



May 2017

DOD JOINT TRAVEL REGULATIONS

Actions Are Needed to Clarify Flat Rate Per Diem Policy

Accessible Version

GAO Highlights

Highlights of [GAO-17-353](#), a report to congressional committees

Why GAO Did This Study

In response to government-wide direction for agencies to reduce travel costs, in November 2014 DOD changed its JTR by instituting a flat rate per diem policy on long-term TDY travel. This policy reduced the locality rate payable for each full day at the location, depending on the duration of the TDY: for TDYs of between 31 and 180 days the flat rate per diem is 75 percent, and for TDYs of greater than 180 days it is 55 percent.

The National Defense Authorization Act for Fiscal Year 2016 included a provision that GAO assess the impact of DOD's policy change to the JTR on shipyard and depot workers. This report assesses the extent to which (1) depot officials identified benefits and challenges resulting from the policy change, and any effects on civilian employees and operations; (2) DOD established clear guidance regarding the policy; and (3) DOD followed its processes when considering the policy change and included an assessment of benefits and costs. GAO collected and analyzed responses to a questionnaire disseminated at DOD's 17 depot maintenance industrial sites, reviewed relevant documentation, and interviewed cognizant officials.

What GAO Recommends

DOD should clarify certain aspects of the flat rate per diem policy; establish procedures to ensure required steps are completed before major JTR policy changes are approved; and ensure that OMB benefit-cost analysis guidelines are followed in future policy assessments. DOD concurred with all four recommendations and highlighted actions it was taking to address each recommendation.

View [GAO-17-353](#). For more information, contact Zina D. Merritt at (202) 512-5257 or merrittz@gao.gov.

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What GAO Found

Officials at depots responding to a GAO questionnaire identified various benefits, such as cost-savings, and challenges, such as increased processing time for vouchers, resulting from the Department of Defense (DOD) Joint Travel Regulations (JTR) flat rate per diem policy change for long-term temporary duty (TDY) travel. While more than half of depot officials reported that the policy has affected civilian employees' willingness to volunteer for long-term TDYs, a majority of depot officials reported that the policy has generally not affected depot operations.

GAO's review of the JTR and analysis of questionnaire responses found that certain aspects of DOD's flat rate per diem policy are not clear. For example, the requirement to provide lodging receipts for long-term travel was replaced by a requirement to provide proof that lodging costs were incurred, but according to depot officials it is not clear what constitutes proof of lodging. As a result, the majority of the depots still require long-term travelers to submit lodging receipts. Such lack of clarity may hinder DOD's ability to achieve the policy's intended objectives, such as simplifying the administrative aspects of travel.

DOD did not ensure that certain required processes established in DOD guidance were completed prior to the policy's approval, and its assessment of the policy's costs and benefits was not comprehensive. Specifically, GAO found that prior to the flat rate per diem policy's approval certain required steps, such as providing cost data and budgetary impact statements and a legal sufficiency review, were not completed. This occurred because DOD has not established procedures to ensure that these required steps are completed prior to approving a major change to the JTR. Further, although DOD's Defense Travel Management Office (DTMO) estimated total savings of approximately \$194 million resulting from the flat rate per diem as of January 2017, GAO found that DOD's cost-savings assessment did not comprehensively consider all potential costs and benefits of the policy change. DOD guidance, which applies to all DOD components, establishes responsibilities for following Office of Management and Budget (OMB) Circular A-94 guidelines concerning benefit-cost analysis of federal programs. OMB Circular A-94 states that a comprehensive enumeration of the different types of benefits and costs, monetized or not, can be helpful in identifying the full range of program effects when conducting a benefit-cost analysis of a policy. However, DTMO's assessment of the JTR policy change was not comprehensive and did not include the full range of potential costs and benefits. For example, it included some potential costs to implement the policy, but not others, such as the cost to update the travel system with the needed functionality to support the policy. DTMO has recently developed a draft Performance Measurement Plan, which officials described as a first step in a larger effort to track and report savings from the flat rate per diem policy. However, GAO's review of the draft plan found that it also does not include a comprehensive approach to capture costs and benefits of the policy. As a result, DOD may not be well positioned to understand whether the flat rate per diem policy is cost-beneficial and meeting its objectives to reduce travel costs without negatively affecting the traveler and the mission.

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Abbreviations

DOD	Department of Defense
DTMO	Defense Travel Management Office
NDA	National Defense Authorization Act
JTR	Joint Travel Regulations
M&IE	meals and incidental expenses
OMB	Office of Management and Budget
TDY	temporary duty

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May 15, 2017

The Honorable John McCain
Chairman
The Honorable Jack Reed
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Mac Thornberry
Chairman
The Honorable Adam Smith
Ranking Member
Committee on Armed Services
House of Representatives

Following the November 2011 Executive Order on Promoting Efficient Spending that, among other things, required executive agencies to reduce travel costs by 20 percent below fiscal year 2010 levels, agencies government-wide have taken steps to do so.¹ In May 2012 the Office of Management and Budget (OMB) also issued a memorandum that called on executive agencies to reduce travel costs.² The memorandum specifically required the Department of Defense (DOD) to review the Joint Travel Regulations³ (JTR) to ensure, among other things, that DOD's policies reduced travel costs, and that DOD employees received per diem

¹ Exec. Order No. 13589, *Promoting Efficient Spending* (Nov. 9, 2011), 76 Fed. Reg. 70,863 (Nov. 15, 2011).

² OMB Memorandum No. M-12-12, *Promoting Efficient Spending to Support Agency Operations* (May 11, 2012). On June 3, 2012, the Deputy Secretary of Defense issued a memorandum regarding OMB M-12-12, which included information about the department's implementation of the requirements. Deputy Secretary of Defense Memorandum, *Implementation of May 11, 2012, Office of Management and Budget Memorandum, "Promoting Efficient Spending to Support Agency Operations"* (June 3, 2012).

³ While the May 2012 OMB memorandum directed DOD and the General Services Administration to review "the Joint Federal Travel Regulations," DOD in October of 2014 officially merged the Joint Federal Travel Regulations, Volume 1 (JFTR) and the Joint Travel Regulations, Volume 2 (JTR) into a single set of regulations called the "Joint Travel Regulations." Therefore, in this report, any references to either of the previous sets of regulations will use the term Joint Travel Regulations, or JTR.

reimbursement—that is, lodging and meals and incidental expenses (M&IE)—only to the extent to which costs were incurred.⁴ In response to these government-wide requirements and prior internal efforts to reduce travel costs, on November 1, 2014, DOD added a flat rate per diem policy to the JTR for long-term temporary duty (TDY) travel. According to the flat rate per diem policy, for TDYs of between 31 and 180 days' duration, the flat rate per diem is 75 percent of the locality rate (i.e., the per diem rate for lodging and M&IE expenses) payable for each full day at the location.⁵ For TDYs of greater than 180 days' duration, the flat rate per diem is 55 percent of the locality rate. In January 2017 Defense Travel Management Office (DTMO) officials estimated the total savings from the flat rate per diem policy to be approximately \$194 million for travel vouchers approved between November 2014 and September 2016.

The National Defense Authorization Act (NDAA) for Fiscal Year 2016 included a provision for us to study the effect of policy changes to the JTR concerning the flat rate per diem for long-term TDY travel.⁶ Specifically, the provision asked us to assess the impact of such changes on shipyard and depot workers who travel on long-term TDY, and whether the changes have discouraged civilian employees from volunteering for long-

⁴ The JTR is applicable to uniformed members of the seven services (i.e., the Army, Navy, Air Force, Marine Corps, Coast Guard, National Oceanic and Atmospheric Administration, and Public Health Services) and DOD civilian employees. For DOD civilian employees, the JTR's authority is primarily derived from Title 5 of the United States Code provisions, the General Services Administration's Federal Travel Regulation, and the Department of State's Standardized Regulations. For Uniformed Service personnel, the JTR's authority is primarily derived from Title 10 and Title 37, United States Code provisions.

⁵ According to the JTR, the General Services Administration, DOD (Defense Travel Management Office [DTMO]), and the Department of State are responsible for travel per diem rates: the General Services Administration is responsible for per diem rates in the continental United States (48 states and the District of Columbia); DOD (DTMO) is responsible for per diem rates in non-foreign locations outside the continental United States (Alaska, Hawaii, and the Commonwealths of Puerto Rico and the Northern Mariana Islands, Guam, the U.S. Virgin Islands, and U.S. territories and possessions [excluding the former Trust Territories of the Pacific Islands, which are a foreign area for JTR purposes]); and the Department of State is responsible for per diem rates in all foreign locations. DOD, *Joint Travel Regulations*, changes as of January 1, 2017 (Oct. 2014).

⁶ National Defense Authorization Act for Fiscal Year 2016, Pub. L. No. 114-92, §623 (Nov. 25, 2015).

term TDY.⁷ In this report, we assess the extent to which (1) depot officials identified benefits and challenges resulting from the flat rate per diem policy, and any effects on civilian employees and operations at the selected depots; (2) DOD established clear guidance regarding the policy; and (3) DOD followed its processes for considering the flat rate per diem policy change and included an assessment of benefits and costs prior to making the change.

To determine the extent to which depot officials identified benefits and challenges resulting from the flat rate per diem policy, including any effects on civilian employees and operations at the selected depots, we focused on DOD civilian employees at DOD's 17 depot maintenance industrial sites. We selected the depot maintenance industrial sites because in their mix of depots they reflect diversity across the military services, and because they account for a majority of the department's depot-level workload. We sent a questionnaire to the 17 depots to obtain the commanders' perspectives as well as documentation on the policy's benefits and challenges to civilian employees and operations, and we received responses from all 17. We conducted quantitative and qualitative analyses of the responses.⁸ At the time of our review the flat rate per diem policy was in effect at 13 of the 17 depots for bargaining unit employees and at all depots for non-bargaining unit employees, and therefore we believed that the depots could provide knowledgeable perspectives on the benefits and challenges of the policy.⁹ However,

⁷ In this report we generally refer to the depot maintenance industrial sites—Army and Marine Corps depots, Navy Fleet Readiness Centers and Navy shipyards, and Air Force Air Logistics Complexes—as depots, and the workers that perform depot maintenance at these sites as depot workers. Depot maintenance conducted at the depots involves the repair and overhaul of combat vehicles, planes, helicopters, and ships. Depot maintenance is material maintenance or repair requiring the overhaul, upgrading, or rebuilding of parts, assemblies, or subassemblies, and the testing and reclamation of equipment as necessary, regardless of the source of funds for the maintenance or repair or the location at which the maintenance or repair is performed.

⁸ We asked that the questionnaire responses from the 17 depots represent the commanders' experiences in general. We also requested that the recipients consult with travel, budget, accounting, operations/production, human resources, and local command offices when filling out the questionnaire.

⁹ A bargaining unit is a group of employees who are represented by a labor organization certified as the exclusive representative of employees in an appropriate unit for collective bargaining as determined by the Federal Labor Relations Authority. An employee may be included in the bargaining unit whether or not he or she is a member of the labor union. A non-bargaining unit employee is an employee of the agency who does not belong to a bargaining unit—for example, a supervisory employee.

subsequent to our dissemination of the questionnaire, Marine Corps officials indicated that civilian employees at the Production Plant in Barstow, California, never travel on long-term TDY, and therefore we excluded their questionnaire responses from our analysis related to benefits and challenges of the policy. We also conducted discussion groups with depot workers at Puget Sound Naval Shipyard to obtain the perspectives of civilian employees affected by the policy. Although the results from the discussion groups are not generalizable, they provide important insights. We also held interviews with officials from the depots in the scope of our review, such as Portsmouth Naval Shipyard.

To determine the extent to which DOD established clear guidance regarding the policy, we reviewed and analyzed the flat rate per diem policy in the JTR and compared the guidance with the *Federal Standards for Internal Controls* related to information and communications to identify areas of the policy that could be clarified to assist DOD in meeting its objectives to simplify travel.¹⁰ We also interviewed relevant agency officials from DTMO and Department of the Navy, Office of Civilian Human Resources.

To determine the extent to which DOD followed its processes for considering the flat rate per diem policy change and included an assessment of benefits and costs prior to making the change, we analyzed and reviewed the *Per Diem, Travel and Transportation Allowance Committee Organization and Functions Manual* and other relevant documents related to the process, such as memorandums. We also reviewed Department of Defense Instruction 7041.03, *Economic Analysis for Decision-making*, which establishes responsibilities for the DOD components in following OMB Circular A-94 guidelines for benefit-cost analysis of federal programs. Further, we compared the Per Diem, Travel and Transportation Allowance Committee's (hereinafter the Committee) documents and actions with its *Organization and Functions Manual* and relevant guidance included in Committee memorandums. Additionally, we compared DTMO's cost-savings assessment with selected elements in OMB Circular A-94 guidelines for benefit-cost analysis of federal programs to identify gaps, if any, in the processes or assessments used when considering the flat rate per diem policy

¹⁰ GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Nov. 1999). GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Sept. 2014).

change.¹¹ Appendix I discusses our scope and methodology in greater detail.

We conducted this performance audit from February 2016 to May 2017 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Committee Structure and Coordination of Major Joint Travel Regulations Changes

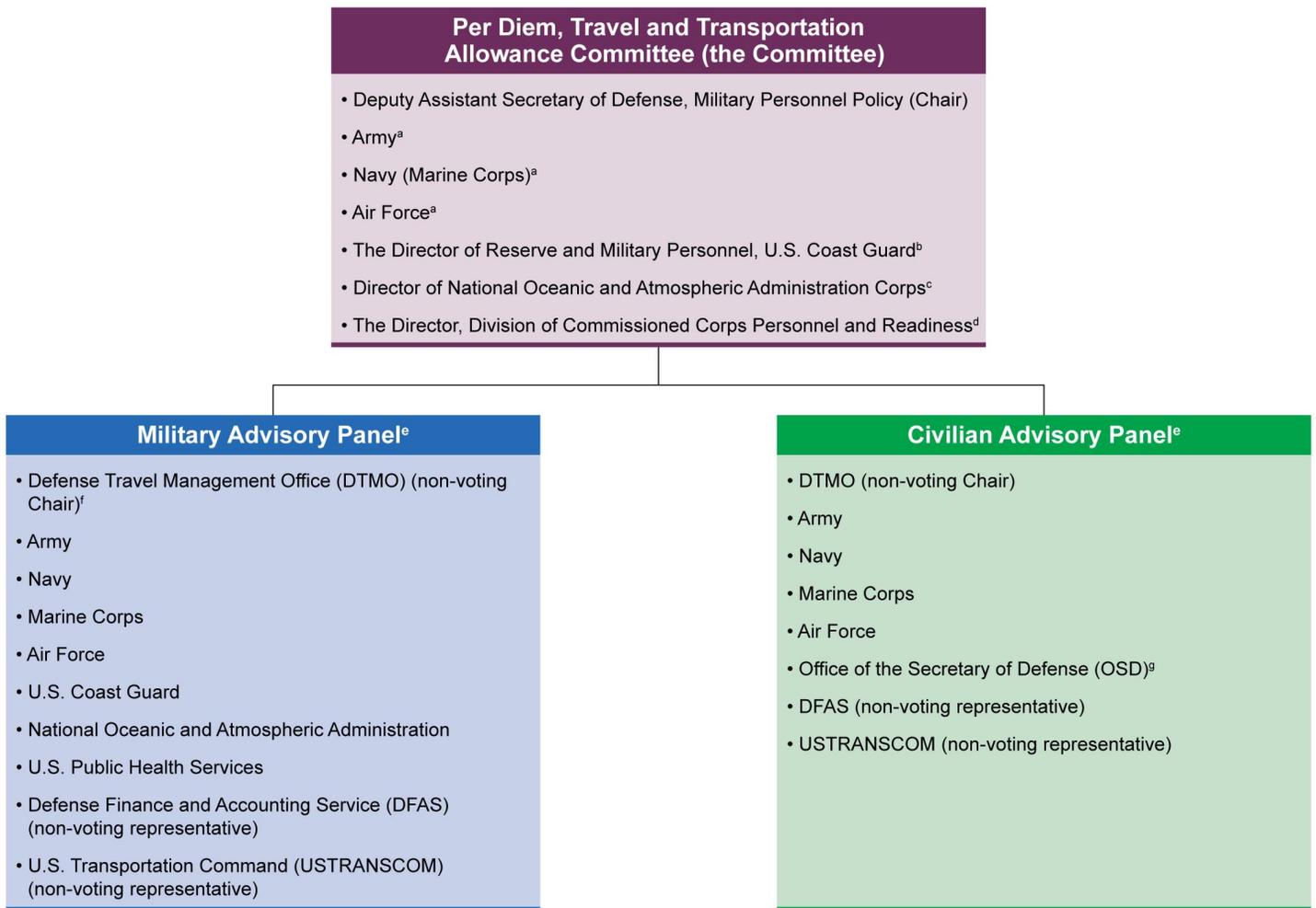
Changes to the JTR are coordinated through the Committee, which is responsible for publishing the JTR and evaluating significant travel and transportation matters, such as the flat rate per diem policy change.¹² The Committee is chaired by the Deputy Assistant Secretary of Defense for Military Personnel Policy and also includes Military and Civilian Advisory Panels (the Advisory Panels), composed of members of each of the uniformed services, among others. Besides serving as the Committee Staff and chairing the Advisory Panels, the DTMO is the focal point for commercial travel and assists in establishing and administering commercial travel policy within DOD, among other things. Other offices

¹¹ OMB Circular No. A-94, *Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs* (Oct. 29, 1992). Specifically, we focused on key elements of OMB Circular A-94 for conducting a benefit-cost analysis, such as whether DTMO conducted a benefit-cost or cost-effectiveness analysis when considering the flat rate per diem policy; a comprehensive enumeration of the different types of benefits and costs; an evaluation of alternatives; and retrospective studies, which are potentially valuable, to determine whether anticipated benefits and costs have been realized. We focused on these key elements because the stated purpose of OMB Circular A-94 is to promote efficient resource allocation through well-informed decision-making. Further, the guidance states that it also serves as a checklist of whether an agency has considered and properly dealt with all the elements for sound benefit-cost analyses.

¹² The JTR pertains to per diem, travel and transportation allowances, relocation allowances, and other allowances related to the Uniformed Service Active Duty and Reserve component members; DOD civilian employees; and civilians who travel using DOD funding. DOD, *Joint Travel Regulations*, changes as of January 1, 2017 (Oct. 2014).

from across the department also participate on the Committee and Advisory Panels, but not all members have voting rights. Figure 1, below, provides an overview of the Committee structure and members.

Figure 1: Department of Defense’s Per Diem, Travel and Transportation Allowance Committee Structure



Source: GAO analysis of Department of Defense information. | GAO-17-353

^aThe Secretaries of each of the Military Departments (i.e., Departments of the Army, Navy, and Air Force) appoint a Deputy Assistant Secretary to be a member of the Committee.

^bThe Director of Reserve and Military Personnel, U.S. Coast Guard, which represents the Secretary of Homeland Security.

^cThe Director of the National Oceanic and Atmospheric Administration Corps, which represents the Secretary of Commerce.

^dThe Director, Division of Commissioned Corps Personnel and Readiness, which represents the Secretary of Health and Human Services.

^eMilitary Advisory Panel and Civilian Advisory Panel (the Advisory Panels).

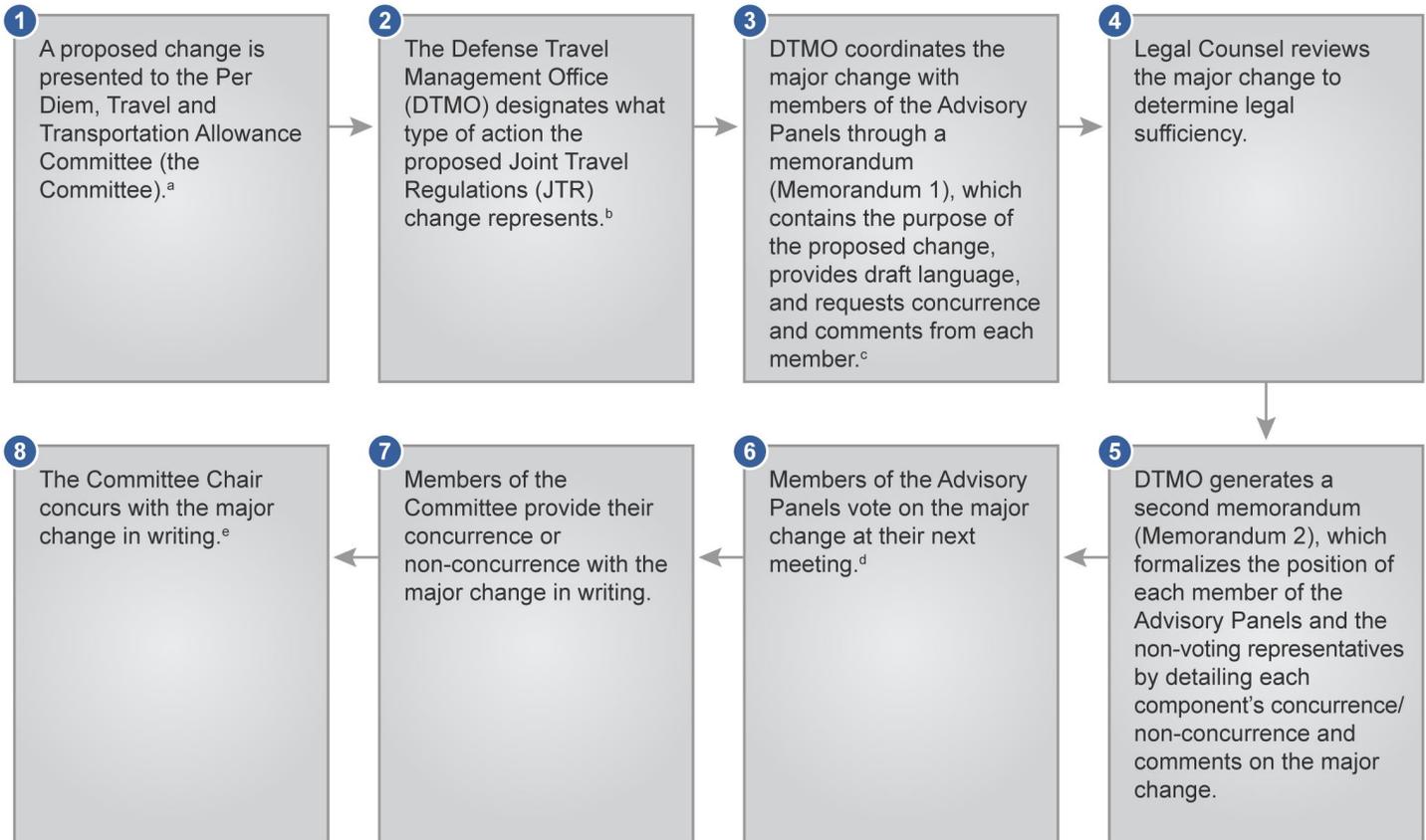
^fDTMO serves as the Committee Staff. In this role, DTMO is responsible for (1) conducting the day-to-day operations of the Committee, and (2) chairing the Advisory Panels.

^gOSD represents OSD staff and Department of Defense agencies.

The *Per Diem, Travel and Transportation Allowance Committee Organization and Functions Manual* provides guidance for how the Committee should operate and coordinate major changes to the JTR, as described in figure 2, below.¹³ Specifically, the Committee coordinates a proposed major change through a series of memorandums to members of the Advisory Panels. Memorandum 1 provides the Advisory Panels with information and instructions concerning the policy change, such as information concerning the source of the proposed policy change; examples of the proposed revisions to the JTR; and the due date for comments. The Advisory Panels' comments and positions (concurrence or non-concurrence) concerning a proposed major policy change are formalized in a subsequent memorandum, described in the guidance as Memorandum 2. Subsequent to the memorandums, the Advisory Panels vote to approve the proposed major policy change. Information concerning the Advisory Panels' actions and comments regarding the policy change is then forwarded to the Committee's members and Chair for further coordination, review, and approval.

¹³ *Per Diem, Travel, and Transportation Allowance Committee Organization and Functions Manual* (Aug. 8, 2016). According to DTMO officials, the Committee approved 25 major changes to the JTR between January 1, 2013, and December 22, 2016. Major changes to the JTR—which DTMO and the Committee refer to as regular changes—affect budgets, large numbers of personnel, or can implement new law. Major changes require a vote from the Advisory Panels and the Committee.

Figure 2: Department of Defense’s Per Diem, Travel and Transportation Allowance Committee Processes Used in Considering a Major Change to the Joint Travel Regulations



Source: GAO analysis of Committee information. | GAO-17-353

^aMembers of the Military and Civilian Advisory Panels (the Advisory Panels), to include non-voting representatives, DTMO, and other components, may present recommendations to DTMO or to any member of the Advisory Panels to obtain the Committee’s consideration.

^bAccording to the *Per Diem, Travel and Transportation Allowance Committee Organization and Functions Manual*, there are three types of designations for proposed JTR changes: (1) informational changes, which are administrative changes (e.g., address changes, hyperlink maintenance), do not require a vote by the Advisory Panels or Committee, and can be made without coordination; (2) editorial changes, which refer to minor changes (e.g., updating regulations, creating guidance that assists in the implementation of regulations), require a vote by the Advisory Panels, but do not require a vote by the Committee; and (3) regular changes, which refer to major changes (e.g., regulation changes that affect budgets, large numbers of personnel, or implement new law), require a vote by the Advisory Panels and Committee.

^cMemorandum 1 is also coordinated with non-voting Advisory Panel representatives. Members of the Advisory Panels are responsible for coordinating the action within their service, applicable Reserve component(s), and their own legal counsel, as required. Cost data and budgetary impact statements are also required for regulatory changes.

^dAccording to a DTMO briefing slide, the Military Advisory Panel meets every other Tuesday, and the Civilian Advisory Panel meets the last Wednesday of each month.

⁹Before the Committee Chair renders a final decision, the major change is coordinated with the Under Secretary of Defense (Comptroller) within 30 days. For actions related to Department of Defense civilian employees, the major change is coordinated with the Office of the Deputy Assistant Secretary of Defense for Civilian Personnel Policy within 30 days.

The Flat Rate Per Diem Policy, Exceptions, and Factors in the Joint Travel Regulations

The flat rate per diem policy for long-term TDY became effective November 1, 2014. According to DTMO officials, the flat rate per diem policy change was made in response to government-wide efforts—such as OMB Memorandum M-12-12—to reduce travel costs, and internal efforts to simplify DOD’s travel policies. The JTR states that the flat rate per diem policy applies to long-term TDYs of more than 30 days. Specifically, the policy reduces the amount of per diem paid for long-term TDYs: for TDYs of between 31 and 180 days’ duration, the flat rate per diem is 75 percent of the locality rate payable for each full day at the location. For TDYs of greater than 180 days’ duration, the flat rate per diem is 55 percent of the locality rate. Further, the JTR states that there are exceptions and additional factors related to the flat rate per diem policy that, under certain circumstances, may affect per diem reimbursement. These exceptions and factors include the following circumstances:

- Lodging receipts are not required, but proof that lodging costs were incurred shall be required. The fixed rate per diem may not be reduced further even if the actual lodging costs incurred are less than the lodging portion of the reduced per diem.
- The Secretary concerned, combatant command commander, or Director of a DOD agency/component may authorize/approve payment of actual expenses for M&IE, up to the full locality rate when the reduced flat rate M&IE is not sufficient, based on the circumstances of the TDY.¹⁴ Authority may not be delegated below the three-star general officer/flag officer (or civilian equivalent) deputy/vice commander level. Travelers requesting reimbursement in excess of the authorized flat rate M&IE must provide receipts to substantiate claims for actual expenses unless itemized charges are documented through the use of the government travel charge card. All

¹⁴ According to the JTR, actual expenses refer to the payment of authorized actual expenses incurred, up to the JTR limit, as appropriate. DOD, *Joint Travel Regulations*, changes as of January 1, 2017 (Oct. 2014).

authorizations for payment of actual costs for M&IE for TDYs over 30 days must be reported to the Committee. This waiver was approved by the Committee Chair in May 2016.¹⁵

- The M&IE portion of the flat rate per diem may be waived in advance when the mission, health, welfare, or safety of the traveler, TDY to a foreign location, would result in extreme personal hardship if the M&IE were reduced. The combatant command commander/joint task force commander may authorize payment of the full locality rate M&IE when the reduced flat rate M&IE is not sufficient. Authority may not be delegated below the three-star general officer/flag officer deputy/vice commander level. The Secretarial Process for each service may authorize full per diem M&IE for a traveler who is not located in or part of the combatant command/joint task force area of responsibility, but is operating in a support capacity or located in the combatant command/joint task force area of responsibility. Full per diem M&IE requests may be authorized, only in advance of the dates required. All authorizations for payment of full M&IE for TDYs over 30 days must be reported to the Committee, Chief.
- The M&IE portion of the flat-rate per diem policy does not apply to the Johnston Atoll, Midway Islands, Republic of Palau, or Wake Island because these locations are deemed to be so remote that the traveler has very limited access to a food source for meals, such that the cost of meals exceeds the meal portion of reduced flat rate per diem.
- If a traveler is unable to arrange suitable commercial lodging (e.g., safe, secure, clean, and within a reasonable proximity to the TDY duty location) at the flat rate per diem on their own, the Travel Management Center (i.e., commercial travel office) must be contacted for assistance. If the Travel Management Center is unable to arrange suitable lodging at the reduced per diem rate, then the authorizing

¹⁵ During the course of our review, related legislation was passed in the 2017 NDAA that repeats the May 2016 waiver policy but also gives the Secretary concerned or an officer (as described above) the authority to waive the collection of receipts for long-term travelers receiving actual expenses for M&IE if the Secretary concerned or officer personally certifies that requiring travelers to submit receipts will negatively affect mission performance or create an undue administrative burden. National Defense Authorization Act for Fiscal Year 2017, Pub. L. No. 114-328, §672(c) (Dec. 23, 2016). According to a January 31, 2017, Committee memorandum, the M&IE waiver policy was changed to allow the identified authorizing officials who authorize/approve actual expenses to waive the receipt requirement when they personally certify that requiring travelers to submit receipts negatively affects mission performance or creates an undue administrative burden. This change was effective January 31, 2017, and added to the March 1, 2017, version of the JTR. DOD, *Joint Travel Regulations*, changes as of March 1, 2017, paragraph 4250-B.11.

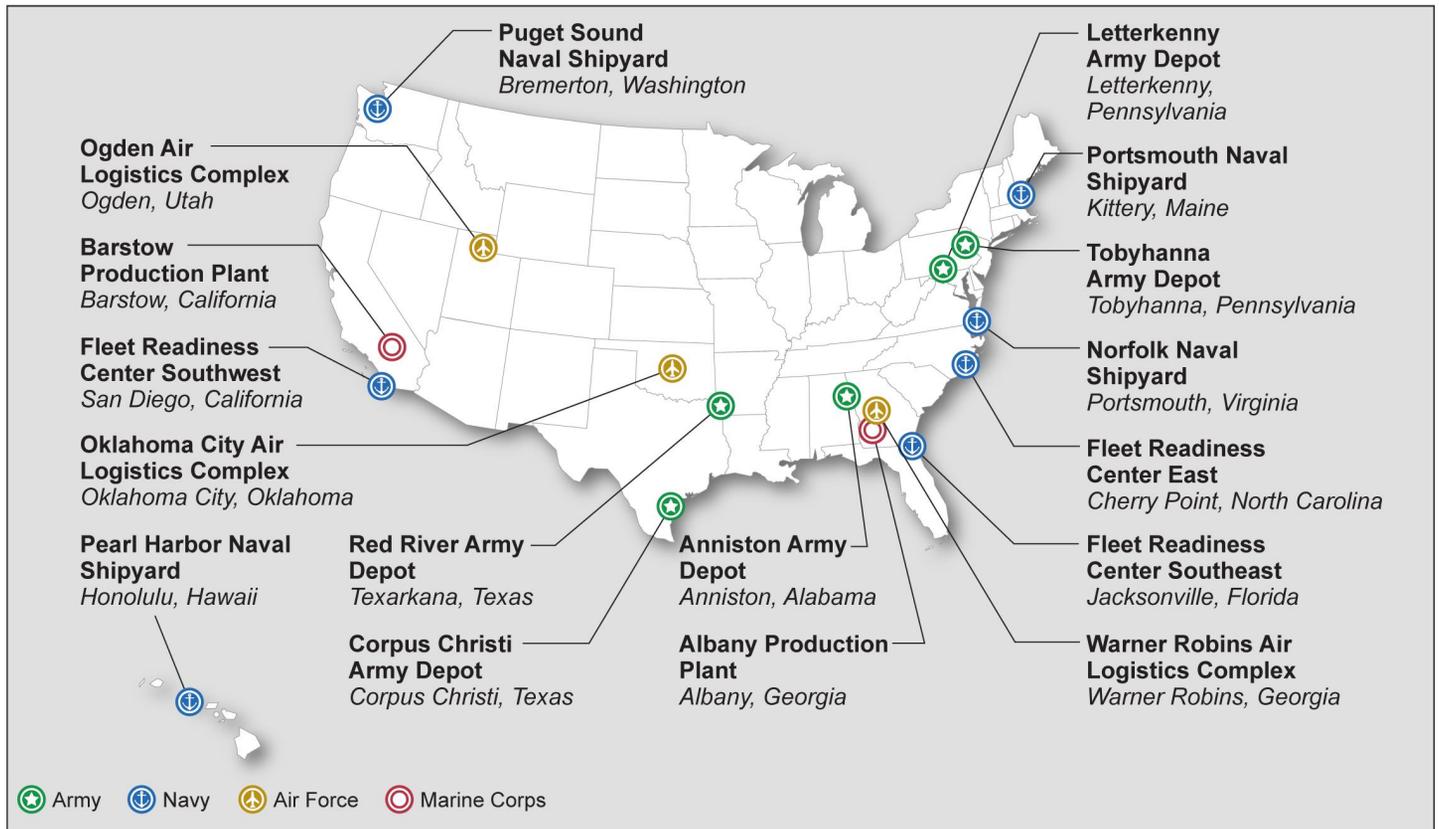
official may authorize actual lodging (i.e., full lodging), not to exceed the locality per diem rate. However, M&IE is still paid at the 75 percent or 55 percent rate, as applicable.¹⁶

Depot Maintenance Industrial Sites and When the Policy Went into Effect at the Different Depots

The military services operate 17 government-owned facilities (i.e., depot maintenance industrial sites)—such as Anniston Army Depot at Anniston, Alabama; Air Force Logistic Complex at Ogden, Utah; Norfolk Naval Shipyard at Portsmouth, Virginia; and Marine Depot Maintenance Command at Albany, Georgia—that primarily perform depot-level maintenance on a wide range of vehicles and other military assets, including helicopters, combat vehicles, ships, aircraft, engines, and software. According to DOD, in fiscal year 2015 there were approximately 45,000 civilian employees at the depots that perform maintenance and 30,000 other civilian non-maintainers—engineers, scientists, analysts, and supply specialists—essential to depot maintenance production. Figure 3, below, provides a map of the depot maintenance industrial sites.

¹⁶ According to the JTR, authorizing officials may determine that lodging is not suitable due to force protection/security concerns in foreign locations. DOD, *Joint Travel Regulations*, changes as of January 1, 2017 (Oct. 2014).

Figure 3: Department of Defense Depot Maintenance Industrial Sites



Source: GAO analysis of Department of Defense documents. | GAO-17-353

The flat rate per diem policy went into effect at the depots at different times, in part depending on bargaining with unions. At the time of our review, the flat rate per diem policy was in effect at 13 of the 17 depots for bargaining unit employees, and was in effect at all depots for non-bargaining unit employees. Specifically, one depot reported that the policy was in effect for one, but not all, unions; and three depots reported that the policy was not yet in effect for bargaining unit employees. Appendix II provides a list of the depot maintenance industrial sites and the dates when the policy went into effect at each depot for bargaining and non-bargaining employees.

Depot Officials Identified Benefits and Challenges of the Policy, with an Effect on

Civilian Employees' Willingness to Volunteer, but Generally No Effect on Depot Operations

Officials at the depots identified both benefits and challenges resulting from the flat rate per diem policy. Further, while more than half of depot officials responding to our questionnaire reported that the policy has affected civilian employees' willingness to volunteer for long-term TDYs, the majority of depot officials reported that the policy has not affected depot operations.

Depot Officials Identified Both Benefits and Challenges of the Policy

Depot officials responding to our questionnaire identified some benefits and some challenges associated with the flat rate per diem policy.¹⁷

Depot officials reported some benefits associated with the flat rate per diem policy, including the following:

- **Flexibility:** Depot officials from 3 of the 16 depots reported that a benefit from the flat rate per diem policy is the flexibility it provides to depot workers traveling on long-term TDY in choosing how to distribute their flat rate per diem allotment between lodging and M&IE, as they no longer have to provide lodging receipts. Additionally, depot workers in the discussion groups at Puget Sound Naval Shipyard also indicated that this flexibility was a benefit of the policy.
- **Cost savings:** Depot officials from 6 of the 16 depots reported that a benefit from the flat rate per diem policy is cost-savings; however, they were unable to provide documentation of cost-savings that were attributable to the policy change. Depot officials from 3 of these 6 depots reported that they do not track increased or decreased costs related to the flat rate per diem policy. In response to a different question related to costs, depot officials from one depot provided documentation related to lodging and M&IE savings; however, depot officials from this depot indicated that the flat rate per diem policy has

¹⁷ Marine Corps officials indicated that civilian employees at the Production Plant in Barstow, California, never travel on long-term TDY, and therefore we excluded their questionnaire responses from our analysis related to benefits and challenges of the policy.

resulted in higher overall costs, but they did not provide documentation to support this statement.

Depot officials also reported some challenges associated with the flat rate per diem policy, including the following:

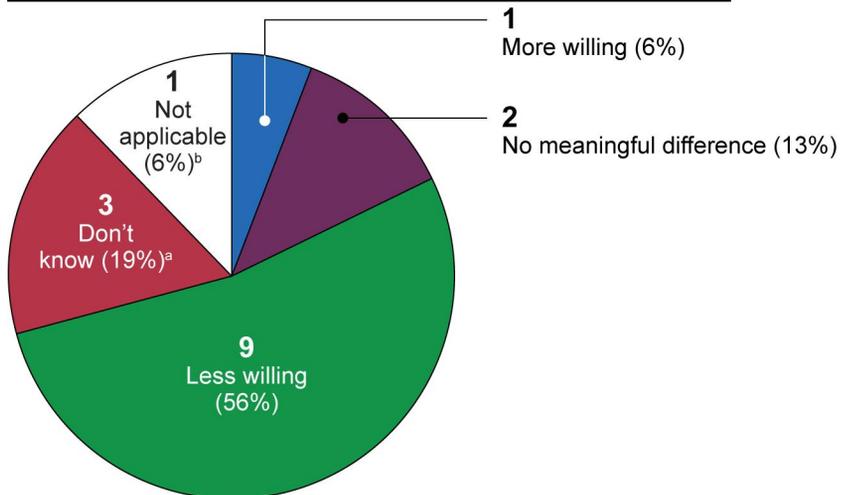
- **Lodging accommodations:** Depot officials from 8 of 16 depots reported that it is more difficult to find lodging accommodations that will accept the flat rate per diem; that some hotels are not willing to reduce their rates to accommodate the flat rate; and that some depot workers are staying in less desirable hotels. These challenges were confirmed in our meetings with Army depot officials and during discussion groups at Puget Sound Naval Shipyard. For example, an official at Anniston Army Depot explained that before the flat rate per diem policy change was made, booking hotel accommodations for a team of travelers was accomplished within an hour, but since the policy change occurred this same process can take up to a day to look for hotels that will accept the flat rate per diem. Depot workers at Puget Sound Naval Shipyard explained in our discussion groups that the accommodations willing to accept the flat rate per diem may be farther from the job site, which increases the employees' commuting time.
- **Administrative burden:** According to the questionnaire responses we received from depot officials from 4 of the 16 depots, the flat rate per diem policy is administratively burdensome, in that it has increased processing and adjustments related to travel. This was also a challenge explained during a meeting with Puget Sound Naval Shipyard officials who provided a comparison of voucher-processing times before and after the flat rate per diem policy change, showing that the processing time has nearly doubled. According to their estimates, processing a voucher took up to 10 minutes and processing an authorization took up to 5 minutes before the policy change, but after the policy change these tasks have taken twice the amount of time (20 minutes and 10 minutes, respectively). According to Puget Sound Naval Shipyard officials, this represents a significant increase in workload for the four full-time employees who process travel vouchers. Puget Sound Naval Shipyard officials also said that they have had to log more overtime hours and will have to hire more employees in the travel office as a result of the flat rate per diem policy.

Depot Officials Reported That the Policy Has Affected Civilian Employees' Willingness to Travel on Long-term TDYs, but Not Depot Operations

More than half of depot officials responding to our questionnaire reported that the flat rate per diem policy has affected civilian employees' willingness to travel on long-term TDYs. Specifically, depot officials from 9 of the 16 depots reported, as seen in figure 4, that depot workers are less willing to volunteer for long-term TDY as a result of the policy.¹⁸ However, none of the depot officials from these depots provided documentation of volunteer rates before or after the policy took effect at their depots, or documentation of the impacts caused by decreased volunteer rates. In a related question regarding willingness to volunteer on long-term TDYs, depot officials from 5 of the 16 depots also reported having to direct depot workers to travel for such assignments.

Figure 4: Depot Officials Reported That the Flat Rate Per Diem Policy Has Affected Civilian Employees' Willingness to Volunteer on Long-term Temporary Duty

Civilian employees' willingness to volunteer for long-term temporary duty assignments reported by depot officials



Source: GAO analysis of survey data. | GAO-17-353

¹⁸ Department of the Navy Office of Civilian Human Resources officials told us that TDYs are a normal part of a depot worker's job. However, we found that bargaining agreements may allow for changes in volunteering for certain assignments based on seniority or other factors.

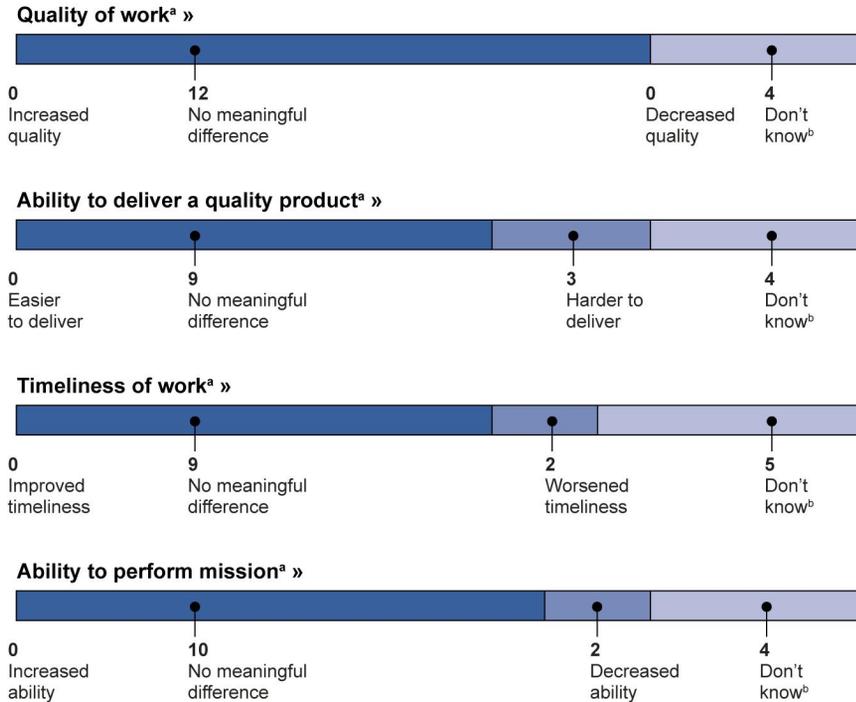
Note: Marine Corps officials indicated that depot workers at the Production Plant in Barstow, California, never travel on long-term temporary duty (TDY), and therefore we excluded their questionnaire responses from our analysis related to benefits and challenges of the policy.

^aThe questionnaire had two options for the “don’t know” category: (1) don’t know because it is too soon to evaluate, or (2) don’t know for some other reason. For the purpose of this graphic we combined the totals for those two categories.

^bThe “not applicable” option in the context of this question from the questionnaire was for depots to select if civilian employees did not volunteer for long-term TDY (i.e., they were selected to travel).

The majority of depot officials reported that the flat rate per diem policy has not had an effect on depot operations. As seen in figure 5, depot officials from 12 depots reported that there was no meaningful difference in the quality of work performed by depot workers while on long-term TDY; 9 depots reported there was no meaningful difference in the ability to deliver a quality product or in the timeliness of work; and 10 depots reported that there was no meaningful difference in the ability to perform the mission as a result of the flat rate per diem policy change. However, depot officials were unable to provide documentation to support those statements. In our questionnaire, none of the depot officials from the 16 depots provided documentation for questions related to quality of civilian work, ability to deliver a quality product, timeliness, or the ability to perform the mission as a result of the flat rate per diem policy. Officials from one depot reported in the questionnaire that policies that affect traveler payment, such as the flat rate per diem policy, do not have any impact on the quality of work provided to the customer. Further, Portsmouth Naval Shipyard officials we met with said it is difficult to make a causal link between operations-related issues, such as slipped timeframes, and the implementation of the flat rate per diem policy. They explained that a variety of other issues can affect timeframes, such as unforeseen repair work that was not identified when the project began.

Figure 5: Depot Officials Reported Little Impact from Department of Defense’s Flat Rate Per Diem Policy on Depot Operations



Source: GAO analysis of survey data. | GAO-17-353

Note: Marine Corps officials indicated that depot workers at the Production Plant in Barstow, California, never travel on long-term temporary duty (TDY), and therefore we excluded their questionnaire responses from our analysis related to benefits and challenges of the policy.

^aThe titles of these categories have been shortened from the original questions in the questionnaire. For actual wording of the questions, see appendix III.

^bThe questionnaire had two options for the “don’t know” category: (1) don’t know because it is too soon to evaluate, or (2) don’t know for some other reason. For the purpose of this graphic we combined the totals for those two categories.

DOD Guidance Regarding the Flat Rate Per Diem Policy Is Unclear

Some aspects of DOD’s flat rate per diem policy, such as the guidance for lodging receipts and application of the M&IE waiver, are not clear. This unclear guidance may hinder the policy’s achieving its intended objectives, such as simplifying travel. In its November 2014 changes to the JTR regarding the flat rate per diem policy, the Committee removed the receipt requirement for lodging, but it added language that is not clear

regarding what is required to demonstrate that lodging costs were incurred. Before the flat rate per diem policy was added, the JTR required travelers to provide receipts for all lodging costs. According to DTMO officials, the requirement to provide lodging receipts for long-term travel was removed to simplify the reimbursement process, which had required long-term travelers to provide lodging receipts and to divide the charges evenly throughout the travel period, either on a weekly or monthly basis. According to these officials, those procedures were burdensome for both the traveler and the approving official. The Deputy Assistant Secretary of Defense for Military Personnel Policy stated that the removal of the receipt requirement for long-term TDY was intended to make the process less stressful for travelers. The lodging receipt guidance in the new flat rate per diem policy states that lodging receipts are not required, but proof that lodging costs were incurred shall be required; however, the policy does not specify what is meant by proof that lodging costs were incurred. As a result of the unclear guidance, a majority of depots still require lodging receipts. Based on results from our questionnaire, we found that 15 out of 16 depots still require long-term travelers to submit lodging receipts, which is contrary to the intent of the flat rate per diem policy to simplify the reimbursement process for long-term travelers. DTMO officials told us that they intentionally did not define “proof of lodging costs” in the JTR so as not to be too prescriptive. Officials said that they were concerned that if they were to provide a list, authorizing officials and travelers would view it as a definitive list.

Similarly, the M&IE waiver, approved by the Committee Chair in May 2016, does not clearly state when long-term travelers should submit requests to receive actual expenses. While the Deputy Assistant Secretary of Defense for Military Personnel Policy maintains that the submission process is clearly explained in the JTR, our review of the JTR flat rate per diem policy and our contact with depot officials showed that there was a lack of clarity in the guidance. Specifically, we found that the flat rate per diem policy does not specify when long-term travelers should submit requests to receive actual expenses for M&IE—that is, whether before going on the TDY, or after returning from it. Additionally, we found that depot officials from across the military services varied as to when the traveler would receive approval for the M&IE waiver. Army officials said it would be granted prior to the TDY, while Navy, Marine Corps, and Air Force officials varied as to when the waiver would be granted. Further, a senior DTMO official we met with told us that the waiver should be approved before the traveler leaves for TDY, and that it did not make sense for the approval to occur after returning from TDY—especially if the point of the policy is to not harm the traveler. If the waiver were not to be

approved until the traveler returned, the traveler would be unsure during the trip whether actual expenses for M&IE would be approved.

According to the *Standards for Internal Control in the Federal Government* related to information and communications, information should be recorded and communicated to management and others within the entity in a form and within a timeframe that enables them to carry out their internal control and other responsibilities.¹⁹ A senior DTMO official affirmed that information related to the flat rate per diem policy may not have been communicated effectively, and that more information regarding the policy could be included—for example, in DTMO’s newsletter. Without clear guidance in the JTR relating to the flat rate per diem policy specifying what is meant by proof of lodging and at what point in the travel process the M&IE for actual expense should be requested and approved, the Committee and DTMO may not have assurance that the policy is meeting stated objectives, such as the simplification of the travel reimbursement process for long-term TDYs.

DOD Lacks Procedures to Ensure That Required Processes Are Completed Prior to a Major Change, and Its Assessment of Costs and Benefits Was Not Comprehensive

The Committee does not have procedures to ensure that required processes are completed prior to finalizing a major JTR change, and its assessment of costs and benefits was not comprehensive, lacking other potential costs and benefits that could result from the policy change.

¹⁹ GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Nov. 1999). The standards were updated in September 2014 and the updated standards were effective beginning fiscal year 2016. See GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Sept. 2014). The current internal controls also include principles related to information and communication similar to those described in [GAO/AIMD-00-21.3.1](#), which were in effect prior to fiscal year 2016 and cover the timing of the agency information used in this report. Current internal controls related to information and communication also state that management should internally communicate the necessary quality information to achieve the entity’s objectives.

The Committee Did Not Ensure That Certain Required Processes Were Completed

The Committee did not ensure that certain required processes to inform the flat rate per diem policy change were completed prior to the policy's approval. According to the *Per Diem, Travel and Transportation Allowance Committee Organization and Functions Manual*, the Committee should follow certain processes when considering a major change to the JTR.²⁰ Specifically, the manual states that the Advisory Panels should provide cost data and budgetary impact statements when considering major changes to the JTR, among other things.

With respect to cost data and budgetary impact statements, the November 15, 2013, memorandum (Memorandum 1) from the Committee to the Advisory Panels stated that the military services must provide the number of personnel affected and the costs related to the flat rate per diem for long-term TDY.²¹ According to DTMO officials, the military services were unable to provide the number of affected personnel. Officials also said that DTMO calculated the number of personnel who would be affected annually by the flat rate per diem policy using 2013 voucher data from the Defense Travel System, but this calculation did not include travel data from other DOD systems. According to a May 2010 Under Secretary of Defense for Personnel and Readiness report to Congress, the Defense Travel System includes only 70 percent of DOD travel data; approximately 30 percent of the department's travel is processed outside of this system.²² Further, our review of the Committee's February 3, 2014, memorandum (Memorandum 2) found that the Advisory Panel's comments did not include information concerning the number of personnel affected, and that they provided little

²⁰ *Per Diem, Travel and Transportation Allowance Committee Organization and Functions Manual* (Aug. 8, 2016).

²¹ According to Memorandum 1 from the Committee to the Advisory Panels, the military services must provide the number of personnel affected and the cost (negative responses required) for this item (i.e., the flat rate per diem for long-term TDY). According to DTMO officials, the phrase "cost (negative response required)" means that each of the military services is required to provide any cost estimates for implementing a change, even if no cost is expected.

²² Department of Defense, Under Secretary of Defense for Personnel and Readiness, *Report on Defense Travel Simplification* (May 2010). In September 2016 Defense Travel System Program Management Office officials confirmed to us that the system still contains only 70 percent of DOD-wide travel data.

to no information concerning costs.²³ Only the Air Force provided cost data that were specific to cost-savings that could be achieved as a result of the flat rate per diem policy. No other comments by members of the Advisory Panels in Memorandum 2 included information concerning costs.

Regarding the requirement in the manual to provide cost data and budgetary impact statements, DTMO officials told us that from their perspective, the flat rate per diem policy did not have any budgetary impacts, so they did not prepare these statements.²⁴ Further, according to DTMO officials, the military services did not provide any cost data. They said that there is no requirement for the military services to provide costs, including administrative costs, to implement a policy change, such as the flat rate per diem policy. However, these statements contradict the requirements in the manual and Memorandum 1 from the Committee, which state that the military services must provide costs related to the flat rate per diem for long-term TDY.

The process for coordinating legal review is another example of the need to establish procedures to ensure that required processes to inform major JTR policy changes are completed prior to the approval of those changes. According to the *Per Diem, Travel and Transportation Allowance Committee Organization and Functions Manual*, legal counsel should review proposed JTR changes, as requested, to determine their legal sufficiency. Further, in Memorandum 1 to the Advisory Panels, the Committee requested that legal counsel provide a statement of legal sufficiency concerning the flat rate per diem policy change. However, we could not verify that a legal sufficiency review took place prior to the policy's approval. We identified a document in the Committee Chair's materials that stated that legal counsel had reviewed and concurred with the flat rate per diem policy. A similar statement also appeared in other documents related to the coordination of the flat rate per diem policy change. However, according to DTMO officials, any documentation indicating that the policy was coordinated for legal review was incorrect.

²³ According to the *Per Diem, Travel and Transportation Allowance Committee Organization and Functions Manual*, Memorandum 2 is used to coordinate all comments and formalize the position of the Advisory Panels concerning a proposed major change to the JTR.

²⁴ The *Per Diem, Travel and Transportation Allowance Committee Organization and Functions Manual* states in the section related to Memorandum 1 that cost data and budgetary impact statements are also required for regulatory changes.

In a subsequent meeting, DTMO officials told us that a legal review of the policy did occur, but that they could not find any documentation of this review. As such, we were unable to verify that this process was completed by the Committee when considering the flat rate per diem policy change prior to the policy's approval.

The Committee does not have procedures in place to ensure that required processes, such as completing cost data and budgetary impact statements and a legal sufficiency review, are completed prior to a major JTR policy change's approval. Further, DTMO officials acknowledged the existence of issues with the process, in light of our review. In October 2016 DTMO officials told us that for future changes it was their intent to require a signature from legal counsel prior to the Committee's approval of a major JTR policy change as a means to document that this process was completed. Without establishing procedures to track what processes related to a major JTR change have been completed, the Committee may lack the full range of information and data necessary to understand how the policy may affect diverse workforces, such as depots, prior to its approval.

DTMO Assessed Cost-savings, but the Assessment Was Not Comprehensive in That It Did Not Assess Other Potential Costs or Benefits That Could Result from the Policy

DTMO conducted a cost-savings (i.e., benefits) assessment to estimate the savings resulting from the flat rate per diem policy, but that assessment was not comprehensive and did not assess other potential costs or benefits that may result from the policy.²⁵ For example, according to DTMO officials, they performed their cost-savings assessment in October 2012 using fiscal year 2011 voucher travel data from the Defense Travel System. However, as previously noted, the Defense Travel System contains only 70 percent of department-wide travel data. Because DTMO's cost-savings assessment includes only Defense Travel System data, officials said they believe their reported estimates of cost-savings are lower than the actual cost-savings being realized.

²⁵ DTMO officials told us that they also reviewed the reduced per diem rate policies that other federal agencies had in place for long-term TDYs to inform their decision concerning the flat rate per diem policy change.

Further, DTMO's assessment did not assess other potential costs that would be incurred as a result of the flat rate per diem policy. Specifically, DTMO did not assess the costs that DOD would incur in administering or in monitoring and enforcing the new policy, such as the cost to update the Defense Travel System with the functionality to support long-term travelers, which, according to DTMO officials, is estimated to cost more than \$650,000. DTMO also did not factor approvals for full lodging into their cost-savings assessment. DTMO officials told us that they knew that in some instances the full lodging would be necessary, but they did not account for them in their cost-savings assessment. According to Army, Navy, and Air Force depot officials, the travel office has authorized the full lodging amount to depot workers who are scheduled for, as well as depot workers who are on, long-term TDY. This factor could reduce DTMO's estimate of cost-savings, but 7 of the 16 depots reported that they did not track when a traveler was authorized full lodging.

DOD Instruction 7041.03, *Economic Analysis for Decision-making*, which applies to all DOD components, establishes their responsibility for following OMB Circular A-94 guidelines concerning benefit-cost analysis of federal programs. OMB Circular A-94 states that agencies should follow the guidelines provided when preparing analyses in support of federal activities, and that a comprehensive enumeration of the different types of benefits and costs, monetized or not, can be helpful in identifying the full range of program effects when conducting a benefit-cost analysis of a policy. Such analyses should also include an evaluation of alternatives and studies, among other things, to determine whether anticipated benefits and costs have been realized.

Other potential costs, such as potential effects on travelers' willingness to volunteer and on work force morale, were also not assessed in DTMO's cost-savings assessment. According to DTMO officials, they did not anticipate, based on their previous experience with the flat rate per diem policy for military personnel, that the policy would have a negative effect on morale or that travelers would refuse to take long-term TDY assignments. DTMO officials told us that they did not conduct any analysis concerning the effects of the policy on civilian employees because they assumed that the 55 percent per diem would work for civilians as it had worked for military personnel. However, guidance in the October 1, 2014, version of the JTR stated that a flat rate per diem rate of 55 percent may be authorized for military personnel in a TDY contingency operation for more than 180 consecutive days at one location, and this guidance did not apply to civilian employees. Further, a March 2011 report concerning long-term lodging options for DOD travelers—the

results of a study conducted by a private contractor with whom DTMO had contracted—found that DOD travelers would be unable to secure long-term travel at 55 percent of the total General Services Administration per diem rate without a formal negotiated rate program in place. DTMO does have a pilot program (the Integrated Lodging Pilot Program) for providing lodging at a reduced rate, but the pilot program is eligible only for TDY travel up to 30 days.²⁶ According to DTMO officials, they plan to include long-term TDYs in the pilot program, but they did not provide a plan or firm timeframes for this effort.

In assessing the potential effects that might ensue from the change in its per diem policy, we found that DTMO considered only one alternative per diem rate for each long-term travel period. DTMO assessed only the cost-savings that would result from changing the policy from one that allowed travelers the full per diem rate to one that allowed them a fixed percentage (75 or 55 percent, depending on the length of travel) of that rate. DTMO did not analyze the potential benefits and costs that might ensue from other alternatives for reducing travel expenditures, such as the option of leveraging the General Services Administration's program to negotiate minimum discounts with corporate apartment vendors for long-term TDYs, which was provided as an example in the March 2011 report conducted by the contractor. OMB Circular A-94 guidelines for benefit-cost analysis state that agencies should consider alternative means of achieving program objectives. Specifically, different alternatives may have different benefits and costs, and agencies should identify the alternative that is the most cost-beneficial.

Further, the March 2011 report helped to inform DTMO's decision regarding the flat rate per diem rates (75 and 55 percent). However, that report has some limitations, including that it was based on a limited number of site locations. Other locations may have actual costs that are higher or lower than those assumed in the contractor's study upon which

²⁶ Section 914 of the Carl Levin and Howard P. 'Buck' McKeon National Defense Authorization Act for Fiscal Year 2015 authorized DOD to establish a lodging program to provide government or commercial lodging for civilian employees of the DOD or members of the uniformed services performing TDY, and to require such travelers to occupy adequate quarters on a rental basis when available. Pub. L. No. 113-291, §914 (Dec. 19, 2014). In response, DOD launched the Integrated Lodging Pilot Program that directs travelers who are on TDY to select pilot sites to stay in government (DOD), public-private venture, or DOD-preferred commercial lodging facilities. DOD has established this program to develop a comprehensive approach for providing quality government and commercial lodging with greater safety, security, and service at reduced rates. The statutory authority is valid until December 31, 2019.

DTMO's 75 and 55 percent rates were based. For example, the contractor that did the study for DTMO focused its analysis on DOD's top 64 travel destinations in the United States by selecting locations that covered 80 percent of DOD's long-term travel volume. According to DTMO officials, the location data were obtained from the Defense Travel System, which, as previously noted, contains only 70 percent of department-wide travel data. Further, no overseas locations were considered in the report, and the contractor was able to match its data on extended stay locations to only 30 of DOD's top 64 locations in the United States. Based on responses of depot officials to our questionnaire, we found 10 out of 16 depots identified an overseas location as the location to which depot workers traveled most frequently for 31 days or more from August 2015 through July 2016. DTMO officials said that they chose the 75 percent rate instead of the 69 percent rate recommended by the contractor because they wanted to be conservative and not harm the traveler. However, DTMO officials acknowledged that they did not conduct any analysis to assess whether this alternative rate would be cost-beneficial. DTMO has stated, through its travel newsletter, that it employs three guiding principles when considering new policies, programs, and solutions: do no harm, fair compensation, and evidence-based decision making.²⁷

DTMO's studies also did not assess all costs and benefits resulting from the flat rate per diem policy. Specifically, DTMO officials provided us with a copy of the draft Performance Measurement Plan, which officials described as the first step toward formalizing and more clearly documenting their cost-savings methodology, and is part of a larger effort to track and report savings from the flat rate per diem policy. However, our review of that draft plan, which according to DTMO officials was drafted in July 2016, found that it does not include an approach to capture other potential costs and benefits from the policy beyond the cost-savings of the policy. According to OMB Circular A-94, retrospective studies to determine whether anticipated benefits and costs have been realized are potentially valuable. Such studies can be used to determine necessary corrections in existing programs, and to improve future estimates of

²⁷ *The Defense Travel Dispatch* from Fall/Winter 2014 states that DTMO can reduce trip costs without harming the traveler or the mission; will compensate travelers for expenses incurred based on actual behavior, providing travelers the flexibility to make cost-effective travel choices; and will use data to test and back up any recommendation and proposal. The newsletter also states that DTMO is dedicated to providing programs that meet mission requirements, while focusing on the traveler.

benefits and costs in these programs or related ones. Specifically, the draft plan does not include an approach for identifying potential effects that may be difficult to quantify or monetize, such as the negative effect of the policy on morale or travelers' willingness to go on long-term travel assignments. Currently the draft plan includes only cost-savings (i.e., benefits) resulting from the policy and data from the Defense Travel System. The draft plan states that data from other DOD travel systems were possible future data sources. However, the draft Performance Measurement Plan does not provide a timeframe or plan for when data from these other sources would be included, and it does not include an approach to capture the other potential benefits resulting from the policy beyond the cost-savings. While DTMO officials indicated that other metrics (to include cost-savings) might be included in the draft plan, the plan does not include information about these other metrics. Further, we found that DTMO's site visit to assess the adequacy of the flat rate per diem policy for long-term TDYs did not include a full assessment of the policy's per diem rates. According to DTMO officials, they conducted site visits at two locations (Bremerton, Washington, and San Diego, California) to assess the adequacy of the flat rate per diem at these locations. However, the site visits (summarized in e-mail) assessed only the adequacy of the 75 percent flat rate per diem for long-term travel between 31 and 180 days; they did not assess the adequacy of the 55 percent flat rate per diem for long-term travel greater than 180 days.

Lastly, DTMO officials told us that they anticipated only savings to result from the flat rate per diem policy, not potential costs. According to DTMO officials, they did not perform an assessment of the indirect costs to implement the policy because implementation is a service and agency responsibility. However, as previously noted, the military services did not provide any cost data related to the implementation of the policy. Without having conducted a comprehensive assessment that incorporated principles from OMB Circular A-94 and without having a Performance Measurement Plan that considers other potential costs and benefits resulting from the flat rate per diem policy, the Committee and DTMO may not be well positioned to understand whether the policy is cost-beneficial and is meeting set objectives to reduce travel costs without negatively affecting the traveler and mission.

Conclusions

Depot officials have identified various benefits, such as cost savings, as well as challenges, such as difficulties in finding lodging accommodations

that will accept the flat rate per diem, resulting from DOD's JTR flat rate per diem policy. However, certain aspects of DOD's flat rate per diem guidance remain unclear to depot officials. Without clear guidance in the JTR related to the flat rate per diem policy concerning what is meant by proof of lodging, and concerning at what point in the travel process the M&IE for actual expenses should be requested and approved, the Committee and DTMO may not have assurance that the policy is meeting stated objectives, such as the simplification of the travel reimbursement process for long-term TDYs. Further, the Committee did not ensure that certain required processes were completed prior to the flat rate per diem policy's approval, and as a result was not fully informed concerning potential effects on civilian employees as well as certain costs when it considered the 2014 flat rate per diem policy change. Without establishing procedures to track which processes related to a major JTR change have been completed, the Committee may lack the full range of information and data necessary to understand how the policy may affect diverse workforces, such as depots, prior to the change's approval. Finally, although DTMO—the office that serves as the Committee's staff and assists in establishing and administering commercial travel policy within DOD—conducted a cost-savings assessment to estimate savings that could result from the flat rate per diem policy, the assessment was not comprehensive and did not consider other potential costs and benefits that could result from the policy. Without having conducted a comprehensive assessment that incorporated principles from OMB Circular A-94 and without having a Performance Measurement Plan that considers other potential costs and benefits resulting from the flat rate per diem policy, the Committee and DTMO may not be well positioned to understand whether the policy is cost-beneficial and is meeting set objectives to reduce travel costs without negatively affecting the traveler and mission.

Recommendations for Executive Action

We recommend that the Secretary of Defense direct the Per Diem, Travel and Transportation Allowance Committee, in coordination with the Military and Civilian Advisory Panels, to take the following four actions to clarify the flat rate per diem policy and ensure that the department has the full range of information needed by decision-makers when considering a major Joint Travel Regulations change:

- Revise the Joint Travel Regulations policy related to the flat rate per diem to provide clear language concerning (1) what is meant by proof

of lodging, and (2) at what point in the travel process the meals and incidental expenses waiver for actual expenses should be requested and approved;

- Establish procedures to ensure that required processes to inform major Joint Travel Regulations policy changes are completed prior to the approval of those changes;
- Incorporate principles from Office of Management and Budget Circular A-94, including the costs and benefits of effects that may be difficult to quantify or monetize, into future assessments related to major Joint Travel Regulations changes; and
- Incorporate principles from Office of Management and Budget Circular A-94, including the costs and benefits of effects that may be difficult to quantify or monetize, into future assessments related to the flat rate per diem policy, such as the draft Performance Measurement Plan.

Agency Comments

We provided a draft of this report to the Department of Defense (DOD) for review and comment. In written comments reproduced in appendix IV, DOD concurred with all four recommendations and highlighted the actions it was taking to address each recommendation. These actions include initiating—through the Per Diem, Travel and Transportation Allowance Committee—changes to the Joint Travel Regulations (JTR) to clarify the flat rate per diem policy; establishing procedures to ensure that processes are completed prior to the approval of a major JTR change; and incorporating principles from Office of Management and Budget Circular A-94 into future assessments related to major JTR changes and the flat rate per diem policy. DOD also indicated that in some instances it may be challenging to assess actual benefits, which may be difficult to quantify or monetize, prior to approving a major JTR change.

We are sending copies of this report to the appropriate congressional committees; the Secretary of Defense; the Secretaries of the Army, the Navy and the Air Force; and the Commandant of the Marine Corps. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-5257 or merrittz@gao.gov. Contact points for our Office of Congressional Relations and Public Affairs may be found on the last

page of this report. GAO staff members who made key contributions to this report are listed in appendix V.

A handwritten signature in black ink that reads "Zina D. Merritt". The signature is written in a cursive style with a large, looped initial "Z".

Zina D. Merritt
Director
Defense Capabilities and Management

Appendix I: Scope and Methodology

To determine the extent to which depot officials identified benefits and challenges resulting from the flat rate per diem policy, including any effects on civilian employees and operations at the selected depots, we focused on the policy's effects on Department of Defense (DOD) civilian employees at DOD's 17 depot maintenance industrial sites. We selected the depot maintenance industrial sites because they reflect diversity in their mix of depots across the military services. We also selected these sites because although DOD has other depots—such as depot-level software maintenance activities—the 17 depot maintenance industrial sites accounted for a majority of the department's depot-level workload in fiscal year 2014, for example, according to an Office of the Assistant Secretary of Defense for Logistics and Materiel Readiness maintenance overview. We sent a questionnaire to the 17 depots to obtain the commanders' perspectives and documentation on the policy's benefits and challenges on civilian employees and operations. We received responses from all 17 depots, and we then analyzed the results. For questions that elicited closed-ended and quantitative responses, we used the software system SAS to produce summary output. For questions that elicited open-ended and qualitative responses, we conducted a content analysis in which two analysts independently categorized each depot's responses. The pair of analysts discussed any discrepancies in their categorizations until they reached a consensus. When we sent out our questionnaire, the flat rate per diem policy was in effect at 13 of the 17 depots for bargaining unit employees and was in effect at all depots for non-bargaining unit employees. Therefore, we believed that the depots could provide knowledgeable perspectives on the benefits and challenges of the policy. Subsequently, Marine Corps officials indicated that civilian employees at the Production Plant in Barstow, California, never travel on long-term TDY, and consequently we excluded their questionnaire responses from our analysis related to the benefits and challenges of the policy.

As part of the questionnaire's development, a survey specialist and two independent analysts with expertise in depot maintenance reviewed the questionnaire. The expert review phase was intended to ensure that content necessary to understand the questions was included and that

technical terminology included in the questionnaire was correct. To minimize errors that might occur from respondents interpreting our questions differently than we intended, we pre-tested our questionnaire with staff from the budget, travel, and other relevant offices of five depots. During the pre-tests, conducted in person or by phone, we asked the officials to read the instructions and each question aloud and to tell us how they interpreted the question. We then discussed the instructions and questions with officials to determine whether (1) the instructions and questions were clear and unambiguous, (2) the terms we used were accurate, (3) the questionnaire was unbiased, and (4) the questionnaire did not place an undue burden on the officials completing it, and (5) to identify potential solutions to any problems identified. We noted any potential problems and modified the questionnaire based on the feedback received from the reviewers and pre-tests as appropriate. We sent email notifications to each depot beginning on September 6, 2016. We sent the Microsoft Word form questionnaire and a cover email and asked recipients to fill out the questionnaire and email it back to us within 2 weeks. We closed the questionnaire on November 1, 2016. Overall we received 17 completed questionnaires, for a response rate of 100 percent.

Because we collected data from every depot we selected and we are not generalizing results to other depots, there was no sampling error. However, the practical difficulties of conducting any survey may introduce errors, commonly referred to as non-sampling errors. For example, differences in how a particular question is interpreted, the sources of information available to respondents, how the responses were processed and analyzed, or the types of people who do not respond can influence the accuracy of the survey results. We took steps in the development of the questionnaire, the data collection, and the data analysis to minimize these non-sampling errors and help ensure the accuracy of the answers that were obtained. For example, a social science survey specialist designed the questionnaire, in collaboration with analysts having subject matter expertise. Then, as noted earlier, the draft questionnaire was pre-tested to ensure that questions were relevant, clearly stated, and easy to comprehend. The questionnaire was also reviewed by internal subject matter experts and an additional survey specialist, as mentioned above.

Data were electronically extracted from the Word questionnaires into a comma-delimited file that was then imported into a statistical program for quantitative analysis and Excel for qualitative analysis. Only one variable was manually entered (the name of the depot), and that data entry accuracy was verified. We examined the questionnaire results and

performed computer analyses to identify inconsistencies and other indications of error, and we addressed such issues as necessary. Quantitative data analyses were conducted by a survey specialist using statistical software. An independent data analyst checked the statistical computer programs for accuracy. Content analyses of open-ended responses were conducted by two analysts with subject matter expertise. A standard coding scheme was developed, and the two analysts independently coded each depot's response. The pair of analysts then discussed any discrepancies in their coding until they reached consensus.

The verbatim wording of key questions from our questionnaire whose results are discussed in this report is located in appendix III.

To obtain the perspectives of civilian employees affected by the flat rate per diem policy, we conducted four discussion groups at Puget Sound Naval Shipyard—two discussion groups with bargaining unit employees, and two discussion groups with managers and supervisors of bargaining unit employees. We selected Puget Sound Naval Shipyard because, of the 17 depot maintenance industrial sites, it has the most civilian employees, and because it had implemented the flat rate per diem policy for non-bargaining and bargaining unit employees shortly after the policy became effective. We also held interviews with officials from Anniston Army Depot, Portsmouth Naval Shipyard, and Puget Sound Naval Shipyard regarding the benefits and challenges of the flat rate per diem policy. These results were not generalizable but provided important insights.

To determine the extent to which DOD established clear guidance regarding the policy, we reviewed and analyzed the flat rate per diem policy in the Joint Travel Regulations (JTR) and compared it with *Federal Standards for Internal Controls* related to information and communications to identify areas of the policy that could be clarified to assist DOD in meeting set objectives to simplify travel. We also interviewed relevant agency officials from the Defense Travel Management Office (DTMO); the Per Diem, Travel and Transportation Allowance Committee's (hereinafter the Committee) Chair (i.e., the Deputy Assistant Secretary of Defense for Military Personnel Policy); and Department of the Navy, Office of Civilian Human Resources, regarding the guidance related to the flat rate per diem policy. We also included questions in the questionnaire sent to the 17 depots concerning the flat rate per diem policy's guidance regarding proof of lodging costs and the

May 2016 meals and incidental expenses waiver, as well as contacted depot officials from the Army, Navy, Air Force, and Marine Corps.

To determine the extent to which DOD followed its processes for considering the flat rate per diem policy change and included an assessment of benefits and costs prior to making the change, we analyzed and reviewed the *Per Diem, Travel and Transportation Allowance Committee Organization and Functions Manual* and other relevant documents related to the process, such as memorandums. We compared the Committee's documents and actions with its manual and relevant guidance included in the Committee's memorandums to identify gaps, if any, in the process used. We also reviewed DOD Instruction 7041.03, *Economic Analysis for Decision-making*, which establishes responsibilities for the DOD components in following Office of Management and Budget (OMB) Circular A-94 guidelines for benefit-cost analysis of federal programs. Further, we compared DTMO's cost savings assessment to selected elements in OMB Circular A-94 guidelines for benefit-cost analysis of federal programs to identify gaps, if any, in the assessment. Specifically, we focused on key elements of OMB Circular A-94 for conducting a benefit-cost analysis, such as whether DTMO conducted a benefit-cost or cost-effectiveness analysis when considering the flat rate per diem policy; a comprehensive enumeration of the different types of benefits and costs, monetized or not; an evaluation of alternatives; and retrospective studies, which are potentially valuable, to determine whether anticipated benefits and costs have been realized.

We focused on these key elements because the stated purpose of OMB Circular A-94 is to promote efficient resource allocation through well-informed decision-making by the federal government. Further, the guidance states that it serves as a checklist of whether an agency has considered and properly dealt with all the elements for sound benefit-cost analyses. We also reviewed a March 2011 report concerning long-term lodging options for DOD travelers, which DTMO contracted with a private contractor to conduct. We interviewed officials from DTMO and various members of the Military and Civilian Advisory Panels from across the military services to gain further information and clarification regarding the Committee's processes, as well as perspectives regarding the costs and benefits of the policy. To obtain information about the source data that the DTMO used to inform its cost-savings assessments resulting from the flat rate per diem policy we interviewed officials from the Defense Travel System Program Management Office, who provided us with specific information concerning the system's capabilities and the quality of travel data, such as data related to lodging and meals and incidental expenses.

We conducted this performance audit from February 2016 to May 2017 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Status of the Flat Rate Per Diem Policy at the Seventeen Depot Maintenance Industrial Sites

The flat rate per diem policy went into effect at the various depot maintenance industrial sites at different times. Table 1 below provides a list of the depot maintenance industrial sites and the dates when the policy went into effect at each depot, for bargaining and for non-bargaining employees.

Table 1: Dates when the Policy Went into Effect for Bargaining and Non-Bargaining Employees at the Various Depot Maintenance Industrial Sites, as of February 2017

Department of Defense Depot Maintenance Industrial Sites	Date on which the flat rate per diem policy went into effect for non-bargaining employees	Date on which flat rate per diem policy went into effect for bargaining employees
Army	n/a	n/a
Anniston Army Depot	November 1, 2014	May 1, 2015
Corpus Christi Army Depot	November 1, 2014	November 1, 2014
Letterkenny Army Depot	December 17, 2014	December 17, 2014
Red River Army Depot	November 1, 2014	November 1, 2014 ^a
Tobyhanna Army Depot	April 1, 2015	April 1, 2015
Navy	n/a	n/a
Norfolk Naval Shipyard	November 1, 2014	November 7, 2014
Pearl Harbor Naval Shipyard	November 1, 2014	Not yet in effect
Portsmouth Naval Shipyard	November 1, 2014	April 15, 2016
Puget Sound Naval Shipyard	December 1, 2014	December 1, 2014 ^b
Fleet Readiness Center East	November 1, 2014	November 1, 2014
Fleet Readiness Center Southeast	November 1, 2014	November 1, 2014
Fleet Readiness Center Southwest	November 1, 2014	May 8, 2015
Marine Corps	n/a	n/a
Albany Production Plant	November 1, 2014	December 10, 2014
Barstow Production Plant	November 1, 2014	December 10, 2014
Air Force	n/a	n/a

Appendix II: Status of the Flat Rate Per Diem Policy at the Seventeen Depot Maintenance Industrial Sites

Department of Defense Depot Maintenance Industrial Sites	Date on which the flat rate per diem policy went into effect for non-bargaining employees	Date on which flat rate per diem policy went into effect for bargaining employees
Oklahoma City Air Logistics Complex	November 1, 2014	Not yet in effect
Ogden Air Logistics Complex	November 1, 2014	Not yet in effect ^c
Warner Robins Air Logistics Complex	November 1, 2014	Not yet in effect

Source: GAO analysis of depot responses and information. | GAO-17-353

^aThe policy went into effect on October 28, 2014, for one of the unions at this depot.

^bThe policy went into effect for all the unions at this depot on December 1, 2014. However, in May 2016 the Federal Labor Relations Authority concluded that Puget Sound Naval Shipyard failed to bargain regarding the flat rate per diem policy with one of the unions and ordered Puget Sound Naval Shipyard to rescind the flat rate per diem; allow bargaining unit employees to submit supplemental vouchers for per diem and travel expenses for long-term temporary duty assignments that occurred after December 1, 2014; and bargain regarding the flat rate per diem policy.

^cThe flat rate per diem policy went into effect for one union at this depot on November 24, 2014. The policy is not yet in effect for the other unions at this depot.

Appendix III: Key Questions from our Questionnaire on the Flat Rate Per Diem Policy for Depots

Appendix III: Key Questions from our Questionnaire on the Flat Rate Per Diem Policy for Depots

Below we show the verbatim wording of key questions from our questionnaire whose results are discussed in this report.¹

2. To which specific CONUS and OCONUS locations did your civilian employees travel TDY for 31 days or more most frequently from August 1, 2015 through July 31, 2016? Please list up to ten locations. [OPEN ENDED]
8. What benefits of the flat rate per diem policy, if any, have you observed related to civilian travel at your shipyard or depot that was added to the JTR on November 1, 2014? [OPEN ENDED]
9. Overall, are civilian employees more willing to volunteer for long-term TDY or less willing to volunteer for long-term TDY as a result of the flat rate per diem policy than they were before the policy, or has there been no meaningful difference in willingness to volunteer as a result of the flat rate per diem policy? *Please check one box.*
 - More willing to volunteer for long-term TDY → *Please continue to Question "a"*
 - No meaningful difference in willingness → *Please skip to Question 11*
 - Less willing to volunteer for long-term TDY → *Please continue to Question "a"*
 - Don't know because it is too soon to evaluate → *Please skip to Question 11*
 - Don't know for some other reason → *Please skip to Question 11*
 - N/A - Employees do not volunteer → *Please skip to Question 11*
- a. If More or Less willing, what have been the impacts on your shipyard or depot's operations, if any? *Please provide supporting documentation.* [OPEN ENDED]
11. What challenges related to civilian travel at your shipyard or depot other than those you have mentioned in the questions above, if any, have you experienced as a result of the flat rate per diem policy? [OPEN ENDED]
14. The JTR indicates that under the flat rate per diem policy lodging receipts are not required, but proof that lodging costs were incurred is required. How does your shipyard or depot ensure that a traveler receiving the flat rate per diem incurred lodging costs? [OPEN ENDED]
15. How many requests to authorize the full lodging amount for civilian employees traveling from your shipyard or depot on long-term TDY have been submitted since the flat rate per diem policy took effect, if any? In this question we are interested in requests to authorize the full GSA per diem rate for lodging beyond the amount allocated under the flat rate per diem policy, not requests to authorize

¹ In the report we generally refer to the depot maintenance industrial sites—Army and Marine Corps depots, Navy Fleet Readiness Centers and Navy shipyards, and Air Force Air Logistics Complexes—as depots.

**Appendix III: Key Questions from our
Questionnaire on the Flat Rate Per Diem Policy
for Depots**

lodging amounts beyond the GSA per diem rate. *If possible, please provide an example of a request.* (See paragraph 4250 B3 of the JTR for details on the process.)

NOTE: If your shipyard/depot has not tracked → *Please skip to Question 17*
the number of requests to authorize the full
lodging amount for civilian employees traveling
on long-term TDY since the flat rate per diem
policy took effect, then please check the box to
the right. Otherwise please enter a number in
the box below.

19. A request process was added to the JTR on July 1, 2016, for which the Secretary, COCOM Commander, or Agency Director can authorize actual expenses for M&IE for all long-term TDY travelers when the flat rate per diem is not sufficient. Under this process, travelers requesting reimbursement in excess of the flat rate per diem must provide receipts unless itemized charges are documented on the traveler's government travel charge card (see paragraph 4250 B11 for details on this process). What is your opinion of how this process will affect your workload? [OPEN ENDED]

a. What is your opinion of the feasibility of getting approval from your Secretary, COCOM Commander, or Agency Director for actual expenses for M&IE for civilian employees traveling on long-term TDY? [OPEN ENDED]

21. What benefits to your shipyard or depot's operations, if any, have you observed from the flat rate per diem policy for civilian employees that was added to the JTR on November 1, 2014? [OPEN ENDED]

22. Overall, has the quality of work done by your shipyard or depot's civilian employees while on long-term TDY increased or decreased as a result of the flat rate per diem policy, or has there been no meaningful difference in that quality as a result of the flat rate per diem policy? *Please check one box.*

Increased quality → *Please continue to Question "a"*

No meaningful difference in quality → *Please skip to Question 24*

Decreased quality → *Please continue to Question "a"*

Don't know because it is too soon to evaluate → *Please skip to Question 24*

Don't know for some other reason → *Please skip to Question 24*

a. If Increased or Decreased quality while on long-term TDY, what have been the impacts on your shipyard or depot's operations, if any? *Please provide supporting documentation.* [OPEN ENDED]

24. Overall, is it easier or harder to deliver a quality product at your shipyard or depot as a result of the flat rate per diem policy, or has there been no meaningful difference as a result of the flat rate per diem policy?

Appendix III: Key Questions from our
Questionnaire on the Flat Rate Per Diem Policy
for Depots

- Easier to deliver a quality product → Please continue to Question "a"
- No meaningful difference in ability → Please skip to Question 26
- Harder to deliver a quality product → Please continue to Question "a"
- Don't know because it is too soon to evaluate → Please skip to Question 26
- Don't know for some other reason → Please skip to Question 26

a. If easier or harder to deliver a quality product, what have been the impacts on your shipyard or depot's operations, if any? Please provide supporting documentation. [OPEN ENDED]

26. Overall, has the timeliness of work done by your shipyard or depot's civilian employees while on long-term TDY improved or worsened as a result of the flat rate per diem policy, or has there been no meaningful difference in that timeliness as a result of the flat rate per diem policy? Please check one box.

- Improved timeliness → Please continue to Question "a"
- No meaningful difference in timeliness → Please skip to Question 28
- Worsened timeliness → Please continue to Question "a"
- Don't know because it is too soon to evaluate → Please skip to Question 28
- Don't know for some other reason → Please skip to Question 28

a. If Improved or Worsened timeliness while on long-term TDY, what have been the impacts on your shipyard or depot's operations, if any? Please provide supporting documentation. [OPEN ENDED]

28. Overall, has your shipyard or depot's ability to perform its mission increased or decreased as a result of the flat rate per diem policy, or has there been no meaningful difference as a result of the flat rate per diem policy? Please check one box.

- Increased ability → Please continue to Question "a"
- No meaningful difference in ability → Please skip to Question 30
- Decreased ability → Please continue to Question "a"
- Don't know because it is too soon to evaluate → Please skip to Question 30
- Don't know for some other reason → Please skip to Question 30

a. If Increased or Decreased ability to perform your mission, what have been the impacts on your depot or shipyard's operations, if any? Please provide supporting documentation. [OPEN ENDED]

30. What challenges related to your shipyard or depot's operations, other than those you have mentioned in the questions above, if any, have you experienced as a result of the flat rate per diem policy for civilian employees? [OPEN ENDED]

Appendix III: Key Questions from our Questionnaire on the Flat Rate Per Diem Policy for Depots

32. Has the flat rate per diem policy resulted in lower, higher, or about the same overall costs compared to before the policy? Please check one box.

- Lower overall costs
 - No meaningful difference in overall costs
 - Higher overall costs
- Please provide supporting documentation. Continue to Question 33*

- Don't know because it is too soon to evaluate
 - Don't know for some other reason
- Please continue to Question 33*

We don't track increased or decreased costs related to the flat rate per diem policy .. → *Please skip to Question 34*

33. Has the flat rate per diem policy resulted in lower, higher, or about the same costs for your shipyard or depot compared to before the policy for each cost listed below? Please check one box per row.

Cost	Lower costs	No meaningful difference in costs	Higher costs	Don't know because it is too soon to evaluate	Don't know for some other reason
Lodging	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
M&IE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Airfare	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Car rental	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Travel paperwork processing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overtime for travel office staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other important costs not listed above (please describe in the spaces below)					
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
...					

Appendix III: Key Questions from our Questionnaire on the Flat Rate Per Diem Policy for Depots

a. If higher or lower costs for any of the categories in table above, please provide documentation that supports your conclusion.

34. In the first column of the table below, please list the unions that represent employees at your shipyard or depot. Then complete the rest of the table. *If there are any memoranda of understanding related to the flat rate per diem policy between your shipyard or depot and the unions representing employees at your shipyard or depot, please provide copies.*

Union Name or Acronym	On what date did or will the policy become effective at your shipyard or depot for employees represented by this union?	Has your shipyard or depot and the Union completed bargaining at the local level related to the flat rate per diem policy?	
	→→	Yes... <input type="checkbox"/> →→→ No ... <input type="checkbox"/> →→→	Bargaining completion date: Have bargaining discussions begun? Yes <input type="checkbox"/> No . <input type="checkbox"/>
...			

a. If you have any additional information about union agreements or bargaining at your shipyard or depot that you want to tell us, please provide it in the box below. [OPEN ENDED]

Appendix IV: Comments from the Department of Defense

Appendix IV: Comments from the Department
of Defense



MANPOWER AND
RESERVE AFFAIRS

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
1500 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-1500

MAY 4 2017

Ms. Zina D. Merritt
Director, Defense Capabilities Management
U.S. Government Accountability Office
441 G Street, NW
Washington DC 20548

Dear Ms. Merritt:

This is the Department of Defense (DoD) response to the GAO Draft Report GAO-17-353SU, "DOD JOINT TRAVEL REGULATIONS: Actions Are Needed to Clarify Flat Rate Per Diem Policy," dated March 30, 2017 (GAO Code 100661). Comments on the recommendations contained in the draft report are enclosed.

I appreciate the opportunity to comment on this report. My point of contact is Joel Ridenour who can be reached at joel.t.ridenour.civ@mail.mil or (571) 372-1323.

Sincerely,

A handwritten signature in black ink, appearing to read "Lernes J. Hebert".

Lernes J. Hebert
Acting Deputy Assistant Secretary
(Military Personnel Policy)

Enclosure:
As stated

GAO DRAFT REPORT DATED MARCH 30, 2017
GAO-17-353SU (GAO CODE 100661)

**“DOD JOINT TRAVEL REGULATIONS: ACTIONS ARE NEEDED TO CLARIFY FLAT
RATE PER DIEM POLICY”**

**DEPARTMENT OF DEFENSE COMMENTS
TO THE GAO RECOMMENDATION**

RECOMMENDATION 1: “Revise the Joint Travel Regulations policy related to the flat rate per diem to provide clear language concerning (1) what is meant by proof of lodging, and (2) at what point in the travel process the M&IE waiver for actual expenses should be requested and approved.”

DoD RESPONSE: Concur. The Secretary of Defense, through the Per Diem, Travel and Transportation Allowance Committee is initiating a change to the Joint Travel Regulations that explains (1) for flat rate per diem an itemized receipt is not required but that a signed lease, government travel charge card statements, or canceled checks could substitute as proof that the traveler incurred lodging expenses, and (2) that a waiver for full M&IE must be authorized in advance but actual expense up to the locality rate can be approved after expenses have been incurred.

RECOMMENDATION 2: “Establish procedures to ensure that required processes to inform major Joint Travel Regulations policy changes are completed prior to the approval of those changes.”

DoD RESPONSE: Concur. The Secretary of Defense will establish procedures to ensure that affected stakeholders are notified about major changes to travel regulations before implementation.

RECOMMENDATION 3: “Incorporate principles from Office of Management and Budget Circular A-94, including the costs and benefits of effects that may be difficult to quantify or monetize, into future assessments related to major Joint Travel Regulations changes.”

DoD RESPONSE: Concur. The Department agrees it will incorporate the principles from OMB Circular A-94 to the greatest extent practical. In cases where an analysis is totally subjective and could be presumptive, such as when members’ and employees’ opinions of future Joint Travel Regulations changes under consideration cannot be quantified, care will be taken to create an additional measure of actual benefits after the regulation has taken effect.

RECOMMENDATION 4: “Incorporate principles from Office of Management and Budget Circular A-94, including the costs and benefits of effects that may be difficult to quantify or monetize, into future assessments related to the flat rate per diem policy, such as the draft Performance Measurement Plan.”

DoD RESPONSE: Concur. The Department will incorporate the principles from OMB Circular A-94 in its performance measurement plan for flat rate per diem. We believe that creating a monetary measurement of how employees “may feel” or “may perform” and comparing that with the cost of efficiency to the agency has little value, especially given that this report shows that there is no meaningful difference in the ability to deliver a quality product, the timeliness of work, or the ability to perform the mission.

Appendix V: GAO Contact and Staff Acknowledgments

GAO Contact

Zina D. Merritt, 202-512-5257 or merrittz@gao.gov

Staff Acknowledgments

In addition to the contact named above, key contributors to this report were Marilyn Wasleski, Assistant Director; and David Ballard, Vincent Buquicchio, Rebecca Guerrero, Timothy Guinane, Kelly Turner, Amie Lesser, Michael Silver, Natalie Swabb, and Cheryl Weissman.

Appendix VI: Accessible Data

Data Tables

Figure 1: Department of Defense's Per Diem, Travel and Transportation Allowance Committee Structure

Per Diem, Travel and Transportation Allowance Committee (the Committee)

- Deputy Assistant Secretary of Defense, Military Personnel Policy (Chair)
- Army^a
- Navy (Marine Corps)^a
- Air Force^a
- The Director of Reserve and Military Personnel, U.S. Coast Guard^b
- Director of National Oceanic and Atmospheric Administration Corps^c
- The Director, Division of Commissioned Corps Personnel and Readiness^d

Military Advisory Panel^e

- Defense Travel Management Office (DTMO) (non-voting Chair)^f
- Army
- Navy
- Marine Corps
- Air Force

- U.S. Coast Guard
- National Oceanic and Atmospheric Administration
- U.S. Public Health Services
- Defense Finance and Accounting Service (DFAS) (non-voting representative)
- U.S. Transportation Command (USTRANSCOM) (non-voting representative)

Civilian Advisory Panel^e

- DTMO (non-voting Chair)
- Army
- Navy
- Marine Corps
- Air Force
- Office of the Secretary of Defense (OSD)^g
- DFAS (non-voting representative)
- USTRANSCOM (non-voting representative)

Source: GAO analysis of Department of Defense information. GAO-17-353

Figure 2: Department of Defense's Per Diem, Travel and Transportation Allowance Committee Processes Used in Considering a Major Change to the Joint Travel Regulations

1. A proposed change is presented to the Per Diem, Travel and Transportation Allowance Committee (the Committee).^a
2. The Defense Travel Management Office (DTMO) designates what type of action the proposed Joint Travel Regulations (JTR) change represents.^b

3. DTMO coordinates the major change with members of the Advisory Panels through a memorandum (Memorandum 1), which contains the purpose of the proposed change, provides draft language, and requests concurrence and comments from each member.^c
4. Legal Counsel reviews the major change to determine legal sufficiency.
5. DTMO generates a second memorandum (Memorandum 2), which formalizes the position of each member of the Advisory Panels and the non-voting representatives by detailing each component's concurrence/non-concurrence and comments on the major change.
6. Members of the Advisory Panels vote on the major change at their next meeting.^d
7. Members of the Committee provide their concurrence or non-concurrence with the major change in writing.
8. The Committee Chair concurs with the major change in writing.^e

Source: GAO analysis of Committee information. | GAO-17-353

Figure 3: Department of Defense Depot Maintenance Industrial Sites

Depot Site Name	Location
Fleet Readiness Center East	Cherry Point, North Carolina
Fleet Readiness Center Southeast	Jacksonville, Florida
Corpus Christi Army Depot	Corpus Christi, Texas
Red River Army Depot	Texarkana, Texas
Anniston Army Depot	Anniston, Alabama
Letterkenny Army Depot	Letterkenny, Pennsylvania
Tobyhanna Army Depot	Tobyhanna, Pennsylvania
Fleet Readiness Center Southwest	San Diego, California
Norfolk Naval Shipyard	Portsmouth, Virginia
Pearl Harbor Naval Shipyard	Honolulu, Hawaii
Portsmouth Naval Shipyard	Kittery, Maine
Puget Sound Naval Shipyard	Bremerton, Washington
Albany Production Plant	Albany, Georgia

Barstow Production Plant	Barstow, California
Ogden Air Logistics Complex	Ogden, Utah
Oklahoma City Air Logistics Complex	Oklahoma City, Oklahoma
Warner Robins Air Logistics Complex	Warner Robins, Georgia

Source: GAO analysis of Department of Defense documents. GAO-17-353

Figure 4: Depot Officials Reported That the Flat Rate Per Diem Policy Has Affected Civilian Employees' Willingness to Volunteer on Long-term Temporary Duty
Willingness to volunteer for long-term temporary duty assignments

Category	Count/Percent
Not applicable	1 (6%)
More willing	1 (6%)
No meaningful difference	2 (13%)
Less willing	9 (56%)
Don't know	3 (19%)

Figure 5: Depot Officials Reported Little Impact from Department of Defense's Flat Rate Per Diem Policy on Depot Operations
Quality of work

Category	Count
Increased quality	0
No meaningful difference	12
Decreased quality	0
Don't know	4

Ability to deliver a quality product

Category	Count
Easier to deliver	0
No meaningful difference	9
Harder to deliver	3
Don't know	4

Timeliness of work

Category	Count
Improved timeliness	0
No meaningful difference	9
Worsened timeliness	2

Don't know	5
Ability to perform mission	
Category	Count
Increased ability	0
No meaningful difference	10
Decreased ability	2
Don't know	4

Agency Comment Letters

Text of Appendix III: Key Questions from our Questionnaire on the Flat Rate Per Diem Policy for Depots

Appendix III: Key Questions from our Questionnaire on the Flat Rate Per Diem Policy for Depots

Below we show the verbatim wording of key questions from our questionnaire whose results are discussed in this report.¹

¹ In the report we generally refer to the depot maintenance industrial sites—Army and Marine Corps depots, Navy Fleet Readiness Centers and Navy shipyards, and Air Force Air Logistics Complexes—as depots.

2. To which specific CONUS and OCONUS locations did your civilian employees travel TDY for 31 days or more most frequently from August 1, 2015 through July 31, 2016? Please list up to ten locations. [OPEN ENDED]

8. What benefits of the flat rate per diem policy, if any, have you observed related to civilian travel at your shipyard or depot that was added to the JTR on November 1, 2014? [OPEN ENDED]

9. Overall, are civilian employees more willing to volunteer for long-term TDY or less willing to volunteer for long-term TDY as a result of the flat rate per diem policy than they were before the policy, or has there been no meaningful difference in willingness to volunteer as a result of the flat rate per diem policy? Please check one box.

More willing to volunteer for long-term TDY → *Please continue to Question "a"*

No meaningful difference in willingness → *Please skip to Question 11*

Less willing to volunteer for long-term TDY → *Please continue to Question "a"*

Don't know because it is too soon to evaluate → Please skip to Question 11

Don't know for some other reason → Please skip to Question 11

N/A - Employees do not volunteer → Please skip to Question 11

a. If More or Less willing, what have been the impacts on your shipyard or depot's operations, if any? Please provide supporting documentation. [OPEN ENDED]

11. What challenges related to civilian travel at your shipyard or depot other than those you have mentioned in the questions above, if any, have you experienced as a result of the flat rate per diem policy? [OPEN ENDED]

14. The JTR indicates that under the flat rate per diem policy lodging receipts are not required, but proof that lodging costs were incurred is required. How does your shipyard or depot ensure that a traveler receiving the flat rate per diem incurred lodging costs? [OPEN ENDED]

15. How many requests to authorize the full lodging amount for civilian employees traveling from your shipyard or depot on long-term TDY have been submitted since the flat rate per diem policy took effect, if any? In this question we are interested in requests to authorize the full GSA per diem rate for lodging beyond the amount allocated under the flat rate per diem policy, not requests to authorize

¹ In the report we generally refer to the depot maintenance industrial sites—Army and Marine Corps depots, Navy Fleet Readiness Centers and Navy shipyards, and Air Force Air Logistics Complexes—as depots.

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lodging amounts beyond the GSA per diem rate. If possible, please provide an example of a request. (See paragraph 4250 B3 of the JTR for details on the process.)

NOTE: If your shipyard/depot has not tracked the number of requests to authorize the full lodging amount for civilian employees traveling on long-term TDY since the flat rate per diem policy took effect, then please check the box to the right. Otherwise please enter a number in the box below.

Please skip to Question 17

19. A request process was added to the JTR on July 1, 2016, for which the Secretary, COCOM Commander, or Agency Director can authorize actual expenses for M&IE for all long-term TDY travelers when the flat rate per diem is not sufficient. Under this process, travelers requesting reimbursement in excess of the flat rate per

diem must provide receipts unless itemized charges are documented on the traveler's government travel charge card (see paragraph 4250 B11 for details on this process). What is your opinion of how this process will affect your workload? [OPEN ENDED]

a. What is your opinion of the feasibility of getting approval from your Secretary, COCOM Commander, or Agency Director for actual expenses for M&IE for civilian employees traveling on long-term TDY? [OPEN ENDED]

21. What benefits to your shipyard or depot's operations, if any, have you observed from the flat rate per diem policy for civilian employees that was added to the JTR on November 1, 2014? [OPEN ENDED]

22. Overall, has the quality of work done by your shipyard or depot's civilian employees while on long-term TDY increased or decreased as a result of the flat rate per diem policy, or has there been no meaningful difference in that quality as a result of the flat rate per diem policy? *Please check one box.*

Increased quality → *Please continue to Question "a"*

No meaningful difference in quality → *Please skip to Question 24*

Decreased quality → *Please continue to Question "a"*

Don't know because it is too soon to evaluate → *Please skip to Question 24*

Don't know for some other reason → *Please skip to Question 24*

a. If Increased or Decreased quality while on long-term TDY, what have been the impacts on your shipyard or depot's operations, if any? *Please provide supporting documentation.* [OPEN ENDED]

24. Overall, is it easier or harder to deliver a quality product at your shipyard or depot as a result of the flat rate per diem policy, or has there been no meaningful difference as a result of the flat rate per diem policy?

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Easier to deliver a quality product → *Please continue to Question "a"*

No meaningful difference in ability → *Please skip to Question 26*

Harder to deliver a quality product → *Please continue to Question "a"*

Don't know because it is too soon to evaluate → *Please skip to Question 26*

Don't know for some other reason → *Please skip to Question 26*

a. If easier or harder to deliver a quality product, what have been the impacts on your shipyard or depot's operations, if any? Please provide supporting documentation. [OPEN ENDED]

26. Overall, has the timeliness of work done by your shipyard or depot's civilian employees while on long-term TDY improved or worsened as a result of the flat rate per diem policy, or has there been no meaningful difference in that timeliness as a result of the flat rate per diem policy? Please check one box.

Improved timeliness → *Please continue to Question "a"*

No meaningful difference in timeliness → *Please skip to Question 28*

Worsened timeliness → *Please continue to Question "a"*

Don't know because it is too soon to evaluate → *Please skip to Question 28*

Don't know for some other reason → *Please skip to Question 28*

a. If Improved or Worsened timeliness while on long-term TDY, what have been the impacts on your shipyard or depot's operations, if any? Please provide supporting documentation. [OPEN ENDED]

28. Overall, has your shipyard or depot's ability to perform its mission increased or decreased as a result of the flat rate per diem policy, or has there been no meaningful difference as a result of the flat rate per diem policy? Please check one box.

Increased ability → *Please continue to Question "a"*

No meaningful difference in ability → *Please skip to Question 30*

Decreased ability → *Please continue to Question "a"*

Don't know because it is too soon to evaluate → *Please skip to Question 30*

Don't know for some other reason → *Please skip to Question 30*

a. If Increased or Decreased ability to perform your mission, what have been the impacts on your depot or shipyard's operations, if any? Please provide supporting documentation. [OPEN ENDED]

30. What challenges related to your shipyard or depot's operations, other than those you have mentioned in the questions above, if any, have you experienced as a result of the flat rate per diem policy for civilian employees? [OPEN ENDED]

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32. Has the flat rate per diem policy resulted in lower, higher, or about the same overall costs compared to before the policy? Please check one box.

Lower overall costs	<i>Please provide supporting documentation. Continue to Question 33</i>
No meaningful difference in overall costs	
Higher overall costs	
Don't know because it is too soon to evaluate	<i>Please continue to Question 33</i>
Don't know for some other reason	
We don't track increased or decreased costs related to the flat rate per diem policy ..	→ Please skip to Question 34

33. Has the flat rate per diem policy resulted in lower, higher, or about the same costs for your shipyard or depot compared to before the policy for each cost listed below? Please check one box per row.

Cost	Lower costs	No meaningful difference in costs	Higher costs	Don't know because it is too soon to evaluate	Don't know for some other reason
Lodging					
M&IE					
Airfare					
Car rental					
Travel paperwork processing					
Overtime for travel office staff					
Other important costs not listed above (please describe in the spaces below)					
..					

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a. If higher or lower costs for any of the categories in table above, please provide documentation that supports your conclusion.
34. In the first column of the table below, please list the unions that represent employees at your shipyard or depot. Then complete the rest of the table. If there are any memoranda of understanding related to the flat rate per diem policy between your shipyard or depot and the

unions representing employees at your shipyard or depot, please provide copies.

Union Name or Acronym	On what date did or will the policy become effective at your shipyard or depot for employees represented by this union?	Has your shipyard or depot and the Union completed bargaining at the local level related to the flat rate per diem policy?	
→→		Yes .. →→→	Bargaining completion date:
		No ... →→→	Have bargaining discussions begun?
			Yes
			No .

a. If you have any additional information about union agreements or bargaining at your shipyard or depot that you want to tell us, please provide it in the box below. [OPEN ENDED]

Text of Appendix IV: Comments from the Department of Defense

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OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

1500 DEFENSE PENTAGON

WASHINGTON, D.C. 20301-1500

MANPOWER AND

RESERVE AFFAIRS

Ms. Zina D. Merritt

Director, Defense Capabilities Management

U.S. Government Accountability Office 441 G Street, NW

Washington DC 20548 Dear Ms. Merritt:

This is the Department of Defense (DoD) response to the GAO Draft Report

GAO- 17-353SU, "DOD JOINT TRAVEL REGULATIONS: Actions Are Needed to Clarify Flat Rate Per Diem Policy," dated March 30, 2017 (GAO Code 100661). Comments on the recommendations contained in the draft report are enclosed.

I appreciate the opportunity to comment on this report. My point of contact is Joel Ridenour who can be reached at joel.t.ridenour.civ@mail.mil or (571) 372- 1323.

Sincerely,

Lernes J. Hebert

Acting Deputy Assistant Secretary (Military Personnel Policy)

Enclosure: As stated

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GAO DRAFT REPORT DATED MARCH 30, 2017 GAO-17-353SU (GAO CODE 100661)

DEPARTMENT OF DEFENSE COMMENTS TO THE GAO RECOMMENDATION

RECOMMENDATION 1: "Revise the Joint Travel Regulations policy related to the flat rate per diem to provide clear language concerning (1) what is meant by proof of lodging, and (2) at what point in the travel process the M&IE waiver for actual expenses should be requested and approved."

DoD RESPONSE: Concur. The Secretary of Defense, through the Per Diem, Travel and Transportation Allowance Committee is initiating a change to the Joint Travel Regulations that explains (1)for flat rate per diem an itemized receipt is not required but that a signed lease, government travel charge card statements, or canceled checks could substitute as proof that the traveler incurred lodging expenses, and (2) that a waiver for full M&IE must be authorized in advance but actual expense up to the locality rate can be approved after expenses have been incurred.

RECOMMENDATION 2: “Establish procedures to ensure that required processes to inform major Joint Travel Regulations policy changes are completed prior to the approval of those changes.”

DoD RESPONSE: Concur. The Secretary of Defense will establish procedures to ensure that affected stakeholders are notified about major changes to travel regulations before implementation.

RECOMMENDATION 3: “Incorporate principles from Office of Management and Budget Circular A-94, including the costs and benefits of effects that may be difficult to quantify or monetize, into future assessments related to major Joint Travel Regulations changes.”

DoD RESPONSE: Concur. The Department agrees it will incorporate the principles from OMB Circular A-94 to the greatest extent practical. In cases where an analysis is totally subjective and could be presumptive, such as when members’ and employees’ opinions of future Joint Travel Regulations changes under consideration cannot be quantified, care will be taken to create an additional measure of actual benefits after the regulation has taken effect.

RECOMMENDATION 4: “Incorporate principles from Office of Management and Budget Circular A-94, including the costs and benefits of effects that may be difficult to quantify or monetize, into future assessments related to the flat rate per diem policy, such as the draft Performance Measurement Plan.”

DoD RESPONSE: Concur. The Department will incorporate the principles from OMB Circular A-94 in its performance measurement plan for flat rate per diem. We believe that creating a monetary measurement of how employees “may feel” or “may perform” and comparing that with the cost of efficiency to the agency has little value, especially given that this report shows that there is no meaningful difference in the ability to deliver a quality product, the timeliness of work, or the ability to perform the mission.

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