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APPROVED
MAY 29 1976

5/29/76

THE WHITE HOUSE
WASHINGTON
May 27, 1976

ACTION
Last Day: May 31

Post
6/1/76

to Archives
6/1/76

MEMORANDUM FOR
FROM:
SUBJECT:

THE PRESIDENT
JIM CANNON
H.R. 8089 - Per Diem Expenses
of Members of the Uniformed Services

Attached for your signature is H.R. 8089, sponsored by Representatives Price and Wilson.

The enrolled bill increases from \$25 to \$35 the maximum rate of per diem allowance for members of the uniformed services traveling on official business and increases from \$40 to \$50 the maximum reimbursement allowed under certain circumstances when actual travel expenses exceed the maximum per diem rate. The rates of reimbursement authorized in H.R. 8089 are identical to those authorized for civilian employees of the Federal Government.

OMB, Max Friedersdorf, Counsel's Office (Lazarus), NSC and I recommend approval of the enrolled bill.

RECOMMENDATION

That you sign H.R. 8089 at Tab B.





EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MAY 25 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 8089 - Per diem expenses
of members of the uniformed services
Sponsors - Rep. Price (D) Illinois and
Rep. Wilson (R) California

Last Day for Action

May 31, 1976 - Monday

Purpose

Increases from \$25 to \$35 the maximum rate of per diem allowance for members of the uniformed services traveling on official business and increases from \$40 to \$50 the maximum reimbursement allowed under certain circumstances when actual travel expenses of such members exceed the maximum per diem rate.

Agency Recommendations


Office of Management and Budget	Approval
Department of Defense	Approval
Department of Health, Education and Welfare	Approval (Informally)
Department of Transportation	No objection
General Services Administration	No objection

Discussion

Under existing law, members of the uniformed services traveling on official business are allowed a per diem of not more than \$25. For travel under "unusual circumstances," members may be authorized to receive reimbursement for actual and necessary expenses up to \$40 per day.

The enrolled bill substantially incorporates the provisions of a Defense Department legislative proposal. It would increase the maximum per diem allowed members of the uniformed services to \$35. Furthermore, it would provide that for travel under unusual circumstances or to "high cost" areas as prescribed in applicable regulations, members may be reimbursed for actual and necessary expenses up to \$50 per day.

The rates of reimbursement authorized in H.R. 8089 are identical to those authorized for civilian employees of the Federal Government by P.L. 94-22 (Travel Expense Amendments Act of 1975) which you signed on May 19, 1975. The new rates for members of the uniformed services would be effective on the first day of the first calendar month following the date of enactment.


Assistant Director for
Legislative Reference

Enclosure



OFFICE OF THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

MAY 21 1976

Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. Lynn:

Reference is made to your request for the views of the Department of Transportation concerning H.R. 8089, an enrolled bill

"To amend section 404(d) of title 37, United States Code, relating to per diem expenses of members of the uniformed services traveling on official business."

The enrolled bill increases the per diem allowances for members of the uniformed services traveling on official business from a flat rate of \$25 per day to actual and necessary expenses up to a maximum of \$35 per day. Under regulations to be prescribed by the Secretaries concerned, when travel is to a designated high cost area, or when actual and necessary expenses are expected to exceed \$35 per day, the maximum reimbursement is increased from \$40 per day to \$50 per day. These increases are identical to the increases provided for in Public Law 94-22 (approved May 19, 1975). Public Law 94-22 amended section 5702 of title 5, United States Code, increasing the per diem allowances for civilian Federal employees.

In view of the increased costs associated with travel, especially in metropolitan areas, we believe increasing the per diem allowances, as provided for in this enrolled bill, is appropriate.

This Department has no objection to the President's signing the enrolled bill.

Sincerely,

A handwritten signature in black ink, appearing to read "John Hart Ely", is written over the typed name. The signature is stylized and cursive.

John Hart Ely



GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE

WASHINGTON, D. C. 20301

May 24, 1976

Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D.C. 20503

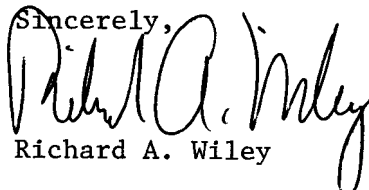
Dear Mr. Lynn:

This is in response to your request for the views of the Department of Defense on the enrolled enactment of H.R. 8089, 94th Congress, an Act "To amend Section 404(d) of title 37, United States Code, relating to per diem expenses of members of the uniformed services traveling on official business."

The purpose of this Act is to increase, from \$25 to \$35, the maximum rate of per diem allowance for members of the uniformed services and to increase the maximum reimbursement allowed when travel expenses exceed the maximum rate of per diem allowance from \$40 to \$50 per day. Further, the basis for reimbursement when travel expenses exceed the maximum rate of per diem has been expanded to include travel in designated high cost areas, the current basis being limited by law to the unusual circumstances of a travel assignment. The Committee Report (S. Rept. 94-715) indicates that the so-called "average cost of lodging plus" is the method of computing per diem payments which is to be used under this amendment. Under this method the average cost of lodging of the military traveler will be determined and to this will be added a fixed amount to cover the cost of food and incidentals.

The current per diem rates for members of the uniformed services have been generally inadequate for most locations for well over a year. Consequently, many such members who have been required to travel in connection with the performance of their official duties have incurred considerable out-of-pocket expenses. This bill addresses the inadequacies of the current per diem rates. It is noted that similar legislation pertaining to the travel of Federal civilian employees was enacted into law on May 19, 1975.

The Department of Defense strongly endorses this legislation and recommends that the President approve H.R. 8089.

Sincerely,

Richard A. Wiley

UNITED STATES OF AMERICA
GENERAL SERVICES ADMINISTRATION
WASHINGTON, DC 20405



May 24, 1976

Honorable James T. Lynn
Director, Office of
Management and Budget
Washington, DC 20503

Dear Mr. Lynn:

By letter of May 21, 1976, your office requested the views of the General Services Administration (GSA) on enrolled bill H.R. 8089, a bill "To amend section 404(d) of title 37, United States Code, relating to per diem expenses of members of the uniformed services traveling on official business."

GSA has reviewed the subject bill and has no objection to its enactment.

Sincerely,

A handwritten signature in cursive script that reads "Terry Chambers".

TERRY CHAMBERS
Acting Administrator

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

MAY 25 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 8089 - Per diem expenses
of members of the uniformed services
Sponsors - Rep. Price (D) Illinois and
Rep. Wilson (R) California

Last Day for Action

May 31, 1976 - Monday

Purpose

Increases from \$25 to \$35 the maximum rate of per diem allowance for members of the uniformed services traveling on official business and increases from \$40 to \$50 the maximum reimbursement allowed under certain circumstances when actual travel expenses of such members exceed the maximum per diem rate.


Agency Recommendations

Office of Management and Budget	Approval
Department of Defense	Approval
Department of Health, Education and Welfare	Approval (Informally)
Department of Transportation	No objection
General Services Administration	No objection

Discussion

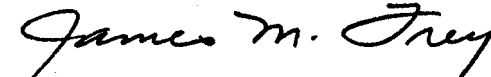
Under existing law, members of the uniformed services traveling on official business are allowed a per diem of not more than \$25. For travel under "unusual circumstances," members may be authorized to receive reimbursement for actual and necessary expenses up to \$40 per day.

To: J. Cannon
5-25-76
6:00 p.m.



The enrolled bill substantially incorporates the provisions of a Defense Department legislative proposal. It would increase the maximum per diem allowed members of the uniformed services to \$35. Furthermore, it would provide that for travel under unusual circumstances or to "high cost" areas as prescribed in applicable regulations, members may be reimbursed for actual and necessary expenses up to \$50 per day.

The rates of reimbursement authorized in H.R. 8089 are identical to those authorized for civilian employees of the Federal Government by P.L. 94-22 (Travel Expense Amendments Act of 1975) which you signed on May 19, 1975. The new rates for members of the uniformed services would be effective on the first day of the first calendar month following the date of enactment.


Assistant Director for
Legislative Reference

Enclosure

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: May 26

Time: 930am

FOR ACTION:

Lynn May *LM*
NSC/S *LM*
Max Friederick *MF*
Ken Lazarus *KL*

cc (for information):

Jack Marsh
Jim Cavanaugh
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: May 27

Time: noon

SUBJECT:

H.R. 8089 - Per diem expenses of members of
the uniformed services

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a
delay in submitting the required material, please
telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: May 26

Time: 930am

FOR ACTION: Lynn May
NSC/S
Max Friedersdorf
Ken Lazarus

cc (for information): Jack Marsh
Jim Cavanaugh
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: May 27

Time: noon

SUBJECT:

H.R. 8089 - Per diem expenses of members of
the uniformed services

ACTION REQUESTED:

___ For Necessary Action

___ For Your Recommendations

___ • Prepare Agenda and Brief

___ Draft Reply

___ ^x For Your Comments

___ Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

No objection -- Ken Lazarus 5/26/76

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a
delay in submitting the required material, please
telephone the Staff Secretary immediately.

James M. Cannon
For the President



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

The Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D. C. 20503

MAY 27 1976

Dear Mr. Lynn:

This is in response to your request for a report on H.R. 8089, an enrolled bill "To amend section 404(d) of title 37, United States Code, relating to per diem expenses of members of the uniformed services traveling on official business."

The enrolled bill would, for members of the uniformed services,--

(1) increase the maximum per diem for ordinary travel assignments from \$25 to \$35,

(2) increase the maximum per diem for travel assignments under unusual circumstances from \$40 to \$50, and

(3) also apply the \$50 maximum to travel to high cost areas, as designated by regulation.

The enrolled bill would increase the per diem travel allowances for members of the uniformed services (including commissioned officers of the Public Health Service) to the levels permitted for Federal civilian personnel under legislation enacted in 1975. We feel that, because the actual costs of travel have increased with inflation, and because the rates in the enrolled bill already apply to civilian personnel, the enrolled bill should be signed by the President.

Sincerely,

Under Secretary

MEMORANDUM

NATIONAL SECURITY COUNCIL

3075

May 27, 1976

MEMORANDUM FOR: JAMES M. CANNON

FROM: JEANNE W. DAVIS *JWD*

SUBJECT: H. R. 8089

The NSC staff concurs in the enrolled bill H. R. 8089 - Per diem expenses of members of the uniformed services.

THE WHITE HOUSE

WASHINGTON

May 27, 1976

MEMORANDUM FOR: JIM CAVANAUGH
FROM: MAX L. FRIEDERSDORF *M.L.F.*
SUBJECT: HR 8089 - Per diem expenses of members
of the uniformed services

The Office of Legislative Affairs concurs with the agencies
that the subject bill be signed.

Attachments

PER DIEM EXPENSES OF MEMBERS OF THE MILITARY SERVICES TRAVELING ON OFFICIAL BUSINESS

NOVEMBER 6, 1975.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. STRATTON, from the Committee on Armed Services, submitted the following

REPORT

[To accompany H.R. 8089]

The Committee on Armed Services, to whom was referred the bill (H.R. 8089) to amend section 404(d) of title 37, United States Code, relating to per diem expenses of members of the uniformed services traveling on official business, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows: Section 2 of the bill is amended by striking everything after the section number and inserting in lieu thereof the words:

The amendments made by this Act become effective on the first day of the first calendar month following the date of enactment.

EXPLANATION OF THE AMENDMENT

As originally introduced, this bill had an effective date of July 1, 1975. Since this date has been overtaken, the Committee amendment makes the bill effective on the first day of the first month following date of enactment.

PURPOSE OF THE BILL

This legislation is intended to revise current provisions of law on travel allowances so as to increase the maximum rates consistent with the increased costs of the goods and services for which the allowance provides reimbursement. This bill would alter the current maximum rate of per diem allowance from \$25 to \$35. The maximum reimbursement available as an alternative when actual expenses exceed this per diem rate would also be increased from \$40 to \$50. The circumstances in which this maximum reimbursement would be allowable would also

be expanded to include travel in certain designated high cost areas, in addition to the current statutory exception of "unusual circumstances."

BACKGROUND

In recognition of the fact that service personnel, as well as civilian employees of the Federal Government, should not be required to subsidize their expenses incident to official travel on behalf of or at the direction of the government, statutory authority has been provided for ment were established by Public Law 91-183 on December 30, 1969. reimbursement of these expenses. The existing rates for reimburse-

Since the current rates were established in 1969, the cost of food and lodging for travel has increased significantly to the extent that these rates are inadequate to compensate for expenses of official travel. Studies conducted by the General Services Administration in which the Department of Defense participated indicated that the present per diem rate of \$25 was inadequate for over 50 percent of reported travel. The Consumer Price Index Detailed Report for August 1975 evidences an increase of 37% in the cost of food away from home since November of 1969. The Runzheimer Meals/Lodging Cost Index which measures lodging and meal costs in 99 U.S. cities indicated that as of June 30, 1975 the average cost of meals and lodging in the 99 index cities, plus an allowance of 15 percent for incidental expenses (such as gratuities, laundry, dry cleaning, newspapers, etc.) was \$43.02.

In the execution of these increased rates, if enacted, the Department of Defense will administer these allowances under regulations promulgated by the General Services Administration for Federal civilian employees. At present, the regulations of the General Services Administration designate only six cities in the United States as high cost areas where actual expenses in excess of the per diem are allowable. The cities and the maximum rates payable by area under the General Services Administration are as follows:

Boston	-----	\$38
Chicago	-----	39
Los Angeles	-----	37
New York:		
Brooklyn and Queens	-----	39
Manhattan, Bronx, Staten Island	-----	50
San Francisco	-----	39
Washington, D.C.	-----	42

For the high-cost area exception for reimbursement at the higher rate, as is the case for travel under "unusual circumstances" (such as escort duty for foreign dignitaries), the traveller must document all claimed expenses.

The rates for reimbursement provided in this legislation are identical to those authorized for civilian employees of the Federal Government by Public Law 94-22 (Travel Expense Amendments Act of 1975) on May 19, 1975.

FISCAL DATA

I. EXECUTIVE BRANCH ESTIMATE

The estimated annual cost of this legislation is \$98.7 million, an amount already included in the FY 1976 Defense Budget.

II. CONGRESSIONAL BUDGET OFFICE ESTIMATE

In compliance with clause 2(1)(3)(C) of Rule XI of the Rules of the House of Representatives, the estimate prepared by the Congressional Budget Office and submitted pursuant to section 403 of the Congressional Budget Act of 1974 is included hereafter:

COST ESTIMATE

(Date: November 5, 1975)

1. Bill Number: H.R. 8089.
2. Bill Title: To amend section 404(d) of title 37, United States Code, relating to per diem expenses of members of uniformed services traveling on official business.
3. Purpose of bill: This bill would increase the maximum amount authorized for per diem expenses from \$25 to \$35 per day. It also would authorize a maximum payment for travel in designated high cost areas of up to \$50 per day. The bill is an authorization, and does not directly provide budget authority. Funding of cost increases will be subject to subsequent appropriations action.
4. Budget Impact (in millions of dollars):

	Fiscal year 1976	Transition quarter	Fiscal year 1977	Fiscal year 1978	Fiscal year 1979	Fiscal year 1980
Budget authority	88.6	22.2	110.7	110.7	110.7	110.7
Outlays	79.7	19.9	108.5	110.7	110.7	110.7

5. Basis for Estimate: The estimate for FY 76 and T.Q. assume that the implementation of the act would increase the maximum to \$33 vice \$35, as was done for civilians subsequent to passage of P.L. 94-22. The FY 77-80 estimate assumes the full increase to \$35. For all estimates, the assumption was made that 50% of funded per diem will qualify for the maximum payment. The minimum payment was assumed to be \$2 for enlisted and \$8.30 for officers. Outlay estimates were based on a 90% outlay rate in the first year and 10% in the second year. This rate represents the rate which would result from a 30 day lag in payments. If H.R. 8089 is not retroactive, FY 76 budget authority and outlays will be reduced by an amount depending on the date of passage.

6. Estimate Comparison: The Department of Defense estimate is \$98.7 million for FY 76. The DOD estimate assumes the maximum payment will rise to \$33 in FY 76. In addition, the DOD estimate assumes that 100% of funded per diem will qualify for the maximum payment. This assumption is unwarranted since quarters and messing facilities are available for a considerable amount of officer and enlisted training.

7. Previous CBO Estimate: No previous estimate.

INFLATION-IMPACT STATEMENT

Because, as is indicated above, there will be no significant increase in the budgetary requirements of the Department of Defense as a result of the enactment of this legislation, the committee does not consider that the bill contains an inflation factor. It is the belief of the committee that the legislation will not have a significant effect on the national economy.

OVERSIGHT FINDINGS

With reference to clause 2(1)(3)(D) of rule IX of the Rules of the House of Representatives, the committee has not received a report from the Committee on Government Operations pertaining to this subject matter.

DEPARTMENTAL POSITION

This bill, to which the Office of Management and Budget interposes no objection, is part of the legislative program of the Department of Defense, as indicated in the following correspondence which is hereby made a part of this report:

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE,
Washington, D.C., June 4, 1975.

HON. CARL ALBERT,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Enclosed is a draft of legislation "To amend Section 404(d) of title 37, United States Code, relating to per diem expenses of members of the uniformed services traveling on official business."

The proposed legislation is part of the Department of Defense Legislative Program for the 94th Congress; it is strongly recommended for enactment. The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this proposal for the consideration of the Congress.

PURPOSE OF THE LEGISLATION

The proposed legislation increases both the maximum rate of per diem allowance for members of the uniformed services, from \$25 to \$35, and the maximum reimbursement allowed when travel expenses exceed the maximum rate of per diem allowance, from \$40 to \$50. Further, the circumstantial basis for reimbursement when travel expenses exceed the maximum rate of per diem has been expanded to include travel in designated high cost areas, the current basis being limited by law to the unusual circumstances of a travel assignment.

Established in November of 1969, the current maximum rate of per diem allowance and maximum reimbursement allowed when travel expenses exceed the maximum rate of per diem allowance are inadequate to compensate for the increased costs of meals and lodging incident to official travel. A measure of this inadequacy is the Consumer Price Index which has risen over 37 percent since November 1969. Furthermore, food and lodging cost surveys conducted by the Department of Defense Per Diem, Travel and Transportation Allowance Committee, the General Services Administration and independent firms engaged in gathering business statistics of this nature, such as Runzheimer and Company, show that the maximums established in 1969 have been substantially overtaken by increased costs, which, over much of the country, range between \$25 and \$35 per day, and, in some areas, such as New York City, Chicago and San Francisco, are considerably in excess of \$35 per day. Adoption of the proposed \$35 maximum on per diem and \$50 maximum in reimbursement for travel in designated high cost areas as well as under unusual circumstances will

allow not only the needed increase to these allowances but also a modicum of flexibility in adjusting per diem and reimbursements to appropriate levels, within statutory limits, as changes in the economy occur.

The maximums proposed in the enclosed draft legislation parallel those contained in the Travel Expenses Amendments Act of 1975, pertaining to government employee travel, which was enacted into law (P.L. 94-22) on May 19, 1975. It is contemplated that the administration of per diem and designation of high cost areas, as applied to temporary duty travel, will be accomplished by the Per Diem, Travel and Transportation Allowance Committee in close communication with the General Services Administration, in recognition of those circumstances where travel of members of the uniformed services and government employees is similar.

COST AND BUDGET DATA

The estimated annual cost of this legislative proposal is \$98.7 million. This amount has been included in the Department of Defense legislative contingency program for FY 1976. July 1, 1975, is the planned date of implementation.

Sincerely,

MARTIN R. HOFFMANN.

Enclosure.

A BILL To amend section 404(d) of title 37, United States Code, relating to per diem expenses of members of the uniformed services traveling on official business

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that section 404(d) of title 37, United States Code, is amended—

(1) by amending clause (2) by striking out "\$25" and inserting in place thereof "\$35"; and

(2) by amending the last sentence to read as follows: "Under regulations prescribed by the Secretaries concerned, when either travel is to an area designated as a high cost area in those regulations or the per diem of clause (2) of this subsection is less than the amount of the actual and necessary expenses required by the unusual circumstances of the travel assignment, reimbursement may be authorized for actual and necessary expenses, but not for more than \$50 for each day in a travel status."

SEC. 2. This Act is effective July 1, 1975.

COMMITTEE POSITION

The Committee on Armed Services on November 4, 1975, a quorum being present, approved the bill, as amended, by voice vote.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, there is herewith printed in parallel columns the text of existing law which would be repealed or amended by the various provisions of the bill as reported.

EXISTING LAW

Section 404 of title 37 United States Code

* * * * *

(d) The travel and transportation allowances authorized for each kind of travel may not be more than one of the following—

(1) transportation in kind, reimbursement therefor, or a monetary allowance in place of the cost of transportation at a rate that is not more than 7 cents a mile based on distances established, over the shortest usually traveled route, under mileage tables prepared under the direction of the Secretary of the Army;

(2) transportation in kind, reimbursement therefor, or a monetary allowance as provided by clause (1) of this subsection, plus a per diem in place of subsistence of not more than \$25 a day; or

(3) a mileage allowance of not more than 10 cents a mile based on distances established under clause (1) of this subsection.

Where due to unusual circumstances of a travel assignment the maximum per diem allowance would be less than the amount required to meet the actual and necessary expenses of the trip, reimbursement for such expenses may be authorized, under regulations prescribed by the Secretaries concerned, on an actual expense basis, but not more than the amount specified in the travel authorization, and in any event no more than \$40 for each day in a travel status.

THE BILL AS REPORTED

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 404 (d) of title 37, United States Code, is amended—

(1) by amending clause (2) by striking out "\$25" and inserting in place thereof "\$35"; and

(2) by amending the last sentence to read as follows: "Under regulations prescribed by the Secretaries concerned, when either travel is to an area designated as a high cost area in those regulations or the per diem of clause (2) of this subsection is less than the amount of the actual and necessary expenses required by the unusual circumstances of the travel assignment, reimbursement may be authorized for actual and necessary expenses, but not for more than \$50 for each day in a travel status."

SEC. 2. The amendments made by this Act become effective on the first day of the first calendar month following the date of enactment.

SUMMARY

PURPOSE OF THE BILL

To increase the maximum per diem allowance for reimbursement of expenses incurred in official travel from the current \$25 a day to \$35, and increase the maximum reimbursement for actual expenses from \$40 to \$50 a day to be allowable in designated high cost areas, as well as the current proviso for reimbursement in "unusual circumstances."

FISCAL DATA

The estimated annual cost of this legislation is \$98.7 million, an amount already included in the FY 1976 Defense Budget.

DEPARTMENTAL POSITION

The legislation is a Department of Defense proposal and the Office of Management and Budget interposes no objection.

COMMITTEE POSITION

The Committee on Armed Services on November 4, 1975, a quorum being present, approved the bill, as amended, by voice vote.

○

PER DIEM EXPENSES OF MEMBERS OF THE UNIFORMED SERVICES TRAVELING ON OFFICIAL BUSINESS

MARCH 29 1976.—Ordered to be printed

Mr. NUNN, from the Committee on Armed Services, submitted the following

REPORT

[To accompany H.R. 8089]

The Committee on Armed Services, to whom was referred the bill (H.R. 8089) to amend section 404(d) of title 37, United States Code, relating to per diem expenses of members of the uniformed services traveling on official business, having considered the same, reports favorably thereon with an amendment and recommends that the bill do pass.

COMMITTEE AMENDMENT

On page 1, strike out lines 5 and 6, and insert in lieu thereof the following:

(1) by striking out "of not more than \$25 a day" and inserting in lieu thereof "in an amount sufficient to meet actual and necessary expenses, but in no event more than \$35 a day."

EXPLANATION OF COMMITTEE AMENDMENT

The committee amendment requires, in effect, members of the uniformed services to account for travel expenses under the "average lodging cost" method now in use for Federal civilian employees; basically under this method the member would receive on a daily basis the average cost of lodging during a trip plus a flat rate for food and incidental expenses up to a maximum of \$33 per day as provided for in regulations although the statutory maximum is \$35 per day. The committee understands that the Department of Defense will, upon enactment of this bill, implement this method of accounting for travel expenses (to include the \$33 rate in regulations) and this is what the

committee intends. The committee notes that a General Accounting Office report estimates that savings as high as \$50 million per year could accrue if uniformed services personnel were required to account for their travel expenses. The Department of Defense estimates, based on later economic data and the fact that regulations will implement the per diem rate at \$33 rather than \$35 permitted under the bill, that savings would be more on the order of \$10 million per year. In any event, the committee observes that the savings are not considerable, based on the new per diem rates being authorized, from requiring uniformed services personnel to account for travel expenses.

PURPOSE OF THE BILL

H.R. 8089 provides for increases in travel allowances for uniformed services personnel above what is provided for in current law. It would (1) increase the current maximum rate of per diem allowance from \$25 to \$35 and (2) increase the current maximum per diem rate from \$40 to \$50 for travel to "high cost" areas or under "unusual circumstances". The rates authorized by the bill are identical to those authorized for Federal civilian personnel.

BACKGROUND

Present per diem travel allowances were established for members of the uniformed services in 1969 (Public Law 91-183). This law was passed so that Federal civilian employees would not be required to subsidize their expenses incident to official travel for the government. Public Law 91-183 set the per diem travel allowances for members of the uniformed services at the same rates then granted for Federal civilian personnel.

Since 1969, the costs of food and lodging have increased to the extent that the 1969 reimbursement rates are not adequate to compensate for the expenses of official travel. The Consumer Price Index has risen over 48 percent since November 1969. Studies by the Department of Defense Per Diem, Travel and Transportation Allowance Committee, the General Services Administration, and independent firms show that per diem travel costs are well over the 1969 \$25 maximum per diem rate throughout much of the country. The Runzheimer Meals/Lodging Cost Index which measures lodging and meal costs in 99 U.S. cities indicated that as of June 30, 1975, the average cost of meals and lodging in the 99 index cities, plus an allowance of 15 percent for incidental expenses (such as gratuities, laundry, dry cleaning, newspapers, etc.) was \$34.02.

In May 1975, Congress passed the Travel Expenses Amendment Act of 1975 (Public Law 94-22) which raised the maximum per diem travel allowance rate from \$25 to \$35 for Federal civilian personnel. H.R. 8089 would likewise increase the reimbursement rate for uniformed services personnel from \$25 to \$35.

As in Public Law 94-22, H.R. 8089 would also include a maximum rate of \$50 per diem (up from \$40 in 1969) for travel to "high cost geographic areas" or under "unusual circumstances" (eg., escort duty for foreign dignitaries). The General Services Administration has defined

certain cities as high cost areas and set the maximum rate payable for each city as follows:

Boston.....	\$38
Chicago.....	39
Los Angeles.....	37
New York:	
Brooklyn and Queens.....	39
Manhattan, Bronx, Staten Island.....	50
San Francisco.....	39
Washington, D.C.....	42

If the authority in this legislation is granted, the administration of per diem allowances and the designation of high cost areas will be accomplished by the Department of Defense Per Diem Travel and Transportation Allowance Committee in close coordination with the General Services Administration. The committee intends that the General Services Administration "high cost area" rates also apply to uniformed services personnel. The traveller will be required to document all expenses for travel to high cost areas or where the travel is under unusual circumstances.

COMMITTEE CONCERN WITH COST OF DEPARTMENT OF DEFENSE TRAVEL

The committee is concerned with the cost of travel within the Department of Defense. It is estimated that Department of Defense Temporary Duty Travel (\$708.1 million) and Permanent Change of Station (\$1,599.4 million) will be \$2,307 million for Fiscal Year 1976 compared with \$1,213 million for Fiscal Year 1962. Temporary Duty Travel alone has increased from \$443.1 million in Fiscal Year 1962 to \$708.1 million in Fiscal Year 1976, an increase of \$265 million. The committee notes that the cost of travel has increased significantly in other government agencies also. For example, the Department of Treasury Temporary Duty Travel has increased from \$27 million in Fiscal Year 1969 to \$85 million in Fiscal Year 1976, an increase of \$58 million or 215 percent for the seven year period.

The committee is aware that there is some justification for the increase in Department of Defense travel such as increases in the per diem rate, and overall increases in the cost of airfares, bus fares, etc. In addition, it is recognized that the Department has taken some action to reduce the cost of travel through administrative action.

The committee, however, believes that further reductions in the cost of travel can be made. The committee strongly supports the policy in OMB Bulletin 76-9 dated December 4, 1975 which "requires that agencies should authorize that amount of travel necessary to accomplish the purposes of the Government effectively—but not one bit more—and at a minimum cost". The committee understands that this policy is currently being implemented within the Department of Defense.

COMMITTEE COMMENTS ON USE OF TOURIST CLASS TRAVEL

The committee emphasizes its intention that Defense Department personnel travel tourist class and that first class accommodations for commercial aircraft, trains, etc., only be used where necessary; in addition, the committee supports the Department's restrictions on first class travel in the Joint Travel Regulations and in the implement-

ing regulations of the various services. The committee notes that only about three percent of departmental commercial aircraft passengers in the continental United States traveled first class in Fiscal Year 1975 and that this was reduced to 1.9 percent for the first quarter of Fiscal Year 1976. The committee urges the Department to continue its efforts along these lines.

FISCAL DATA

Executive branch estimate

Assuming an effective date of January 1, 1976, the Department of Defense has estimated that this legislation will cost \$52.4 million in Fiscal Year 1976. However, the January 1 effective date has already passed, and the legislation will not be retroactive. The \$52.4 million is already included in the Fiscal Year 1976 Defense Department budget.

For Fiscal Year 1977, the Office of Management and Budget estimates the cost of this legislation at \$107.2 million, and has included that amount in the Fiscal Year 1977 President's Budget request.

Congressional Budget Office estimate

CONGRESS OF THE UNITED STATES,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., February 27, 1976.

HON. JOHN STENNIS,
Chairman, Armed Services Committee,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for H.R. 8089, a bill to amend section 404(d) of title 37, United States Code, relating to per diem expenses of members of uniformed services traveling on official business.

Should the Committee so desire, we would be pleased to provide further details on the attached cost estimate.

Sincerely,

ALICE M. RIVLIN, *Director.*

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill Number: H.R. 8089. Date: Revised February 27, 1976.

2. Bill Title: To amend section 404(d) of title 37, United States Code, relating to per diem expenses of members of uniformed services traveling on official business.

3. Purpose of Bill: This bill would increase the maximum amount authorized for per diem expenses from \$25 to \$35 per day. It also would authorize a maximum payment for travel in designated high cost areas of up to \$50 per day. The bill is an authorization, and does not directly provide budget authority. Funding of cost increases will be subject to subsequent appropriations action.

4. Budget Impact:

(Cost estimate in millions of dollars)

	Fiscal year 1976	Transition quarter	Fiscal year 1977	Fiscal year 1978	Fiscal year 1979	Fiscal year 1980
Budget authority.....	22.2	22.2	110.7	110.7	110.7	110.7
Outlays.....	19.9	22.2	108.5	110.7	110.7	110.7

5. Basis for Estimate: The estimate for FY 1976 and T.Q. assume that the implementation of the act would increase the maximum \$33 vice \$35, as was done for civilians subsequent to passage of P.L. 94-22. The FY 77-80 estimate assumes the full increase to \$35. For all estimates, the assumption was made that 50% of funded per diem will qualify for the maximum payment. The minimum payment was assumed to be \$2 for enlisted and \$8.30 for officers. Outlay estimates were based on a 90% outlay rate in the first year and 10% in the second year. This rate represents the rate which would result from a 30 day lag in payments. The estimate assumes an effective date of April 1, 1976.

6. Estimate Comparison: The Department of Defense estimate is \$52.4 million for FY 1976, which assumes an effective date of January 1, 1976. The DOD estimate assumes the maximum payment will rise to \$33 in FY 1976. In addition, the DOD estimate assumes that 100% of funded per diem will qualify for the maximum payment. This assumption is unwarranted since quarters and messing facilities are available for a considerable amount of officer and enlisted training.

7. Previous CBO Estimate: Prepared November 5, 1975, this is the first revision.

DEPARTMENTAL POSITION

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE,
Washington, D.C., June 4, 1975.

HON. NELSON A. ROCKEFELLER,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed is a draft of legislation "To amend Section 404(d) of title 37, United States Code, relating to per diem expenses of members of the uniformed services traveling on official business."

The proposed legislation is part of the Department of Defense Legislative Program for the 94th Congress; it is strongly recommended for enactment. The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this proposal for the consideration of the Congress.

PURPOSE OF THE LEGISLATION

The proposed legislation increases both the maximum rate of per diem allowance for members of the uniformed services, from \$25 to \$35, and the maximum reimbursement allowed when travel expenses exceed the maximum rate of per diem allowance, from \$40 to \$50. Further, the circumstantial basis for reimbursement when travel expenses exceed the maximum rate of per diem has been expanded to include travel in designated high cost areas, the current basis being limited by law to the unusual circumstances of a travel assignment.

Established in November of 1969, the current maximum rate of per diem allowance and maximum reimbursement allowed when travel expenses exceed the maximum rate of per diem allowance are inadequate to compensate for the increased costs of meals and lodging incident to official travel. A measure of this inadequacy is the Consumer Price Index, which has risen over 37 percent since November 1969. Furthermore, food and lodging cost surveys conducted by the

Department of Defense Per Diem, Travel and Transportation Allowance Committee, the General Services Administration and independent firms engaged in gathering business statistics of this nature, such as Runzheimer and Company, show that the maximums established in 1969 have been substantially overtaken by increased costs, which, over much of the country, range between \$25 and \$35 per day, and, in some areas, such as New York City, Chicago and San Francisco, are considerably in excess of \$35 per day. Adoption of the proposed \$35 maximum on per diem and \$50 maximum in reimbursement for travel in designated high cost areas as well as under unusual circumstances will allow not only the needed increase to these allowances but also a modicum of flexibility in adjusting per diem and reimbursements to appropriate levels, within statutory limits, as changes in the economy occur.

The maximums proposed in the enclosed draft legislation parallel those contained in the Travel Expenses Amendments Act of 1975, pertaining to government employee travel, which was enacted into law (P.L. 94-22) on May 19, 1975. It is contemplated that the administration of per diem and designation of high cost areas, as applied to temporary duty travel, will be accomplished by the Per Diem, Travel and Transportation Allowance Committee in close communication with the General Services Administration, in recognition of those circumstances where travel of members of the uniformed services and government employees is similar.

COST AND BUDGET DATA

The estimated annual cost of this legislative proposal is \$98.7 million. This amount has been included in the Department of Defense legislative contingency program for FY 1976. July 1, 1975, is the planned date of implementation.

Sincerely,

MARTIN R. HOFFMANN.

CHANGES IN EXISTING LAW

In compliance with paragraph 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law proposed to be made by the bill are shown as follows: New matter is printed in italic, and existing law in which no change is proposed is shown in roman, and existing law to be omitted is enclosed in black brackets.

TITLE 37, UNITED STATES CODE—PAY AND ALLOWANCES OF THE UNIFORMED SERVICES

CHAPTER 7.—ALLOWANCES

§ 404. Travel and transportation allowances: general

(d) The travel and transportation allowances authorized for each kind of travel may not be more than one of the following—

(1) transportation in kind, reimbursement therefor, or a monetary allowance in place of the cost of transportation at a

rate that is not more than 7 cents a mile based on distances established, over the shortest usually traveled route, under mileage tables prepared under the direction of the Secretary of the Army;

(2) transportation in kind, reimbursement therefor, or a monetary allowance as provided by clause (1) of this subsection, plus a per diem in place of subsistence [of not more than \$25 a day; or] in an amount sufficient to meet actual and necessary expenses, but in no event more than \$35 a day.

(3) a mileage allowance of not more than 10 cents a mile based on distances established under clause (1) of this subsection.

[Where due to unusual circumstances of a travel assignment the maximum per diem allowance would be less than the amount required to meet the actual and necessary expenses of the trip, reimbursement for such expenses may be authorized, under regulations prescribed by the Secretaries concerned, on an actual expense basis, but not more than the amount specified in the travel authorization, and in any event no more than \$40 for each day in a travel status.]

Under regulations prescribed by the Secretaries concerned, when either travel is to an area designated as a high cost area in those regulations or the per diem of clause (2) of this subsection is less than the amount of the actual and necessary expenses required by the unusual circumstances of the travel assignment, reimbursement may be authorized for actual and necessary expenses, but not for more than \$50 for each day in a travel status.

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Ninety-fourth Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the nineteenth day of January,
one thousand nine hundred and seventy-six*

An Act

To amend section 404(d) of title 37, United States Code, relating to per diem expenses of members of the uniformed services traveling on official business.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 404(d) of title 37, United States Code, is amended—

(1) by striking out “of not more than \$25 a day” and inserting in lieu thereof “in an amount sufficient to meet actual and necessary expenses, but in no event more than \$35 a day”.

(2) by amending the last sentence to read as follows: “Under regulations prescribed by the Secretaries concerned, when either travel is to an area designated as a high cost area in those regulations or the per diem of clause (2) of this subsection is less than the amount of the actual and necessary expenses required by the unusual circumstances of the travel assignment, reimbursement may be authorized for actual and necessary expenses, but not for more than \$50 for each day in a travel status.”.

SEC. 2. The amendments made by this Act become effective on the first day of the first calendar month following the date of enactment.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*

May 19, 1976

Dear Mr. Director:

The following bills were received at the White House on May 19th:

S. 1494 ✓
H.R. 2279 ✓
H.R. 8089 ✓
H.R. 11619 ✓

Please let the President have reports and recommendations as to the approval of these bills as soon as possible.

Sincerely,

Robert D. Linder
Chief Executive Clerk

The Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D.C.