



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

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FEDERAL PERSONNEL AND
COMPENSATION DIVISION

B-125037

The Honorable Robert B. Pirie, Jr.
Assistant Secretary of Defense
Manpower, Reserve Affairs and
Logistics

AGC 01073



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Dear Dr. Pirie:

Subject: [Need for Reevaluation of Defense Separation
Travel Policy] (FPCD-80-24)

Savings of at least \$1 million annually can be achieved by paying separating servicemen only for travel actually performed, which is not the case today. Such payments would not adversely affect separating members and would be more equitable to the taxpayers. We brought this matter to your attention in our enclosed November 15, 1978 letter. We stated that the practice of paying an amount not to exceed the cost to the member's home of record or place from which ordered to active duty is not as appropriate as it once may have been. In view of today's highly mobile population, many departing personnel are undoubtedly choosing to establish new residences.

Defense officials responded on June 8, 1979 that the issue we raised was worthwhile but for the present, they did not plan to change current policy. They said that additional data was needed including a more accurate estimate of increases in administrative costs for alternative procedures.

We conducted an additional review at the Air Force accounting and finance office and the military personnel office of Lowry Air Force Base, Colorado, to determine the extra costs associated with our proposed changes. In our letter, we suggested two ways in which unnecessary travel expenses might be avoided:

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- Pay separation mileage allowances according to the intended future residence of the member based on

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member's certification, provided that payments do not exceed the distance to the member's home of record or place from which called to active duty.

--Put all mileage payments on an after-the-fact basis, the same as presently required for travel to home of selection upon retirement and for all dependent travel subject to the limitations described above. Transportation in kind or transportation requests could be furnished members who do not have enough money to return home on separation.

Air Force officials told us that our proposals would have little, if any, effect on personnel office processing since the personnel office is currently required to determine and enter in the separation orders the home of record, place of entry on active duty or enlistment, and future mailing address.

We requested Air Force personnel to estimate the processing time for the current method of paying separation travel and for our proposed methods. We applied Air Force standard rates for military personnel to compute the cost. The results of this analysis follow:

<u>Method of payment</u>	<u>Estimated processing time per case</u>	<u>Estimated Cost</u>
Current method to home or place ordered to active duty	15 minutes	\$1.22
Pay mileage allowance to intended future residence	18 minutes	1.46
Pay mileage costs on an after-the-fact basis	25 minutes	2.18

On the basis of our review, we estimated that additional administrative costs could range from \$12,000 to \$48,000 for the 50,000 annual Air Force separations. When compared to the potential annual savings in Air Force separation travel of \$1.3 million (see enclosure), these costs are not significant. Comparable savings can be expected in the other services.

The estimated costs of processing separation travel payments are for normal conditions. Problem cases requiring additional data or information would increase the estimated costs but they should be the exception.

The Government is unquestionably obligated to pay for necessary travel by military members including return home on termination of service. In our opinion, however, there is no convincing reason it should pay for travel not performed or not to be performed. As stated in our November 1978 letter, we believe that the Congress agreed to allow payment of separation travel allowances without proof of travel performed to simplify administrative procedures, not to provide additional compensation to personnel. Our review has indicated that those administrative procedures are not so costly as to warrant continued payment of separation travel allowances for travel not performed or not to be performed. We believe that either of the alternatives we proposed would more closely meet the intended purpose of the allowance and reduce travel costs in all of the services.

The Congress recently mandated a \$500 million reduction in travel and transportation expenses in the executive branch. Each executive department and agency is expected to review thoroughly current travel practices in an effort to eliminate unnecessary and excessive travel. We believe that our proposals for revising Defense's separation travel policy are one means of meeting Defense's share of the mandated reduction without adversely impacting Defense programs.

As part of another, congressionally requested review, we are assessing actions by agencies to reduce administrative travel costs and to implement the recent \$500 million directed reduction. We would appreciate an early response on your reactions to our suggestions in order to bring this matter to closure and for consideration in the other assignment.

Sincerely yours,



H. L. Krieger
Director

Enclosure



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WASHINGTON, D.C. 20548

FEDERAL PERSONNEL AND
COMPENSATION DIVISION

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NOV 15 1978

The Honorable Robert B. Pirie, Jr.
Acting Assistant Secretary of Defense

Dear Mr. Pirie:

We have completed a limited review of separation travel pay entitlements for uniformed personnel and wish to present an area for your consideration before performing further work. We believe that the Department of Defense (DOD) would benefit without adversely affecting separating personnel by paying them only for travel actually performed, which is not the case today. We recognize that the current practice--paying an amount not to exceed the cost to the member's home of record or place from which ordered to active duty--is longstanding and administratively easier. But we also feel that this practice is not as appropriate as it once may have been. In view of today's highly mobile population, many departing personnel are undoubtedly choosing to establish new residences. In recognizing these choices DOD could at the same time reduce separation travel costs.

AUTHORITY FOR SEPARATION
TRAVEL PAYMENTS

Section 303(a) of the Career Compensation Act of 1949, as amended (37 U.S.C. 404) provides that, under regulations prescribed by the Secretaries of the military departments, travel allowances may be paid on a serviceman's separation or release from active duty--the amount paid not to exceed the travel costs from his last duty station to his home of record or the place from which he was called or ordered to active duty (underscoring supplied).

At the request of DOD, a provision (37 U.S.C. 404(f)) was included that allowed a military member to be paid a separation travel allowance, regardless of whether he performed the travel involved. The purpose of the provision was to simplify administrative procedures by paying a mileage allowance at the time of separation, rather than requiring

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personnel to perform travel and submit claims for reimbursement.

DOD Joint Travel Regulations establish that a member on active duty who is separated from the Service or relieved from active duty is, with certain exceptions, entitled to a mileage allowance of 10 cents a mile from his last duty station to his home of record or the place from which he was ordered to active duty. Members opting for the mileage allowance receive it at the time of separation without regard to actual performance of travel.

SEPARATION ENTITLEMENTS DIFFER FOR DEPENDENTS

The Joint Travel Regulations entitle military members to receive additional separation travel allowances for dependents. However, regulations allow payment for dependent travel only to places where they intend to reside. Thus, while a military member can receive a travel allowance without regard to actual travel, his or her family may not.

For example, we identified an enlisted member who entered active duty (second tour) at Luke Air Force Base (AFB), Arizona. He was separated January 7, 1977, at Grissom AFB, Indiana, and elected to receive travel allowances to his place of enlistment (Luke AFB), 1,822 miles at 10 cents or \$182.20. At the same time, he showed Grand Forks, North Dakota as his future mailing address. He was paid transportation allowances for his dependents' travel from Grissom to Grand Forks, after their travel was actually performed. Thus, it is clear that Grand Forks, North Dakota, was his intended residence after separation, not Arizona. Had his transportation allowance been based on Grand Forks, he would have been paid for 861 miles, or \$86.10, instead of \$182.20, a savings of \$96.10.

POTENTIAL SAVINGS IF PAYMENTS BASED ON COSTS INCURRED

We examined separation mileage payments made during February 1977 at seven widely-spaced Air Force stations. For 30 percent (96 of 319) of the payments, the future mailing address of the separating member was different and/or closer to the point of separation than the home of record or the place from which called to active duty. Had the mileage allowance been paid according to the future mailing address, we estimated potential savings of about \$8,350, or \$87 per case. Based on about 50,000 Air Force separations during fiscal year 1977, we project total potential savings

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of about \$1.3 million (50,000 x 30 percent x \$87). The other military departments could expect similar savings.

SUGGESTED ACTION

There are two reasons for payment of mileage on separation without regard to actual performance of travel. First, advance payment assures that the member who does travel will have funds for his return home; second, it is simpler administratively than paying claims after travel is performed. On the other hand, payment without regard to actual performance results in considerably greater costs to the Government. This is true because of the election that is permitted between two places for payment of mileage. Naturally, in making elections, members will choose the greater of the two distances.

The Government is unquestionably obligated to pay for necessary travel by military members including return home on termination of service. There is no convincing reason why it should pay for travel not performed or not to be performed. We believe the Congress agreed to allow payment of separation travel allowances without proof of travel performed to simplify administrative procedures, not to provide additional compensation to personnel.

Some ways in which these unnecessary expenses might be avoided are:

- Pay separation mileage allowances according to the intended future residence of the member, provided that payments do not exceed the distance to the member's home of record or place from which called to active duty. Members electing to receive the advance mileage allowance would be asked to certify their intended travel destination. Our review indicates that payment made according to future residence could be implemented without legislative amendment and would not be an additional administrative burden.
- Put all mileage payments on an after-the-fact basis, the same as presently required for travel to home of selection upon retirement and for all dependent travel. Similar time limits for claiming payment would apply. Payment for travel to any place could then be allowed, not to exceed maximum entitlement, and provided travel is actually performed. Transportation in kind or transportation requests could be furnished members who do not have enough money to return home on separation, as is now done for certain other categories of separatees.

ENCLOSURE I

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We believe that either of the above alternatives would reduce travel costs and more closely meet the intended purpose of the allowance.

We would be pleased to discuss this area further should you desire and invite your comments on actions you plan to take.

Sincerely yours,



H. L. Krieger
Director