suite 520  
Anchorage, Alaska 99501  
(907) 269-0240  
269-0242 FAX

Senator Loren Leman

## Sponsor Statement for CSSJR 8(STA)

**“Relating to supporting polling places at military installations.”**

SJR 8 expresses the Legislature's support for locating polling places at military installations to provide convenient access for military men and women to vote. SJR 8 responds to a Department of Defense (DoD) directive issued before the last election that advised installation commanders not to allow their facilities to be used for polling places.

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SJR 8 calls upon the President of the United States and Secretary of Defense to rescind the DoD directive so military men and women are able to freely exercise the same Constitutional right they defend for every American.

**Prepared by Paul Roetman, Legislative Aide to Senator Loren Leman (907-465-3712)**  
**Last updated: February 4, 2001**

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HB 123  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: All state agencies  
 Title: An Act relating to use of frequent BRU: Various  
flyer miles or other bonus earned on state travel. Component: Various  
 Sponsor: Rep. Halcro  
 Requester: House State Affairs Component Number: \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	43.2	43.2	215.8	215.8	215.8	215.8
Travel	(10.5)	(10.5)	(52.5)	(52.5)	(52.5)	(52.5)
Contractual	20.7	6.0	94.8	30.0	30.0	30.0
Supplies	1.5	1.5	7.5	7.5	7.5	7.5
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>54.9</b>	<b>40.2</b>	<b>265.6</b>	<b>200.8</b>	<b>200.8</b>	<b>200.8</b>

<b>CAPITAL EXPENDITURES</b>						
<b>CHANGE IN REVENUES ( )</b>						

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	59.1	44.4	286.6	221.8	221.8	221.8
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type) various - note 3	(4.2)	(4.2)	(21.0)	(21.0)	(21.0)	(21.0)
<b>TOTAL</b>	<b>54.9</b>	<b>40.2</b>	<b>265.6</b>	<b>200.8</b>	<b>200.8</b>	<b>200.8</b>

Estimate of any current year (FY2001) cost: 0.0

**POSITIONS**

Full-time						
Part-time	3	3	15	15	15	15
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

**Assumptions:**

1. Fifteen executive branch agencies are affected by the proposed legislation. Only three agencies have widespread impact before the bargaining unit contracts expire June 30, 2003 because initially the bill will only affect non-covered employees.
2. Each affected agency will require part-time (1/3) range 12 position to track mileage by individual traveler, monitor its use, and perform routine compliance procedures. First year includes \$7,400 in computer, phone, cubicle, supplies and training costs associated with each of these positions, succeeding years include \$2,500 in costs associated with each of these positions. Not included is any cost for the additional time spent by managerial or supervisory staff in compliance and enforcement efforts. Additional costs will be incurred as a result of bargaining activities. It is not possible to estimate those costs at this time.

Prepared by: Kim Garnero Phone 465-3435  
 Division: Finance Date/Time 2/21/00 2:30 PM  
 Approved by: Jim Duncan, Commissioner Date 2/21/01  
 Agency: Department of Administration

For distribution information, call the Governor's Legislative Office

3. On average, ten travelers per agency earn enough mileage per year to purchase one ticket per individual for benefit to the state. Average ticket price on these trips is assumed at \$350 for annual travel savings of \$3,500 per affected agency. Because mileage accrues to individual, benefits accrue to program paying individual's salary. Funding source for savings allocated 60% GF/40% other funds to match overall funding mix for state payroll expenditures.

# FISCAL NOTE

STATE OF ALASKA  
2001 LEGISLATIVE SESSION

NO. \_\_\_\_\_  
BILL VERSION: \_\_\_\_\_  
PUBLISH DATE: \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: "An act relating to the use of frequent flyer miles or another bonus earned on travel paid..."  
Sponsor: Representative Halcro  
Requestor: House State Affairs

Department Affected: Legislature  
BRU: Legislative Council  
Legislative Operating Budget  
Component: All

COMPONENT SERIAL NO:

**Expenditures/Revenues: (Thousands of Dollars)**

OPERATING	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
PERSONAL SERVICES	16.2	13.7	13.7	13.7	13.7	13.7
TRAVEL	0	-3.9	-3.9	-3.9	-3.9	-3.9
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>9.8</b>	<b>9.8</b>	<b>9.8</b>	<b>9.8</b>	<b>9.8</b>

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

REVENUE FUND SOURCE	0	0	0	0	0	0
---------------------	---	---	---	---	---	---

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	0.0	9.8	9.8	9.8	9.8	9.8
FEDERAL FUNDS						
OTHER FUND SOURCE						
<b>TOTAL</b>	<b>0.0</b>	<b>9.8</b>	<b>9.8</b>	<b>9.8</b>	<b>9.8</b>	<b>9.8</b>

**POSITIONS:**

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

Estimate of current year impact: \_\_\_\_\_

**ANALYSIS: (Attach a separate page if necessary)**

HB 123 would require Legislators and Legislative Branch employees who participate in frequent flyer mileage programs or other bonus programs and who accrue miles or another bonus in the program because of state-paid travel expenses use the mileage or bonus for subsequent state travel. The Legislative Council will implement this program for the Legislative Branch. The Legislature would realize cost savings from cashing in mileage for airline travel but would also incur costs due to increased monitoring responsibilities.

Prepared By: Karla Schofield, Deputy Director *Karla Schofield* Phone: 465-3852  
Division: Administrative Services Date: 2/21/01

Approved By: Pamela A. Varni, Executive Director *Pamela Varni*  
Agency: Legislative Affairs Agency Date: 2/21/01

Distribution (by preparer): Leg. Finance, Legislative Sponsor, Requestor, OMB, Gov., & Impacted Agency(ies).

## Personal Services

PPT Range 12, approximately 1/3 time, to track mileage, and ensure the State of Alaska received the benefit of legislator and employee paid travel mileage awards and that Legislative Council policies were followed. 13.7

Programmer time to modify the Legislature's travel database to accommodate legislative employees and mileage information. 2.5

## Travel

Cost savings would be realized each time a Legislator or employee used mileage earned for the purchase of an airline ticket on a subsequent trip.

Alaska Airlines mileage can be redeemed for a free airline ticket at 20,000 miles, or 30,000 for a peak ticket.

A few Legislators would be able to redeem enough mileage for 1 free ticket per year. Several Legislators would need to accumulate mileage for two or three years to qualify for a free ticket. A few Legislators would need to accumulate miles over several years in order to qualify for a free airline ticket. It would also take several years for those legislative employees who travel to earn sufficient mileage for a free ticket.

This fiscal note estimates 7 free tickets per year could be purchased. The savings from the free tickets would not begin to be realized until the second year after the program was implemented.

Coach airfare to Anchorage is 551. 7 times 551 = 3,857  
Savings to the Legislature would be 3.9 per year. -3.9



GENERAL COUNSEL

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE  
1600 DEFENSE PENTAGON  
WASHINGTON, D. C. 20301-1600

OCT 10 2000

RECEIVED

00 OCT 11 PM 5:13

COMMITTEE ON  
HOUSE ADMINISTRATION

26316

RB

DK

The Honorable William M. Thomas  
Chairman  
Committee on Administration  
U.S. House of Representatives  
Washington, DC 20515-0157

Dear Mr. Chairman:

This is in response to your request for the views of the Department of Defense on H.R. 5174, 106th Congress, a bill "To amend titles 10 and 18, United States Code, and the Revised Statutes to remove the uncertainty regarding the authority of the Department of Defense to permit buildings on military installations and reserve component facilities to be used as polling places in Federal, State, and local elections for public office."

The Department of Defense opposes this legislation.

The Department has a longstanding policy prohibiting the use of military installations as polling sites for elections. This policy is based on sound public policy of maintaining strict separation between the military and the political process. The policy of separating the military and partisan politics is critically important to maintaining public support for and confidence in our Armed Forces, as well as maintaining good order and discipline within military ranks.

The principle of separating the military from the political process is also reflected in two federal criminal statutes. 18 U.S.C. § 592 provides that:

[w]hoever, being an officer of the Army or Navy, or other person in the civil, military or naval service of the United States, orders, brings, keeps, or has under his authority or control any troops or armed men at any place where a general or special election is held, unless such force be necessary to repel armed enemies of the United States, shall be fined under this title or imprisoned not more than five years or both. . . .

Similarly, 18 U.S.C. § 593 subjects members of the Armed Forces to criminal penalties if they "impose or attempt to impose any regulations for conducting any general or special election in a State, different from those prescribed by law," or "interfere in any manner with an election officer's discharge of his duties." Placement of voting sites on military installations in which "troops or armed men" are likely to come into close contact with voters is fundamentally incompatible with the concept of maintaining separation between the military and politics.



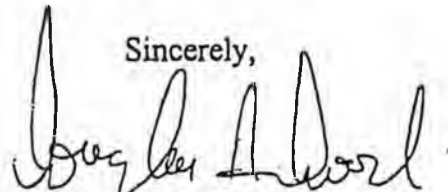
If enacted, H.R. 5174 would reverse Department of Defense policy by authorizing the use of military installations as polling places. [We strongly disagree that it is appropriate for the fundamental political activity of voting to take place at locations that the Department of Defense strives to make politically neutral and nonpartisan.] The proposed legislation also would not effectively amend the criminal statutes referenced above to relieve military personnel from potential criminal liability. Specifically, the amendments to the criminal statutes proposed in section 1(c) of H.R. 5174 would only clarify that it is not a crime for polling places to be placed on military installations. It would not address at all the placement of troops or armed men at polling places. It would not be practical simply to prohibit military personnel from approaching or entering a polling place on a military installation during voting hours. The commander of a military installation must at all times have complete control over the facilities within his or her authority. It is possible that circumstances could arise that would require a commander to order military personnel to enter a building designated as a polling site if that building is located on a military installation. We believe it is therefore prudent to retain the prohibition on the use of military buildings as polling places.

We recognize that some installations have overlooked the Department's policy on this issue in the past and that some military facilities have been used as polling places in some localities. [In some cases, short-term waivers of the policy have been granted if an alternative location could not be identified in time to avoid disruption to an upcoming election. In such cases, local election officials have been advised to designate a new polling place as soon as possible.] Furthermore, section 121 of the Military Construction Appropriation Act for Fiscal Year 2001 requires that military facilities that have been used as polling places over recent years must be permitted to be used as polling places for the November election. Enactment of H.R. 5174 is not necessary, therefore, to relieve any possible inconvenience to voters in the November election resulting from enforcement of the Department of Defense policy.

Finally, we want to point out that our policy does not apply to National Guard armories or other Guard facilities. These buildings are subject to the control of state Governors through their Adjutant Generals, not the Department of Defense.

The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this report for consideration of the Committee.

Sincerely,

  
Douglas A. Dworkin

What is the  
back-up plan  
if we can not  
use the post  
+ base for elections?

cc: The Honorable Steny H. Hoyer  
Ranking Member

Monday, February 19, 2001

Shari & Pam,

I need fiscal notes for HB 123 "An Act relating to the use of frequent flyer miles or another bonus earned on travel paid for by the state" by Thursday, February 22.

Thanks for your help.

Rynniva

# ALASKA STATE LEGISLATURE

**CHAIR**  
TRANSPORTATION

**VICE-CHAIR**  
LABOR AND COMMERCE

**MEMBER**  
COMMUNITY AND REGIONAL AFFAIRS

**SPECIAL COMMITTEE**  
ECONOMIC DEVELOPMENT AND TOURISM



**REPRESENTATIVE ANDREW HALCRO**  
District 12

**SESSION**  
STATE CAPITOL, SUITE 418  
JUNEAU, AK 99801-1182  
(907) 465-4939  
FAX (907) 465-2418  
1-800-465-4939

**INTERIM**  
716 WEST 4TH, SUITE 620  
ANCHORAGE, AK 99501  
(907) 269-0244  
FAX (907) 269-0248

## Memorandum

**Date:** February 15, 2001

**To:** Representative John Coghill  
Chairman, House State Affairs Committee

**From:** Representative Andrew Halcro

**Re:** Hearing Request - HB 123

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I respectfully request the House State Affairs Committee schedule HB 123 – "*An Act relating to the use of frequent flyer miles or another bonus earned on travel paid for by the state*" for a committee hearing at your earliest convenience.

This legislation would save the State of Alaska on transportation expenses by utilizing travel awards earned by state employees on official business travel for subsequent state travel. Additionally, some travel agents have indicated state employees may not be selecting the least expensive carrier option when traveling on state business because they want to accrue frequent flyer miles on their preferred carrier.

Attached for your information is the referral packet including a copy of the legislation, sponsor statement, travel expenditures compiled for recent fiscal years, and a copy of the applicable federal travel regulations.

Please contact Kevin Hand of my staff at x4939 as needed.

Thank you for your consideration.

# FISCAL NOTE

STATE OF ALASKA  
2001 LEGISLATIVE SESSION

NO. \_\_\_\_\_  
BILL VERSION: \_\_\_\_\_  
PUBLISH DATE: \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: "An act relating to the use of frequent flyer miles or another bonus earned on travel paid..."  
Sponsor: Representative Halcro  
Requestor: House State Affairs

Department Affected: Legislature  
BRU: Legislative Council  
Legislative Operating Budget  
Component: All

COMPONENT SERIAL NO:

**Expenditures/Revenues: (Thousands of Dollars)**

OPERATING	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
PERSONAL SERVICES	16.2	13.7	13.7	13.7	13.7	13.7
TRAVEL	0	-3.9	-3.9	-3.9	-3.9	-3.9
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>9.8</b>	<b>9.8</b>	<b>9.8</b>	<b>9.8</b>	<b>9.8</b>

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE	0	0	0	0	0	0
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND	0.0	9.8	9.8	9.8	9.8	9.8
FEDERAL FUNDS						
OTHER FUND SOURCE						
<b>TOTAL</b>	<b>0.0</b>	<b>9.8</b>	<b>9.8</b>	<b>9.8</b>	<b>9.8</b>	<b>9.8</b>

**POSITIONS:**

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

Estimate of current year impact: \_\_\_\_\_

**ANALYSIS: (Attach a separate page if necessary)**

HB 123 would require Legislators and Legislative Branch employees who participate in frequent flyer mileage programs or other bonus programs and who accrue miles or another bonus in the program because of state-paid travel expenses use the mileage or bonus for subsequent state travel. The Legislative Council will implement this program for the Legislative Branch. The Legislature would realize cost savings from cashing in mileage for airline travel but would also incur costs due to increased monitoring responsibilities.

Prepared By: Karla Schofield, Deputy Director *Karla Schofield* Phone: 465-3852  
Division: Administrative Services Date: 2/21/01

Approved By: Pamela A. Varni, Executive Director *Pamela A. Varni*  
Agency: Legislative Affairs Agency Date: 2/21/01

Personal Services

PPT Range 12, approximately 1/3 time, to track mileage, and ensure the State of Alaska received the benefit of legislator and employee paid travel mileage awards and that Legislative Council policies were followed. 13.7

Programmer time to modify the Legislature's travel database to accommodate legislative employees and mileage information. 2.5

Travel

Cost savings would be realized each time a Legislator or employee used mileage earned for the purchase of an airline ticket on a subsequent trip.

Alaska Airlines mileage can be redeemed for a free airline ticket at 20,000 miles, or 30,000 for a peak ticket.

A few Legislators would be able to redeem enough mileage for 1 free ticket per year. Several Legislators would need to accumulate mileage for two or three years to qualify for a free ticket. A few Legislators would need to accumulate miles over several years in order to qualify for a free airline ticket. It would also take several years for those legislative employees who travel to earn sufficient mileage for a free ticket.

This fiscal note estimates 7 free tickets per year could be purchased. The savings from the free tickets would not begin to be realized until the second year after the program was implemented.

Coach airfare to Anchorage is 551. 7 times 551 = 3,857 -3.9  
Savings to the Legislature would be 3.9 per year.

# Alaska State Legislature

Senate Advisory Council

PO Box V  
State Capitol  
Juneau, Alaska 99811  
Phone (907) 465-3174

## MEMORANDUM

TO: Senator Halford  
Alaska State Senate

ATTN: Theresa Maser

FROM: Lee Ann Lucas *LR*  
Senate Advisory Council

DATE: March 2, 1988

SUBJECT: Frequent Flyer Mileage: IR# 88-003240

HB123

You asked the Senate Advisory Council to gather information on the federal policy regarding use of "frequent flyer" mileage awards by its employees on government business.

41 CFR Part 1-1-25 issued October 18, 1983 (see Attachment A) incorporates and codifies existing policies regarding promotional materials received by employees in connection with official travel and based on the purchase of a ticket or other services (e.g. car rental). The regulation states in part:

- (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.
- (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 U.S. Department of Transportation, Office of the Secretary, issued an Order on April 5, 1982 concerning common carrier promotional efforts (see Attachment B) intended to provide guidance for the accountability and disposition of reduced fare coupons and other promotional gratuities offered by common carriers while on official business. Sections 5 and 10 of this Order read:

- 5. RESPONSIBILITY OF TRAVELER. Each traveler on official business during a carrier's promotional period is

Information as soon as I receive it.

DEC 27 '90 10:44 AM L.F.S. PETERSON

HP

F.4 4

Senator Halford  
March 2, 1988  
Page 3

I also contacted Alaska Airlines Gold Coast Travel Service Center to inquire if a person could be issued two Gold Coast Travel cards, one for business and one for personal travel. I was informed that yes that could be done. I also asked if a card could be issued in the name of an agency or company. She responded that mileage could not be pooled into an agency or company account, the cards can only be issued under an individual's name. However, mileage awards may be designated to another person by stating the designee's name on the redemption request form when submitting. Once the transfer is made, the award then becomes non-transferable.

If I can be of further service, please let me know.

LAL:jal  
Attachments

Introduced: 4/18/89  
Referred: State Affairs and  
Finance

6-1198A

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

HOUSE BILL NO. 297

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to use of travel benefits by state

7

employees."

8

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

9

\* Section 1. AS 39.90 is amended by adding a new section to read:

10

Sec. 39.90.030. TRAVEL BENEFITS. (a) If the cost of travel or lodging was paid for by the state or if the employee was reimbursed by the state for the cost, a state employee may not acquire or use, for the employee's personal benefit, benefits offered for purchase of the travel or lodging.

15

(b) This section does not prohibit a state employee from establishing a state travel account with an airline or other travel entity or from requesting, if the account is established, that benefits earned by travel at state expense be credited to that account. Benefits earned on the employee's state travel account may only be used for travel expenses incurred on state business.

20

1 (c) In this section, "state agency" means a department, institution, board,  
2 commission, division, authority, public corporation, committee, or other administrative  
3 unit of the executive, judicial, or legislative branch of state government, including the  
4 University of Alaska, the Alaska Housing Finance Corporation, and the Alaska  
5 Railroad Corporation.

# POM for Representative Halcro



From: Ms. Carol Jensen  
4800 E 112th Ave

Telephone: 250-1953

Anchorage, AK 99516

NON Constituent

Registered Voter: V

Email:

Bill: HB 123 Title: USE CF BONUSES EARNED ON STATE TRAVEL  
Message:

Tremendous savings could be realized if state travel was done by using frequent flyer miles earned by individuals while on state travel. These miles belong to the state. They would not have been earned were it not for the state travel. There's no reason they shouldn't be used for state travel.

Entered in ANC on 2/20/01 POMID:99222

Distribution: 15

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Message 2 out of 12.

# FISCAL NOTE

STATE OF ALASKA  
2001 LEGISLATIVE SESSION

NO. \_\_\_\_\_  
BILL VERSION: HB 123  
PUBLISH DATE: \_\_\_\_\_

Revision Date: \_\_\_\_\_ Department Affected: Legislature  
Title: "An act relating to the use of frequent flyer miles or another bonus earned on travel paid..." BRU: Legislative Council  
Sponsor: Representative Halcro Component: Legislative Operating Budget  
Requestor: House State Affairs \_\_\_\_\_

COMPONENT SERIAL NO:

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CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>16.2</b>	<b>9.8</b>	<b>9.8</b>	<b>9.8</b>	<b>9.8</b>	<b>9.8</b>

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE	0	0	0	0	0	0
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND	16.2	9.8	9.8	9.8	9.8	9.8
FEDERAL FUNDS						
OTHER FUND SOURCE						
<b>TOTAL</b>	<b>16.2</b>	<b>9.8</b>	<b>9.8</b>	<b>9.8</b>	<b>9.8</b>	<b>9.8</b>

**POSITIONS:**

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

Estimate of current year impact: \_\_\_\_\_

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Prepared By: Karla Schofield, Deputy Director *Karla Schofield* Phone: 465-3852  
Division: Administrative Services Date: 2/21/01

Approved By: Pamela A. Varni, Executive Director *Pamela A. Varni*  
Agency: Legislative Affairs Agency Date: 2/21/01

Distribution (by preparer): Leg. Finance, Legislative Sponsor, Requestor, OMB, Gov. , & Impacted Agency(ies).

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