

REPORT TO THE CONGRESS



BY THE COMPTROLLER GENERAL
OF THE UNITED STATES



Special Travel Benefits For Federal Employees In Hawaii, Alaska, And Similar Areas Outside The Continental U.S. Should Be Changed

General Services Administration- —

Some Federal employees and their families in States, territories and possessions outside the continental U.S. receive periodic Government-paid trips back to their former residences. Because of changed conditions and requirements since the travel law was enacted over 20 years ago, the special benefits are often no longer appropriate.

Federal administrators are precluded, by law, from terminating or adjusting the benefit under the program. Accordingly, the law should be changed to allow the payments to be made only where needed for recruitment and retention purposes.

FPCD-76-65

MARCH 2, 1977

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D. C. 20548

B-122796

To the President of the Senate and the
Speaker of the House of Representatives

This report discusses the need to change the policy of providing reemployment travel benefits to certain Federal employees serving in Alaska, Hawaii, and other nonforeign areas outside the continental United States. Conditions in the nonforeign areas where most Federal employees are located have changed considerably over the years, but the authorizing legislation has not been updated.

We made our review pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

We are sending copies of this report to the Director, Office of Management and Budget; the Executive Director, Civil Service Commission; and the Administrator, General Services Administration.

R. H. K. 11/1/67
ACTING Comptroller General
of the United States

COMPTROLLER GENERAL'S SPECIAL TRAVEL BENEFITS FOR FEDERAL
REPORT TO THE CONGRESS EMPLOYEES IN HAWAII, ALASKA, AND
 SIMILAR AREAS OUTSIDE THE CONTINENTAL
 U.S. SHOULD BE CHANGED
 General Services Administration

D I G E S T

When some Federal employees in duty posts in States, territories and possessions outside the continental U.S. take leave between tours of duty to visit their former residence, the Government pays round trip travel and transportation expenses for them and their immediate families.

In most cases, these benefits are no longer appropriate, and GAO recommends that the Congress change the policy governing their payment.

The law authorizing the travel benefits was enacted in 1954--when Alaska and Hawaii were territories--to provide a recruiting incentive to persons in the continental U.S. to accept Federal employment in such areas. Since then the cost of providing the benefits has grown to several million dollars annually.

Conditions in the areas where most Federal employees are located have changed considerably since 1954, but program administrators are not authorized under the law to terminate or adjust the benefits.

As a result, Federal agencies continue to incur round trip travel costs for employees and their families, although

- changes in population and economics have made many of these duty posts comparable to urban areas anywhere in the Nation,
- most other employers GAO contacted do not find it necessary to offer such benefits to further the recruitment and retention of qualified employees,
- many employees receiving the benefits have become permanent residents of the areas, and

--many employees appear to be using their benefits for touring rather than returning to their former residences. (See pp. 3 to 7.)

Substantial savings could be achieved if Federal administrators were authorized to determine when to offer the travel benefits and if more specific criteria were established for limiting the benefits.

Officials at agencies in Alaska believed the benefits were needed to recruit and retain qualified personnel for remote duty stations. They generally agreed that more flexibility is needed in determining when to offer reemployment travel benefits, and that the benefits should not be continued for employees who become Alaska residents. The General Services Administration and the Civil Service Commission also generally agreed that changes to the 1954 law are desirable. (See pp. 7 and 8.)

The Congress should amend the law to

- authorize Federal administrators, within guidelines prescribed by the General Services Administration and the Civil Service Commission, to offer reemployment travel benefits only when they determine it necessary to further the recruitment and retention of qualified personnel and
- limit the number of years that employees may continue to receive reemployment travel benefits, except for specific instances (e.g., isolated or hardship posts) where there is a demonstrated need to provide the benefits on a continuing basis.

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ABBREVIATIONS

GAO	General Accounting Office
GSA	General Services Administration

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CHAPTER 1

INTRODUCTION

Public Law 83-737 (5 U.S.C. 5726(a)), enacted in 1954, provides for reemployment leave travel benefits to help Federal agencies recruit and retain employees at nonforeign posts outside the continental United States. a/ The law provides that the Government will pay round trip travel expenses for employees and their immediate families from their posts of duty outside the continental United States to their places of actual residence at the time of appointment or transfer to such posts, in order to take leave.

The General Services Administration (GSA) prescribes implementing regulations for Federal agencies administering reemployment travel benefits. An employee must have satisfactorily completed a tour of duty at an outlying post and be returning to his former place of residence to take leave before reemployment at the same or some other outlying post, under a new written agreement entered into before departing from the nonforeign post. The benefits have not been provided to employees who are recruited locally.

In 1966, we reported to the Congress on the administration of the reemployment travel program in Alaska and Hawaii. The report suggested that because of changed conditions, the program needed to be revised to comply with congressional intent. Federal officials' inability to discontinue the benefits when they were no longer appropriate had resulted in increased costs to the Government. Although the agencies involved generally agreed with our recommendations, the law was not changed.

We reexamined the reemployment travel program in 1976 to determine what improvements are needed now.

Our review at 5 agencies in Alaska, with a total of 6,068 employees, showed that 569 of the employees received reemployment travel benefits during fiscal year 1975 at a total cost to the Government of \$595,850, as shown below.

a/The law provides similar benefits for employees at foreign duty posts. We did not include the foreign program in our review.

<u>Alaskan agency</u>	<u>Total employ- ees</u>	<u>Employees receiving benefits in FY 1975</u>	<u>Cost of providing benefits in FY 1975</u>	<u>Average cost</u>
U.S. Air Force Elmendorf AFB	1,442	67	\$ 20,320	\$1,199
U.S. Army, Fort. Richardson	1,627	82	84,597	1,032
Federal Aviation Administration	1,594	315	312,441	992
Bureau of Land Management	375	63	68,594	1,089
Alaska Area Native Health Service	<u>1,030</u>	<u>42</u>	<u>49,898</u>	1,188
Total	<u>6,068</u>	<u>569</u>	<u>\$595,850</u>	\$1,047

These agencies employ about 12 percent of the almost 49,000 employees stationed in nonforeign areas. Statistics on overall costs are not available. Although eligibility rates, frequency of trips, and transportation costs may vary among the areas, the total cost of the reemployment travel program is probably several million dollars annually.

SCOPE OF REVIEW

This followup review was limited to Alaska and was conducted primarily at three Federal activities: the Federal Aviation Administration, the Bureau of Land Management, and Elmendorf Air Force Base. We also obtained basic program data from the Public Health Service's Alaska Area Native Health Service in Anchorage, and from the Army at Fort Richardson. Besides reviewing pertinent records and documents, we interviewed agency officials responsible for administering reemployment travel benefits. We also interviewed representatives of several private employers, the State of Alaska, and the Municipality of Anchorage.

We examined the legislative history of the reemployment travel program and reviewed pertinent GSA records pertaining to the program. We also interviewed GSA headquarters officials.

CHAPTER 2

FLEXIBLE ADMINISTRATIVE AUTHORITY IS NEEDED

TO SEE THAT TRAVEL BENEFITS ARE

PROVIDED ONLY WHEN NECESSARY

The legislative history of the reemployment travel program indicates that the benefits were designed for employees recruited in the continental United States with skills not available in the nonforeign areas. The benefits were not designed for employees who intended to become permanent residents of the areas. The legislative history also indicates that the need for the program in Alaska and Hawaii was to be reevaluated if and when the territories became States.

Conditions have changed considerably in some nonforeign areas since reemployment travel benefits were authorized, and the need for the program has become questionable in many situations. But, the authorizing legislation does not allow Federal administrators to adjust the program for changed conditions and requirements. Federal agencies continue to provide reemployment travel benefits even though

- most nonforeign duty posts have become much more desirable places to work and live,
- non-Federal employers generally do not provide similar benefits,
- many employees receiving the benefits have become permanent residents of the areas, and
- many employees appear to be using their reemployment travel benefits for touring rather than returning to their original places of residence as intended by the law.

REEMPLOYMENT TRAVEL BENEFITS ARE BEING PROVIDED UNNECESSARILY

Conditions in some nonforeign areas have changed considerably since reemployment travel benefits were authorized by the Congress over 20 years ago. In both Alaska and Hawaii, where 75 percent of the Federal employees working in nonforeign posts are located, population and labor force have increased substantially, as shown below.

	Alaska		Hawaii	
	<u>Population</u>	<u>Labor force</u>	<u>Population</u>	<u>Labor force</u>
1950	128,000	47,000	500,000	185,000
1960	229,000	57,000	642,000	189,000
1970	304,000	93,000	774,000	294,000
1974	337,000	120,000	847,000	333,000

Rapid growth has helped develop urban centers in these nonforeign areas to a point where they are not unlike other U.S. urban areas. Anchorage, Alaska's largest city and the home of most of Alaska's Federal employees, has a population of about 175,000 and offers community services and facilities comparable to those available in other U.S. urban areas. Similar development has occurred in Honolulu, Hawaii's largest city.

Because of rapid growth and urbanization, most nonforeign duty posts have become much more desirable places to work and live. Special benefits, such as reemployment travel, generally are no longer necessary to recruit and retain qualified personnel.

Our review in Alaska indicated that Federal agencies are continuing to offer reemployment travel benefits to new employees recruited or transferred from the continental United States. In three agencies 35 percent of the employees eligible for reemployment travel had been hired within the last 2 years.

<u>Agency</u>	<u>Eligible employees</u>	<u>Eligible employees hired in last 2 years</u>	
		<u>Number</u>	<u>Percent</u>
Federal Aviation Administration	729	277	38
Bureau of Land Management	213	89	42
U.S. Air Force--Elmendorf AFB	275	63	23
Total	1,217	429	35

Interviews with eight non-Federal Alaskan employers revealed that most do not provide travel benefits similar to reemployment travel to employees hired or transferred from the continental United States. These employers reported that they generally hire local personnel, but most find it necessary to recruit a small percentage (e.g., highly specialized personnel) from the continental United States.

Four of six private employers contacted in Alaska told us they are able to recruit and retain qualified personnel without offering special travel benefits similar to those offered by Federal agencies. Officials of the State of Alaska and the Municipality of Anchorage said they do not offer special travel benefits, but neither reported serious problems in recruiting and retaining qualified personnel. The types of Alaskan employers we contacted are shown below.

<u>Type of business</u>	<u>Special reemployment travel benefits provided?</u>
Oil exploration and marketing	a/Yes
Public utility	No
Commercial airline	No
Communications	No
Shipping	b/Yes
Banking	No
State government	No
Local government	No

a/Company pays round trip travel expenses to previous place of residence for employee and family once every 2 years.

b/Company pays the air fare for an annual trip to Seattle for the employee and family.

Many Federal employees in Alaska continue to receive reemployment travel benefits although they have worked and lived in Alaska for a long time. For three agencies reviewed, 54 percent of the employees eligible for reemployment travel benefits had worked in Alaska over 4 years and about 20 percent had worked in Alaska for over 10 years, as shown below.

<u>Agency</u>	<u>Employees eligible for benefits</u>	<u>Eligible employees who have worked in Alaska for over</u>			
		<u>4 years</u>		<u>10 years</u>	
		<u>No.</u>	<u>Percent</u>	<u>No.</u>	<u>Percent</u>
Federal Aviation Administration	729	375	51.4	85	11.7
Bureau of Land Management	213	83	39.0	41	19.2
U.S. Air Force-- Elmendorf AFB	275	199	72.4	119	43.3
Total	1,217	657	54.0	245	20.1

At one agency, 11.3 percent of the employees eligible for reemployment travel benefits had been working in Alaska over 20 years. Some employees who have worked in Alaska for as long as 28 years are still eligible for the round trip travel benefits.

The legislation authorizing reemployment travel and testimony given before its enactment indicate that the benefits were authorized to allow employees and their dependents to return periodically to their former residences. However, many employees appear to be using reemployment travel for touring rather than for returning to their former residences.

The law authorizes employee travel to the actual residence at time of assignment to the nonforeign post, and GSA travel regulations permit travel to an alternate location. The only restrictions on selection of an alternate location are: (1) the location selected must be in the United States, its territories or possessions, Puerto Rico, the Canal Zone, or another country in which the place of actual residence is located, and (2) the amount allowed for travel and transportation expenses to an alternate location cannot exceed the amount that would be allowed for travel to the place of actual residence.

Although some employees in Alaska did use their reemployment travel benefits to return to their homes of record, most used the benefits to travel to other locations. Our review of reemployment travel taken by 37 employees during fiscal year 1975 showed that

- 22 percent of the employees went only to their homes of record,

- 32 percent visited other locations in addition to their homes of record, and

- 46 percent did not visit their homes of record at all.

At one agency in Alaska, we examined the travel destinations of 124 employees who had taken one or more reemployment travel trips. Twenty percent had made at least one reemployment trip to Hawaii, although none showed Hawaii as their home of record. One of these employees had made six reemployment trips to Hawaii, even though his home of record was in Colorado.

Examples of how some Federal employees in Alaska used this travel benefit for touring rather than for returning to their homes of record include the following:

--An employee who showed Minnesota as his home of record traveled with his dependents to Hawaii, Washington, California, Nevada, Wyoming, South Dakota, North Dakota, Minnesota, and Montana on one reemployment trip.

--An employee who showed Los Angeles as his home of record traveled to Portland, Oregon; St. Cloud, Minnesota; and Frankfurt, Germany, on one reemployment trip. Two dependents traveled on separate dates to separate locations.

--An employee who showed Midland, Texas, as his home of record spent 1 day in Midland, but also traveled to Denver, Dallas, and Las Vegas on one reemployment trip. Three dependents also traveled and all went to locations other than Midland.

Using the reemployment travel benefits for touring appears contrary to the intent of the authorizing legislation and demonstrates the need to update the program.

NEED FOR BENEFITS CONTINUES IN CERTAIN SITUATIONS

Although the required use of reemployment travel benefits no longer seems appropriate, selective use of the benefits appears justified in certain instances. For example, several Federal agencies have personnel assigned to isolated duty stations in Alaska. Many of these duty stations are hundreds of miles from urban areas, are not connected to a highway system, and are sparsely populated. Federal officials responsible for administering the travel benefits program at the agencies we visited emphasized that reemployment travel benefits are still needed to recruit and retain qualified personnel for such isolated duty stations.

AGENCY COMMENTS

We discussed the reemployment travel program with Federal officials at five agencies in Alaska. These officials generally agreed that the program needed certain revisions, although representatives of one agency opposed any changes because of the possible damage to employee morale.

Most of the officials agreed that more flexibility in determining when to provide the benefits would be helpful and that the benefits should not be provided to employees who are established residents. All agreed that the benefits are still needed to recruit and retain qualified personnel for remote duty stations in Alaska.

Several officials pointed out that although any reductions in these benefits could hurt the morale of the affected employees, continuing the benefits hurts the morale of the many local employees who do not receive them.

Both GSA and the Civil Service Commission generally agreed that changes in the law to provide greater flexibility would be desirable. GSA also suggested that any revised legislation should permit GSA to prescribe guidelines for Federal administrators to use in authorizing reemployment travel benefits, so that agency determinations would be predicated upon standard, uniform criteria. The Commission pointed out that such flexibility is included in the legislation (5 U.S.C. 5723) authorizing payment of moving and travel expenses for new Federal employees to their first posts of duty. Under that law, moving and travel expenses may be paid to new employees only when the Commission determines there is a shortage of well-qualified applicants for Federal positions.

CHAPTER 3

CONCLUSIONS AND RECOMMENDATIONS

Federal agencies continue to provide reemployment travel benefits at nonforeign duty posts although changed conditions often make the program questionable, since the law does not provide Federal administrators with the authority to terminate or adjust the benefits. Substantial savings could be realized by the Government if Federal administrators were granted authority to offer the benefits only when necessary to recruit and retain qualified personnel.

Many Federal employees continue to receive the special travel benefits although they have become established residents of the nonforeign areas, because the law contains no criteria for determining when an employee is no longer entitled to the benefits. Establishing specific criteria for terminating the benefits could substantially reduce program costs and help to see that the program is used only for the purposes intended by the Congress.

Many Federal employees appear to be using reemployment travel for touring rather than for returning to their former residences. Although such tour travel does not increase costs to the Government, it underscores the need for updating the program.

Updating the travel program would result in more consistent, equitable treatment of all Federal employees. Limiting the benefits to persons with original residences in the continental United States appears to be unfair to natives of the nonforeign areas, especially when many persons receiving the benefits have worked in the areas for several years and, in effect, have become permanent residents. Moreover, Federal employees in the continental United States, who may be employed at locations far removed from their original residences, do not receive similar benefits.

RECOMMENDATIONS

We are recommending that the Congress amend Public Law 83-737 to

- authorize Federal administrators, within guidelines prescribed by GSA and the Civil Service Commission, to offer reemployment travel benefits only when they determine it necessary to further the recruitment and retention of qualified personnel and

--limit the number of years that employees may continue to receive reemployment travel benefits, except for specific instances (e.g., isolated or hardship posts) where there is a demonstrated need to provide the benefits on a continuing basis.

APPENDIX I

APPENDIX I

UNITED STATES OF AMERICA
GENERAL SERVICES ADMINISTRATION
WASHINGTON DC 20405



August 31, 1976

Honorable Elmer B. Staats
Comptroller General of the United States
General Accounting Office
Washington, DC 20548

Dear Mr. Staats:

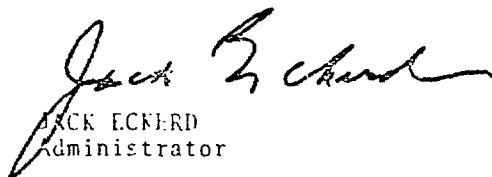
We have reviewed your proposed draft report to the Congress entitled "Travel Policy For Federal Employees In Nonforeign Locations Should Be Changed," and are in general agreement with your findings and recommendations.

Under 5 U.S.C. 5707 (a) and Executive Order 11609 dated July 22, 1971, GSA is responsible for prescribing the regulations necessary to implement the transportation, travel and relocation allowances for the civil agencies. Therefore, it is recommended that any amendment to the authorizing legislation be phrased in such a manner as to permit GSA to prescribe guidelines which the Federal administrators can use when authorizing reemployment travel benefits. We agree that the agencies should have the authority to determine when it is necessary to authorize reemployment benefits; however, those determinations should be predicated upon standard and uniform criteria in order to ensure equitable treatment of employees of all Federal agencies.

In addition, it should be emphasized that these recommendations apply to all nonforeign areas outside of the conterminous United States, and not just Alaska and Hawaii.

We are pleased to have the opportunity to comment on your draft report, and if we can be of further assistance, please let me know.

Sincerely,


JACK ECKERD
Administrator

APPENDIX II

APPENDIX II



UNITED STATES CIVIL SERVICE COMMISSION

WASHINGTON, D.C. 20415

JAN 3 1977

IN REPLY, PLEASE REFER TO

YOUR REFERENCE

Mr. H. L. Krieger, Director
Federal Personnel and Compensation
Division
United States General Accounting Office
Washington, D.C. 20548

Dear Mr. Krieger:

This responds to your letter of July 22, 1976, requesting the Commission's views on a draft report titled "Travel Policy For Federal Employees in Nonforeign Locations Should Be Changed."

We are in general agreement with your recommendation that additional flexibility would be desirable in the statute that authorizes reemployment travel benefits for employees in nonforeign areas. There is another statute (5 U.S.C. 5723) that permits payment of moving and travel expenses to the first post of duty when the Commission makes a finding of a shortage of well-qualified applicants for Federal positions. Perhaps the flexibility could be fashioned along the lines of section 5723. This approach would help assure that the authority was used where warranted to help fill Federal positions in overseas areas.

We would however, like to suggest a different approach to the review of the various allowances and benefits applicable to nonforeign areas.

The International Division in September 1974 issued a rather comprehensive report (E-180403) on allowances and benefits primarily in foreign areas but also touching on the situation in nonforeign locations. One of the recommendations in the report was that a comprehensive program of overseas allowances and benefits was needed to meet the needs of Federal agencies as well as employees.

We believe that part of the difficulty in the effective administration of overseas allowances and benefits, both nonforeign and foreign, stems from the patch-work approach followed in enacting various statutes with, in some instances, the legislation being handled by different Congressional committees.

THE MERIT SYSTEM—A GOOD INVESTMENT IN GOOD GOVERNMENT

APPENDIX II

APPENDIX II

In our judgment, it is important to assure that whatever overseas benefits or allowances now available or which may be needed are considered within the framework of an overall program that will be responsive to agency as well as employee needs. We believe that reviews of the nonforeign area programs should be conducted within such a comprehensive framework rather than separately addressing various elements such as the cost of living allowance program or travel policy. We also believe that such studies should consider whether the differences in allowances and benefits that exist between the nonforeign and foreign areas are in fact justified.

We appreciate the opportunity to comment on the draft report and hope our comments are helpful.

Sincerely yours,

Robert E. Hampton
Chairman

APPENDIX III

APPENDIX III

PRINCIPAL OFFICIALS
RESPONSIBLE FOR ADMINISTERING
ACTIVITIES DISCUSSED IN THIS REPORT

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
ADMINISTRATOR, GENERAL		
SERVICES ADMINISTRATION:		
Robert T. Griffin (acting)	Feb. 1977	Present
Jack Eckerd	Nov. 1975	Feb. 1977
Dwight A. Ink (acting)	Oct. 1975	Nov. 1975
Arthur F. Sampson	June 1972	Oct. 1975
Rod Kreger (acting)	Jan. 1972	June 1972
Robert L. Kunzig	Mar. 1969	Jan. 1972
Lawson B. Knott	a/June 1965	Mar. 1969

a/Before 1966, the reemployment leave program was administered by the Bureau of the Budget.