

81ST CONGRESS } HOUSE OF REPRESENTATIVES { REPORT  
1st Session } { No. 389

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REGULATING SUBSISTENCE EXPENSES AND MILEAGE  
ALLOWANCES OF CIVILIAN OFFICERS AND EMPLOYEES  
OF THE GOVERNMENT

APRIL 5, 1949.—Committed to the Committee of the Whole House on the State of  
the Union and ordered to be printed

Mr. DAWSON, from the Committee on Expenditures in the Executive  
Departments, submitted the following

R E P O R T

[To accompany H. R. 3005]

The Committee on Expenditures in the Executive Departments to whom was referred the bill (H. R. 3005) to regulate subsistence expenses and mileage allowances of civilian officers and employees of the Government, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Page 2, line 18, strike out "\$10" and insert in lieu, "\$9".

MAXIMUM PER DIEM ALLOWANCE

The principal effect of the bill is to raise from \$6 to a maximum of \$9 the per diem allowance to Government employees traveling on official business away from their designated posts of duty.

Your committee feeling that an allowance of \$9 per day will prove adequate in most cases, under normal travel conditions, therefore amended the bill for that amount. It is believed to be a conservative but fair figure for maximum allowable travel costs.

The \$9 per diem allowance provided for in the bill, as amended, is not an absolute figure, but is a maximum which is to be allowed only when the conditions of travel justify the expectation that it will be required to reimburse the traveler for his actual out-of-pocket expenses. Testimony before your committee indicated that it is the practice to provide in travel orders for a per diem allowance below the maximum whenever feasible, and the existing regulation requires that administrative officers exercise care to authorize only such per diem rates

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(within the maximum fixed by law) as are justified by the nature of the travel in each instance.

RECOMMENDATIONS OF THE BUREAU OF THE BUDGET

A report was requested from the Bureau of the Budget on H. R. 3005 and that Department recommended favorable action on the \$10 per diem, the amount contained in the bill as introduced, based upon increased costs of subsistence items occurring since its prior survey made in the latter part of 1946. The Bureau reports that the principal item of increase is in cost of hotel accommodations, which rose sharply within a few months after price controls were removed in 1946 from an average of \$4.05 per day to an average of more than \$5.25. Prices of meals in hotels and restaurants and on trains have also increased, and records of the Bureau of Labor Statistics indicate rises of 8 percent and 9 percent, respectively, for laundry and dry-cleaning costs.

The recommendation of the Bureau of the Budget contemplated that a \$10 per diem allowance would be distributed approximately as follows: Hotel accommodations, \$5.25; meals, \$3.75; and incidental expenses, \$1. Under present regulations the traveler must provide under the head of "incidental expenses" all fees and tips to porters, stewards, waiters, etc., as well as laundry, dry cleaning, telegrams reserving further hotel accommodations, and local transportation within a city between his place of lodging and his duty station at the beginning and end of each day's work.

The Bureau of the Budget also submitted data indicating that the average amount paid by States for subsistence expenses is \$8.91 per day, upon the basis of a survey of State employment security agencies. Actual limitations established by the agencies vary from \$6.50 per day to \$14 per day with provision in some States that top officials may receive from \$1 to \$3 per day in excess of the rate provided for other employees. Of the figures included in this survey, slightly more than one-half were based upon State law or regulation, while others were established by agreement between the State agency and the Federal Bureau of Employment Security upon a showing that the rate requested by the State agency was not in excess of that paid in other agencies of the State concerned. The data submitted also indicates that the average cost of subsistence for employees in a representative group of 135 companies in 22 different industries is \$10.42 per day. (See charts in appendix, p. 13.)

In addition to testimony and data supplied by the Bureau of the Budget, your committee heard representatives of the Civil Service Commission, the Departments of Agriculture, Commerce, Interior, Justice, Labor, Post Office, and Treasury. The testimony of these witnesses contains numerous examples of actual cases in which employees, particularly those required to visit large cities under crowded conditions, actually have been required to spend amounts considerably in excess of \$10 per day for lodging and meals. Your committee also heard testimony from various employee unions to the same effect.

The testimony and supporting data presented served to demonstrate conclusively that the present maximum subsistence allowance of \$6 per day is substantially below the actual average cost to a traveler for

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lodging, meals, and other necessary incidental expenses. It shows that the Federal Government does not provide reimbursement to its employees in proportion to that allowed State employees and those in private industry.

MILEAGE ALLOWANCE

Data furnished by the Bureau of the Budget in justification of the increase from 5 to 7 cents in mileage allowance for use of privately owned automobiles by employees on official business is based on the following: Bureau of the Budget study, 7.23 cents per mile; report of the American Automobile Association, based on data submitted by a firm of cost-accounting engineers, 8¼ cents per mile for a postwar car and just over 7 cents per mile for a prewar car; and average payments by State agencies of 6 cents (including a minimum of 4¼ cents and a maximum of 8 cents). Your committee feels that there is no question but that the 7-cent figure is required to adequately reimburse the traveler for expenses of operation of a privately owned automobile.

COST OF THE BILL

Data submitted by the Bureau of the Budget indicate that the maximum cost of the bill, as amended, would be \$52,800,000 per year, based upon total estimated cost for civilian travel of \$151,000,000 for the fiscal year 1949. Of that total, slightly more than 54 percent would be chargeable to the per diem for subsistence, or approximately \$40,800,000, while almost 20 percent or \$12,000,000 would be required for the increased automobile mileage allowance. Again, the estimate of \$52,800,000 is a maximum, and the actual expenditures under the bill would be less than the maximum to whatever extent travel orders authorize rates below the maximum.

Your committee was concerned over testimony to the effect that travelers frequently remain in one place for extended periods and draw the full per diem allowance each day for several months. It is understood, however, that the practice in many agencies is to reduce the per diem allowance periodically during an extended stay in one place, and the committee expects that this practice will be continued and extended under the increased maximum per diem provided for in H. R. 3005. It is expected that the Bureau of the Budget in drafting its regulations will require specific attention to this feature by administrative officers.

A significant feature of the bill is its comprehensiveness. At the present time the principal items of the bill, namely, per diem allowances, and mileage for use of privately owned automobiles are covered by separate general laws and by a variety of special laws, applicable to specified groups, which have produced unwarranted discriminations and inequities. It is believed that the embodiment in a single bill, as in H. R. 3005, of provisions covering subsistence, mileage for use of privately owned automobiles, and traveling expenses generally of Government officers and employees, together with the related factors of advance of funds and regulatory powers, constitutes a more realistic approach to the problems of official travel than taken heretofore and will not only serve to reduce the possibility of inequities but also should materially simplify the administration and audit of travel accounts.

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FOREIGN PER DIEM RATES

The bill continues authority to allow higher rates of per diem for travel abroad. The committee recognizes the impracticability of setting a per diem rate ceiling for foreign travel and concurs in the statement in the Senate committee report on S. 544, Eightieth Congress, which contained a similar provision, that--

Due to fluctuating prices and international rates of exchange, it is impossible to establish flat rates which would for very long render justice to the traveler.

With respect to travel outside of the continental United States, section 4 of the act of August 2, 1946 (60 Stat. 808), provided that until June 30, 1948, when authorized in an appropriation or other act, money available for travel expenses could be paid, without regard to the Subsistence Expense Act of 1926, as amended, at a sum for per diem as determined by the head of the department concerned, but not to exceed the maximum fixed by Presidential regulations for the locality in which the travel was performed. The only available Government travel regulations (as amended, January 30, 1942) show the per diem for foreign travel to be \$7. The present rates vary from \$6 per day in countries such as Australia and Greenland to \$18 per day in countries such as Lithuania and Estonia.

EXPLANATION OF H. R. 3005 BY SECTIONS

*Section 1. Short title.*—"Travel Expense Act of 1949."

*Section 2. Definitions, coverage, and exemptions.*—This section defines the term "departments and establishments" as well as the terms "subsistence" and "per diem allowance" and specifies the exemptions from the provisions of the bill.

The bill embraces not only the executive branch of the Government (including the postal service), but the judicial and legislative branches as well. The inclusion of the judicial and legislative branches would assure uniformity in the Federal service with respect to reimbursement for travel expenses incurred. The coverage of judicial employees will operate in part to displace 28 United States Code 962, which empowers the Director of the Administrative Office of the United States Courts to promulgate regulations covering travel and subsistence expenses of officers and employees of the courts of the United States and of the Administrative Office of the United States Courts. Traveling expenses of justices and judges themselves will be controlled by the provisions of this bill, except section 3, below. The provisions of 28 United States Code 456, authorizing allowances of "necessary traveling expenses" to judges and justices will be modified to the extent to any inconsistency or conflict with the provisions of this bill. The Director of the Administrative Office of the United States Courts has expressed the view that the inclusion of judicial employees in this bill is most desirable. As for the legislative branch, Members of Congress and offices and committees of the Senate and House of Representatives are exempted from the bill.

*Section 3. Per diem allowances.*—The maximum per diem allowance for travel within the limits of the continental United States is to be raised from \$6 to \$9 in recognition of the substantial increase in subsistence costs since January 30, 1942, the date of the last amendment to the Subsistence Expense Act of 1926. It is to be noted that

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the bill sets \$9 as a maximum only and does not require that it be allowed in all cases. The rate to be authorized in individual instances is for departmental determination, according to the circumstances, but in no event may it exceed the statutory maximum.

The bill would reenact present statutory language which has been held to require the bona fide designation of the true headquarters or post of duty, for service away from which a subsistence "per diem" can be paid. It does not permit the designation of a fictitious post of duty, at which no services are to be performed, solely for the purpose of paying a per diem. *Fidelity and Deposit Company of Maryland v. United States* ((CCA) 55 Fed. (2d) 100; 19 Comp. Gen. 347; 27 *id.* 657).

Justices and judges are exempted from this section of the bill and payment of subsistence expenses to them still will be controlled by the provision of 28 United States Code 456 authorizing allowances of "reasonable maintenance expenses actually incurred, not exceeding \$10 per day."

*Section 4. Mileage.*—The present law authorizes mileage to be paid for the use of a private car either for local driving at the employee's station or for trips away from that point. In the former case the maximum rate is 4 cents, and in the latter, 5 cents. This section of the bill would allow the same maximum rate in either case, and would raise the maximum rate to 7 cents. For private motorcycles, the proposed rate change is from 2 to 4 cents and for private airplanes from 5 to 7 cents. The 7-cent rate for auto travel restores the rate which was in effect under the original act of 1931, until its amendment in 1933. Also, it is consistent with Public Law 673, approved last June, which allows 7 cents per mile for the auto travel of United States marshals and their deputies, also Public Law 900 of July 3, 1948, which authorizes 7 cents mileage to rural mail carriers.

Mileage may not be allowed under the current law except where it be determined that the use of a private car, motorcycle, or airplane is more advantageous to the Government. That requirement is retained in the proposed legislation, except that a specific determination of advantage will not be required where payment on a mileage basis is limited to the cost of travel by common carrier.

*Section 5. Travel advances.*—Administrative officials have doubted their authority to attempt recovery by deduction from salary of travel advances not otherwise fully accounted for. Also, Treasury regulations under the present law require a bond in all cases in which a travel is made. It is felt that by perfecting the means of recovery of advances made, it will be possible to omit the bond requirement, under normal circumstances, with its accompanying burden on the employee who pays the premium.

*Section 6. Regulations.*—This section vests the Director of the Bureau of the Budget with authority to prescribe regulations covering mileage and per diem allowances, reimbursement of travel expenses, and travel advances, and recovery thereof. This will centralize that function, now performed in part by the Bureau (with the concurrence of the President) and in the Treasury (with respect to travel advances).

Reference in this section to the Travel Expense Act of 1875, which limits payment of travel expenses generally to the actual expenses incurred, is made solely for the purpose of dispelling any existing doubt as to the legality of coverage by regulation of travel expenses as a whole. It places no new duties upon the Bureau of the Budget.

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*Section 7. Travel acts not affected.*—It is provided that the bill shall not modify or repeal any act providing for traveling expenses of the President of the United States, President of the Senate, of Senators, Representatives, Delegates, and Resident Commissioners. With respect to the President, the language is identical to that now contained in section 10 of the Subsistence Expense Act of 1926.

*Section 8. Inconsistent acts repealed.*—(a) The adoption of this section will repeal the Subsistence Expense Act of 1926, the Auto Mileage Act of 1931, and will modify all other acts, general or special, covering the type of expenses and allowances embraced by this bill, including those acts authorizing travel without regard to the Subsistence Expense Act of 1926 and/or the Standardized Government Travel Regulations, and those authorizing reimbursement of actual and necessary expenses, and those using similar language, except as noted below, but only to the extent of inconsistency or conflict with its provisions. A similar repeal clause is found in section 9 of the Subsistence Expense Act of 1926. However, appropriation items for examination of estimates in the field and inconsistent provisions now contained in appropriation acts for the fiscal year 1949, and any similar provisions which may be contained in appropriation acts presently being considered for the fiscal year 1950, will be retained. This will preserve certain existing exceptions to the general travel expense laws until the respective committees on appropriations shall have had an opportunity to consider whether such exceptions are necessary or desirable under those laws as changed in the bill. This section is not designed to disturb or affect certain special travel provisions of the Foreign Service Act of 1946 or section 1 of the Administrative Expense Act of 1946, Public Law 600.

(b) Section 8 (b) provides that the rates prescribed in this bill shall apply in those cases where the law now or hereafter authorizes payment of per diem allowances to officers and employees in any branch or establishment not covered by this act, in accordance with the rates provided in the Subsistence Expense Act of 1926.

*Section 9. Effective date.*—The effective date of the bill is postponed until the 30th day after its enactment for the purpose of allowing time for the promulgation of the regulations required thereunder.

Prior to 1932, the per diem allowance in lieu of expenses for subsistence was \$6 per day within the continental United States and \$7 per day beyond the continental limits. Subsistence Expense Act of 1926, sections 3, 6, 44 Stat. 689. The Economy Act of June 30, 1932, 47 Stat. 405, lowered these figures to \$5 and \$6, respectively. This reduction occurred at a time when economic conditions generally throughout the country had reduced the cost of living to a point where a permanent decrease in subsistence allowances was warranted. In 1942, by the act of January 30, 1942, 56 Stat. 39, the original figures were restored. In this connection, the Bureau of the Budget stated (as contained in H. Rept. No. 954 on H. R. 6220, 77th Cong., 2d sess. (1942) 2):

This permanent reduction of allowances now appears to be highly inequitable in the light of the very greatly increased living costs which have come about as a result of war conditions. The Bureau of the Budget has secured information from the Federal Security Agency, The Federal Works Agency, the Department of Labor, and numerous independent establishments which indicates that persons traveling on official business for the Government are meeting with increases in charges for hotel rooms which are, on an average, 25 percent higher than the rates

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prevailing a year ago. In towns which are engaged in defense production, the rates are sometimes as much as 100 percent higher than a year ago. Furthermore, the cost of meals has increased from 20 to 25 percent.

With regard to the increased cost of living since the passage of the 1942 act, the statistics of the Bureau of Labor Statistics are relevant. These statistics include a figure popularly called the consumer cost-of-living index. This index is an all-items figure; that is, it represents a compound figure based on the wholesale commodities index and other similar separate indices for particular goods or services. The index is based upon the years 1935-39 as representing 100 percent. On this basis, the consumer's cost-of-living index for December 15, 1941, was given as 110.5 percent and for December 15, 1948, as 171.4 percent. This represents approximately a 55-percent increase in the cost of living since the end of 1941. The proposed \$9 figure for per diem is only slightly higher than a 55-percent increase of the present \$6 allowed, and thus correctly reflects the increased cost of living since the passage of the act of January 30, 1942.

Your committee feels that for the foregoing reasons H. R. 3005 should be enacted into law in order to relieve an inequity which has existed for several years.

Attached hereto and made a part of this report are reports from the Bureau of the Budget and the Comptroller General. The appendix contains supporting statements and exhibits.

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in existing law made by this bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

Sec. 1. **[of the Subsistence Expense Act of 1926 (Act of June 3, 1926, 44 Stat. 688; 5 U. S. C. 821)]** *To regulate subsistence expenses and mileage allowances of civilian officers and employees of the Government.*

That this Act may be cited as the **[“Subsistence Expense Act of 1926”]** *“Travel Expense Act of 1949.”*

Sec. 2. When used in this Act—

(1) The term “departments and establishments” means (A) any executive department, independent commission, board, bureau, office, agency, or other establishment, including *wholly owned Government corporations and the municipal government of the District of Columbia* **[.]**, and (B) any office, agency, or other establishment in the legislative branch of the Government (except Members of Congress and offices and committees of the Senate and the House of Representatives), and (C) any office, agency, or other establishment in the judicial branch of the Government.

(2) The term “subsistence” means lodging, meals, and other necessary expenses incidental to the personal sustenance or comfort of the traveler.

**[The term “actual expenses” means the actual amounts necessarily expended by the traveler for subsistence and itemized in accounts for reimbursement.]**

(3) The term “per diem allowance” means a daily flat rate of payment in lieu of actual expenses.

Sec. 3. Civilian officers and employees of the departments and establishments (except justices and judges), while traveling on official business and away from their designated posts of duty, shall be allowed, in lieu of their actual expenses for subsistence and all fees or tips to porters and stewards, a per diem allowance to be prescribed by the **[heads of the departments and establishments]** *department or establishment concerned* **[at a rate]**, not to exceed the rate of \$9 **[\$6]** within the limits of the continental United States **[, ]** and **[not to exceed an average of \$7 beyond the limits of the continental United States.]** *in case of travel beyond the limits of the continental United States not to exceed rates established by the Director of the Bureau of the Budget for the locality in which the travel is performed.*

**[Appropriations for the executive departments and independent establishments for the fiscal year 1949 available for travel expenses shall be available for the payment of per diem allowances in lieu of subsistence expenses without regard**

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to the Subsistence Expense Act of 1926, as amended (5 U. S. C. 821-833), to civilian officers and employees of such departments and establishments while traveling on official business outside the continental limits of the United States and away from their designated posts of duty: *Provided*, That the amount of such allowances shall be determined by the head of the department or independent establishment concerned or by such official as he may designate for the purpose, but shall, in no case, notwithstanding any other provision of law, exceed the maximum established by regulations prescribed by the President for the locality in which the travel is performed.]

SEC. 4. Civilian officers or employees of departments and establishments or others rendering service to the Government shall, under regulations prescribed by the President, and unless otherwise provided in the appropriation concerned or other law, Director of the Bureau of the Budget, and whenever such mode of transportation is authorized or approved as more advantageous to the Government (except that no determination of advantage is required where payment on a mileage basis is limited to the cost of travel by common carrier, including per diem, be paid in lieu of actual expenses of transportation not to exceed [2] 4 cents per mile for the use of privately owned motorcycles, or [5] 7 cents per mile for the use of privately owned automobiles or airplanes[, ] when engaged [in necessary travel] on official [trips from] business within or outside their designated posts of duty or places of service[, ] or 2 cents per mile for the use of privately owned motorcycles or 4 cents per mile for the use of privately owned automobiles when used on official business wholly within the limits of their official stations or places of service.] In addition to the mileage allowances provided for in this section, there may be allowed reimbursement for the actual cost of ferry fares, and bridge, road, and tunnel tolls.

SEC. [8] 5. The [heads of] departments and establishments [, ] under regulations which shall be prescribed by the Secretary of the Treasury for the protection of the United States, may advance, through the proper disbursing officers [from applicable appropriations] to any person entitled to [actual expenses or] per diem or mileage allowances [allowance] under this Act, such sums as may be deemed advisable considering the character and probable duration of the travel to be performed. Any sums so advanced and not used for allowable travel expense shall be [recovered] recoverable by set-off or salary due, retirement credit, or otherwise, from the person to whom advanced, or his estate, by deduction from any amount due from the United States, or by such other legal method of recovery as may be necessary.

SEC. [7] 6. The fixing and payment [, ] under section 3, of per diem allowance, or portions thereof, shall be in accordance with regulations which shall be promulgated by the heads of departments and establishments and which shall be standardized as far as practicable and shall not be effective until approved by the President of the United States.] under this Act of travel allowances, of advances and recovery thereof, and reimbursement of travel expenses under the Act of March 3, 1875 (5 U. S. C. 73), shall be in accordance with regulations which shall be promulgated by the Director of the Bureau of the Budget.

SEC. [10] 7. This Act shall not be construed to modify or repeal [the] any Act providing for the traveling expenses of the President of the United States [or any Acts (including appropriations for the fiscal year 1927) specifically fixing or permitting mileage rates for travel and/or subsistence expenses], President of the Senate, of Senators, Representatives, Delegates, and Resident Commissioners.

SEC. [9] 8. (a) The Subsistence Expense Act of 1926 and the Auto Mileage Act of February 14, 1931, are repealed. All [laws or parts of laws] Acts (other than the Act of March 3, 1875, 5 U. S. C. 73), and appropriation items for reimbursement of actual travel or transportation expense; and all other Acts, general or special, which are inconsistent with or in conflict with the provisions of this Act (except such [laws] Acts or parts of [law] Acts as [specifically] fix or [now] permit rates higher than the maximum rates established [in] under this Act) are hereby [repealed or] modified, but only to the extent of [such] inconsistency or conflict[.] with the provisions of this Act: *Provided, however, That Acts making appropriations for the fiscal years 1949 and 1950 (whether approved before or after the approval of this Act) which authorize or permit, in either general or specific terms, the payment of travel or transportation expenses without regard to the Subsistence Expense Act of 1926, as amended, or the Standardized Government Travel Regulations, shall be construed to authorize payment of such expenses from the appropriation concerned without regard to this Act.*

[SEC. 11] (b) Wherever provision is made in any law for the payment of [This Act shall not be construed to modify or repeal the] per diem [travel] allowances [granted railway postal clerks, acting railway postal clerks, and substitute



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railway postal clerks in section 7, title I, of the Act approved February 28, 1925 (Forty-third Statutes, p. 1062).] to officers and employees in any branch or establishment of the Government not covered by this Act, in accordance with the rates provided in the Subsistence Expense Act of 1926, such law is hereby amended to provide for payment at the rates prescribed in or under this Act.

Sec. [13] 9. This Act shall take effect on [July 1, 1926, but any increases deemed necessary to be made in the rates of actual expenses or per diem allowances under the authority of this Act shall not be authorized by heads of departments and establishments to the extent of incurring a deficiency in appropriations available for the payment thereof during the fiscal year 1927.] the thirtieth day after the date of its enactment.

EXECUTIVE OFFICE OF THE PRESIDENT,  
BUREAU OF THE BUDGET,  
Washington 25, D. C., March 17, 1949.

Hon. WILLIAM L. DAWSON,  
Chairman, Committee on Expenditures in the Executive Departments,  
House of Representatives, Washington 25, D. C.

MY DEAR MR. DAWSON: This is in reply to the informal request of your committee for the views of the Bureau on H. R. 3005, a bill to regulate subsistence expenses and mileage allowances of civilian officers and employees of the Government.

As indicated by the short title provided for in section 1, the Travel Expense Act of 1949, the bill would bring together in one act various provisions now contained in separate laws providing for travel expenses of certain officers and employees of the Government. The coverage of the bill, as outlined in section 2, would include officers and employees of the executive, legislative, and judicial branches, as well as those of the municipal government of the District of Columbia. However, Members of Congress and offices and committees of the Senate and House of Representatives would be specifically excluded by section 2, and section 7 would provide that the act should not be construed to modify or repeal any act providing for travel expenses of the President of the United States, the President of the Senate, or Senators, Representatives, Delegates, and Resident Commissioners. Justice and judges, for whom per diem allowances are provided by other laws, would be excluded from the provisions of section 3.

Section 3 would raise from \$6 to \$10 the maximum amount which may be prescribed as a per diem allowance in lieu of actual expenses of subsistence of Government personnel traveling away from their designated posts of duty. As stated in the Bureau's letter of January 27, 1949, in response to your request for a report on H. R. 828, the desirability of an adjustment of subsistence allowances has become increasingly apparent and a maximum of \$10 per diem is believed to be fair and adequate in the light of current living costs. Section 3 of the bill embodies substantially the suggestions contained in the above-mentioned letter of January 27, 1949, regarding certain technical aspects of the allowance.

Section 4 would increase from 5 to 7 cents per mile the maximum allowance for use of privately owned automobiles or airplanes on official business, and would increase from 2 to 4 cents per mile the maximum rate for use of privately owned motorcycles. The principal feature of this section is the return to the 7-cent-per-mile rate for the use of privately owned automobiles which was originally established in 1931, but which was reduced to 5 cents in 1933. It seems obvious that present costs of operation justify a rate higher than was necessary in 1933, and the 7-cent rate is consistent with legislation enacted during the last Congress which fixed such a rate for the use of automobiles by United States marshals (Public Law 673, approved June 19, 1948) and rural mail carriers (Public Law 900, approved July 3, 1948). The 7-cent rate would apply to travel both within and without the limits of an employee's official station, thus removing the distinction which exists between the present rates for travel within the limits of an official station (4 cents per mile) and beyond the limits (5 cents per mile). The removal of the distinction is desirable inasmuch as it is not supported by any difference in operating costs to the employee.

Section 5 would permit advances to persons entitled to mileage or per diem allowances under the act. The provision that any such advances not used for allowable travel expenses should be recoverable by set-off against salary, retirement credit, or otherwise, presumably is intended to make unnecessary the furnishing of bond by employees to whom such advances are made. This section

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would remove any doubt that adequate remedies are available to the United States for recovery of such advances, and the elimination of the requirement for a bond would do away with considerable unnecessary paper work and expense to the employees concerned. The section is sufficiently broad to permit the requiring of bonds in those few cases where a bond might be necessary or desirable.

Section 6 would provide for issuance of regulations by the Director of the Bureau of the Budget for the fixing and payment of travel allowances and advances under the bill, and for reimbursement of actual travel expenses under the act of March 3, 1875 (5 U. S. C. 73). This section would not increase the present duties of the Bureau of the Budget except with respect to the prescribing of regulations for advances, a function which is now in the Treasury Department. The centralization of authority to prescribe regulations for matters of this nature is believed to be desirable.

In general, it is believed that the rates provided for in H. R. 3005 are equitable, and that the technical features of the bill provide the basis for a constructive approach to the problem of consolidating and simplifying laws and regulations relating to reimbursement for official travel. Consequently, the Bureau of the Budget recommends favorable action on the bill.

As indicated in the Bureau's above-mentioned letter of January 27, 1949, appropriations for the fiscal year 1949 and budget estimates for the fiscal year 1950 were prepared on the basis of the present maximum of \$6 per diem for expenses in lieu of subsistence. Also, such appropriations and estimates were based on allowances of 4 cents and 5 cents per mile for travel by privately owned automobile within and without the limits of official stations. Since section 9 would make the bill effective on the thirtieth day after the date of its enactment, additional appropriations likely would be required for the current fiscal year if the bill were enacted before June 1949, and additional appropriations would be required for the fiscal year 1950 if the bill were enacted during the present session of the Congress.

Sincerely yours,

F. J. LAWTON, *Acting Director.*

COMPTROLLER GENERAL OF THE UNITED STATES,  
*Washington, March 2, 1949.*

HON. WILLIAM L. DAWSON,  
*Chairman, Committee on Expenditures in the Executive Departments,  
House of Representatives.*

MY DEAR MR. CHAIRMAN: In response to the informal request of your committee, there are set forth herein my comments on H. R. 3005, Eighty-first Congress, entitled "A bill to regulate subsistence expenses and mileage allowances of civilian officers and employees of the Government," which bill, inter alia, retains all of the essential and desirable provisions of H. R. 828 and S. 352, Eighty-first Congress, covering the same subject matter.

In my report of January 28, 1949, B-5019, to you, on H. R. 828, I suggested that several changes be made in that bill. The instant bill satisfies each of the objections expressed by me in the above-mentioned report, and, if enacted into law, will be a notable step forward in that it will to a great extent equalize the reimbursement rights of Government employees for traveling expenses incurred on official business. Accordingly, I recommend favorable consideration of the bill H. R. 3005.

A copy of General Accounting Office draft of explanation by sections for travel expense bill, H. R. 3005, is enclosed herewith in accordance with your committee's informal request.

Sincerely yours,

LINDSAY C. WARREN,  
*Comptroller General of the United States.*

GENERAL ACCOUNTING OFFICE DRAFT OF EXPLANATION BY SECTIONS FOR  
TRAVEL-EXPENSE BILL

*Section 1. Short title.*—"Travel Expense Act of 1949."

*Section 2. Definitions, coverage, and exemptions.*—This section defines the term "departments and establishments" as well as the terms "subsistence" and "per diem allowance" and specifies the exemptions from the provisions of the bill.

The bill embraces not only the executive branch of the Government (including the postal service), but the judicial and legislative branches as well. The inclusion

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of the judicial and legislative branches would assure uniformity in the Federal service with respect to reimbursement for travel expenses incurred. The coverage of Judicial employees will operate in part to displace 28 United States Code 962, which empowers the Director of the Administrative Office of the United States Courts to promulgate regulations covering travel and subsistence expenses of officers and employees of the courts of the United States and of the Administrative Office of the United States Courts. Traveling expenses of justices and judges themselves will be controlled by the provisions of this bill, except section 3 below. The provisions of 28 United States Code 456, authorizing allowances of "necessary traveling expenses" to judges and justices will be modified to the extent of any inconsistency or conflict with the provisions of this bill. The Director of the Administrative Office of the United States Courts has expressed the view that the inclusion of judicial employees in this bill is most desirable. As for the legislative branch, Members of Congress and offices and committees of the Senate and House of Representatives are exempted from the bill.

*Section 3. Per diem allowances.*—The maximum per diem allowance for travel within the limits of the continental United States is to be raised from \$6 to \$10 in recognition of the substantial increase in subsistence costs since January 30, 1942, the date of the last amendment to the Subsistence Expense Act of 1926. It is to be noted that the bill sets \$10 as a maximum only and does not require that it be allowed in all cases. The rate to be authorized in individual instances is for departmental determination, according to the circumstances, but in no event may it exceed the statutory maximum.

The bill would reenact present statutory language which has been held to require the bona fide designation of the true headquarters or post of duty, for service away from which a subsistence "per diem" can be paid. It does not permit the designation of a fictitious post of duty, at which no services are to be performed, solely for the purpose of paying a per diem. *Fidelity and Deposit Company of Maryland v. United States* ((CCA) 55 Fed. (2d) 100; 19 Comp. Gen. 347; 27 id. 657).

Justices and judges are exempted from this section of the bill, and payment of subsistence expenses to them still will be controlled by the provision of 28 U. S. C. 456 authorizing allowances of "reasonable maintenance expenses actually incurred, not exceeding \$10 per day."

*Section 4. Mileage.*—The present law authorizes mileage to be paid for the use of a private car either for local driving at the employee's station or for trips away from that point. In the former case the maximum rate is 4 cents, and in the latter, 5 cents. This section of the bill would allow the same maximum rate in either case, and would raise the maximum rate to 7 cents. For private motorcycles, the proposed rate change is from 2 to 4 cents and for private airplanes from 5 to 7 cents. The 7-cent rate for auto travel restores the rate which was in effect under the original act of 1931, until its amendment in 1933. Also, it is consistent with Public Law 673, approved last June, which allows 7 cents per mile for the auto travel of United States marshals and their deputies, also Public Law 900 of July 3, 1948, which authorizes 7-cent mileage to rural mail carriers.

Mileage may not be allowed under the current law except where it be determined that the use of a private car, motorcycle, or airplane is more advantageous to the Government. That requirement is retained in the proposed legislation, except that a specific determination of advantage will not be required where payment on a mileage basis is limited to the cost of travel by common carrier.

*Section 5. Travel advances.*—Administrative officials have doubted their authority to attempt recovery by deduction from salary of travel advances not otherwise fully accounted for. Also, Treasury regulations under the present law require a bond in all cases in which a travel advance is made. It is felt that by perfecting the means of recovery of advances made, it will be possible to omit the bond requirement, under normal circumstances, with its accompanying burden on the employee who pays the premium.

*Section 6. Regulations.*—This section vests the Director of the Bureau of the Budget with authority to prescribe regulations covering mileage and per diem allowances, reimbursement of travel expenses, and travel advances, and recovery thereof. This will centralize that function, now performed in part by the Bureau (with the concurrence of the President) and in the Treasury (with respect to travel advances).

Reference in this section to the Travel Expense Act of 1875, which limits payment of travel expenses generally to the actual expenses incurred, is made solely for the purpose of dispelling any existing doubt as to the legality of coverage by regulation of travel expenses as a whole. It places no new duties upon the Bureau of the Budget.

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*Section 7. Travel acts not affected.*—It is provided that the bill shall not modify or repeal any act providing for traveling expenses of the President of the United States, President of the Senate, of Senators, Representatives, Delegates, and Resident Commissioners. With respect to the President, the language is identical to that now contained in section 10 of the Subsistence Expense Act of 1926.

*Section 8. Inconsistent acts repealed.*—(a) The adoption of this section will repeal the Subsistence Expense Act of 1926, the Auto Mileage Act of 1931, and will modify all other acts, general or special, covering the type of expenses and allowances embraced by this bill, but only to the extent of inconsistency or conflict with its provisions. A similar repeal clause is found in section 9 of the Subsistence Expense Act of 1926. However, appropriation items for examination of estimates in the field and inconsistent provisions now contained in appropriation acts for the fiscal year 1949, and any similar provisions which may be contained in appropriation acts presently being considered for the fiscal year 1950, will be retained. This will preserve certain existing exceptions to the general travel expense laws until the respective committees on appropriations have an opportunity to consider whether such exceptions are necessary or desirable under those laws as changed in the bill. This section is not designed to disturb or affect certain special travel provisions of the Foreign Service Act of 1946 or section 1 of the Administrative Expense Act of 1946, Public Law 600.

(b) Section 8 (b) provides that the rates prescribed in this bill shall apply in those cases where the law now or hereafter authorizes payment of per diem allowances to officers and employees in any branch or establishment not covered by this act, in accordance with the rates provided in the Subsistence Expense Act of 1926.

*Section 9. Effective date.*—The effective date of the bill is postponed until the 30th day after its enactment for the purpose of allowing time for the promulgation of the regulations required thereunder.

## APPENDIX

This teletype message was received by the American Hotel Association March 16, 1949:

MARCH 17, 1949.

Harris, Kerr, Forster & Co., states that the 1948 room average rate based on over 300 hotels will be approximately \$5.60 per room.

Horwath & Horwath states their trend study shows average of \$5.27 per room. Larger metropolitan hotels in New York City, Boston, Chicago, etc., averaging over \$6.

Allowing for factor of double occupancy, Harris, Kerr, Forster recommends basis for single rate of not less than \$5 even and feels that between \$5 and \$5.50 would be a reasonable allowance for single room.

It must be remembered that allowances at hearings are being fixed for 1949 and the future and some upward adjustments in hotel rates is still likely. Therefore the allowance rate should take this factor into account.

Harris, Kerr, Forster and Horwath & Horwath both agree on this last paragraph.

EXHIBIT A.—*State Employment Security Agency maximum per diem or subsistence rates for interstate travel*

State	Existing maximum rates		Basis for establishing rate
	Actual expense	Per diem	
Alabama:			
Others.....	\$9.00		} Agreement.
Director.....	10.00		
Alaska.....		\$10	State statute.
Arizona.....	10.00		Do.
Arkansas:			
Others.....	9.00		} Agreement.
Administrator.....	10.00		
California:			
Others.....	11.00		} State board of control rules.
Commission members.....	12.00	14	
Colorado:			
Others.....	9.00		} Agreement.
Administrative head.....	10.00		
Connecticut.....	8.00		State rules.
Delaware.....	10.00	6	Agreement.
Florida.....	10.00		State statute.
Georgia:			
Others.....	9.00		} Agreement.
Administrative head.....	10.00		
Hawaii.....		10	State statute.
Idaho:			
Others.....		9	} Agreement—based on Attorney General's opinion.
Administrative head.....		10	
Illinois.....	6.00		Rules of State Department of Finance.
Indiana.....		9	State rules.
Iowa:			
Within Regulation VII.....	7.00		} Agreement.
Outside Regulation VII.....	9.00		
Kansas:			
Others.....	9.00		} Do.
Executive director.....	9.00		
Kentucky.....	9.00		Do.
Louisiana.....	6.50		State rules.
Maine.....	9.00		Agreement (a recent order of the Governor and council allows \$8 for hotels on out-of-State travel).
Maryland.....	9.00		Rules of State comptroller.
Massachusetts.....	11.75		Based on statement furnished by Budget Commission as to State-wide limitation.
Michigan:			
Executives.....	10.00		} Rules of State administration board.
Others.....	8.25		

<sup>1</sup> Amounts in excess of \$9 paid from special fund.

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EXHIBIT A.—State Employment Security Agency maximum per diem or subsistence rates for interstate travel—Continued

State	Existing maximum rates		Basis for establishing rate
	Actual expense	Per diem	
Minnesota:			} Agreement—State rules of department of administration allow \$5.50 a day for meals—silence on allowance for lodgings.
Others	9.00		
Administrative head	10.00		
Mississippi:			} Agreement.
Others		8	
Executive director		9	
Missouri:			} Agreement.
Director or his representative.	10.00		
Others	8.00		
Montana	7.00		State statute.
Nebraska:			} Agreement.
Others	9.00		
Administrative head	10.00		
Nevada		10	Rules of State board of examiners.
New Hampshire	9.00		Agreement.
New Jersey	7.00		Based on rules approved by Governor.
New Mexico:			} Agency actually has no limitation in its regulations but has stated it will pay amounts in excess of top limits specified in fiscal standard from Special Administration Fund.
Others	9.00		
Administrative head	10.00		
New York	9.50		Rules of State comptroller.
North Carolina	3.00		State statute.
North Dakota	7.00		State rules.
Ohio:			} Agreement.
Others	9.00		
Executive Director	10.00		
Oklahoma		10	State statute.
Oregon		9	State rules.
Pennsylvania		2 9	Do.
Rhode Island	10.00	10	Rules of State department of finance.
South Carolina	10.00		State statute.
South Dakota:			} Agreement.
Others	9.00		
Administrator	10.00		
Tennessee:			} Do.
Others	9.00		
Commissioner	10.00		
Texas	9.00		Do.
Utah:			} Do.
Others	9.00		
Executive Director	10.00		
Vermont	9.00		Do.
Virginia	8.00		Do.
Washington		8	State statute.
West Virginia:			} Agreement.
Others	9.00		
Director	10.00		
Wisconsin	9.00		State rules.
Wyoming:			} State statute.
Others		8	
Executive director and members of commission.		10	

<sup>2</sup> Average.

The average maximum amount allowed by the 50 States and Territories for subsistence of their employees, as indicated by the above-mentioned list, is \$8.91 per day. That figure does not include extra allowances which are provided, in 19 jurisdictions, for top officials, in amounts ranging from \$1 to \$3 in excess of the maximum established for other employees.

## SUBSISTENCE EXPENSES AND MILEAGE ALLOWANCES 15

Information obtained from administrative regulations and travel orders, effective during the fiscal year 1948 for certain areas of the United States, shows that the following departments, agencies, establishments, and bureaus or other organizations within departments reduce the authorized rate of per diem in lieu of subsistence and/or limit the period for which the per diem may be paid

Organization	Area	Rate authorized and/or other limitation
Department of Agriculture: Plant Industry and Soils	Various	\$5; \$6 for 6 days, \$4.60 thereafter; \$6 for 5 days, \$2 thereafter, not to exceed 20 days; \$5.00 within a 100-mile radius; \$5 while traveling and \$4.60 for 2 weeks.
Forest Service	Region 1	\$4.
	Region 2	\$4.
	Region 4	\$4.40.
	Region 5	\$5; \$4.40; \$5 fire emergency, \$3 for travel, \$2 at Government camp.
	Region 6	\$4 and \$3.40.
	Region 8	\$4.40.
	Region 9	\$5.60.
	North Pacific Region	\$4.
	Deerjodge National Forest	\$2.
	Pike National Forest	\$2.60.
Farmers Home Administration	Various	\$6 and \$5.
Federal Crop Insurance Corporation	do	\$6, \$5, and \$4.
Production and Marketing Administration	do	\$6 for first 30 days and \$5 for next 30 days; \$4 for travel wholly within a day.
	Tennessee, Kentucky, North Carolina, South Carolina, and Virginia.	\$6 for 10 days, \$2 for the next 50 days and no per diem in excess of 60 days except by special authority.
	Wisconsin	\$5 for 30 days; \$4.50 for the second 30-day period; \$4 for the next 30-day period; \$3.50 for next 30-day period; and no per diem in excess of 120 days except by prior written authority.
	Tennessee, Kentucky, and Ohio.	\$6 while traveling not to exceed 10 days at \$6 at any one point at any one time.
	Texas	\$6 for 30 days, no per diem allowed at any one time at any one place in excess of 30 days.
Soil Conservation Service	Various	\$6, \$5.60, \$5.40, \$5, \$4.60, and \$4.
Entomology and Plant Quarantine	do	\$3.60 for travel of less than 24 hours.
Agricultural and Industrial Chemistry	do	\$1 for each 6-hour period for travel less than 24 hours when lodging is not involved.
Dairy Industry	Georgia and Alabama	\$3 when departure and arrival are on the same day.
	Tennessee, Louisiana, North Dakota, and North Carolina.	\$4; \$2 when departure and arrival are on the same day.
	Maryland, Pennsylvania, and Virginia.	\$5; \$2 when departure and arrival are on the same day.
Commodity Exchange Authority	Various	\$6 for 60 days, no per diem thereafter except by special authority.
Human Nutrition and Home Economics	do	\$5; \$6, for first 30 days and \$3 for all other time not spent in traveling.
Office of Experiment Stations	Puerto Rico	\$7, authorized rate to be reduced according to locality, considering type of work and length of period of duty.
Office of Agricultural Research	Alaska	\$7, authorized rate to be reduced according to locality, considering type of work and length of duty.
Department of Commerce: Civil Aeronautics Administration	United States	\$6 for 60 days, \$5 for the next 30 days, and \$4.50 thereafter.
	Alaska and the Pacific	\$7 for 60 days, \$6 for the next 30 days, and \$5.50 thereafter.
Weather Bureau	Alaska	\$7 en route and for the first 15 days, \$4 thereafter; \$3 for travel by way of airplane or boat when berth and meals are included in price of ticket, otherwise \$6.

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Organization	Area	Rate authorized and/or other limitation
Department of the Interior: Bureau of Mines.....	All areas.....	\$6 for trip of 24 hours or more; \$3 for trips of less than 24 hours, unless overnight travel is involved and no per diem for an absence between hours of 6 a. m. and 6 p. m.; \$6 for 30 days unless extended by specific authorization.
Fish and Wildlife Service.....	Regions 1, 2, 3, 4, 5, and 6.	\$6 except that \$3 will be allowed for travel of less than 24 hours where no lodging is involved.
Geological Survey.....	Various.....	\$5.50, \$4, and \$3.50.
Office of Indian Affairs.....	do.....	\$6 and \$3.50 when Government quarters are occupied.
Federal Security Agency: Food and Drug Administration.	Eastern, central, and western districts.	\$6 or lower as authorized by district or station chief; \$5; \$4.
	New Orleans.....	\$6 and \$4 for absence of less than 24 hours.
Federal Works Agency: Public Roads Administration.	Authorizations issued in Washington, D. C., Kansas City, Mo., Denver, Colo., Portland, Oreg., and San Francisco, Calif.	\$6 except that \$1 will be paid for trips in excess of 10 hours providing overnight travel is not involved.
General Accounting Office.....	Various.....	\$6 for each of first 90 days; \$5 for next 30 days; \$4 for next 30 days; \$3 for next 30 days.
National Housing Agency: Federal Housing Administration.	do.....	No per diem when departing and returning on the same day, no per diem when place of duty can be reached within 1 hour by common carrier.

## STATEMENT OF REPRESENTATIVE RUSSELL V. MACK, THIRD WASHINGTON DISTRICT, ON H. R. 3005, MADE BEFORE EXPENDITURES OF THE EXECUTIVE DEPARTMENT COMMITTEE

I favor H. R. 3005 because the present \$6 a day allowed Federal Government workers for subsistence while traveling on official business is entirely inadequate and unrealistic in the light of present-day travel costs.

A Government executive worker, who travels a good deal on Government business, told me recently that he spent for hotel rooms, meals, and out-of-pocket travel expenses during 1948, about \$900 more than he received back from his \$6 a day subsistence allowance. We cannot expect to retain competent help in the Government if we continue this imposition upon them.

Every Member of Congress knows that no one, while traveling, can live at even second- or third-class hotels nowadays on \$6 a day.

Furthermore, the present law allows internal-revenue collectors and other Federal employees who use their own automobiles when traveling on public business only 4 cents a mile when traveling within their posts of duty and 5 cents a mile when traveling outside their posts.

This 4- and 5-cent allowance for use of a car is substantially that allowed private employees by most private businesses. It is totally inadequate to meet the costs of gas and oil, insurance, storage, and upkeep on the Federal employee's car, to say nothing of depreciation on it.

## STATEMENT OF LUTHER C. STEWARD, PRESIDENT, NATIONAL FEDERATION OF FEDERAL EMPLOYEES

Mr. Chairman and members of the committee, I am appearing in support of H. R. 3005, a bill introduced by Representative Karsten to regulate subsistence expenses and mileage allowances of civilian officers and employees of the Government.

This is a comprehensive proposal covering as it does the allowances in lieu of subsistence for civilian officers and employees while in travel status; the adjustment of mileage allowances of privately owned vehicles used by civilian officers and employees in travel status and a provision for advancement of funds in anticipation of official travel with the necessary safeguards as to recovery of unexpended portions of such advanced funds.



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The need for this legislation is overwhelming. One has only to recall their own personal experiences to convince one's self beyond per adventure of a doubt that the existing \$6 per diem for civilian officers and employees in travel status is so woefully inadequate as to compel expenditure of personal funds by every civilian officer and employees in travel status, which is in effect, not only a reduction in salary, but puts the employer—the Government of the United States—in the position of expecting its employees while engaged in its official business to carry as a personal obligation a portion of the expenses. A more unfair or absurd situation can hardly be imagined.

Increasing the mileage allowances for privately owned vehicles used by civilian officers and employees in travel status is equally necessary. This use of such privately owned transportation is in the interest of the Government, and again the unfairness of such an individual civilian officer or employee to bear a portion of the cost load is indefensible.

Even with the rates proposed in H. R. 3005, civilian officers and employees to stay within \$10 a day will have to exercise care and prudence and confine themselves to second-class hotels and modest eating places. It would seem unnecessary to labor the point or to offer detailed figures to support the rates proposed in H. R. 3005. Conditions speak for themselves and in order to put itself into a position where it is no longer abusing its civilian officers and employees in travel status by requiring personal expenditures from them while engaged in Government business, this bill should be promptly enacted into law.

STATEMENT OF ROBERT E. McLAUGHLIN, WASHINGTON COUNSEL, NATIONAL ASSOCIATION OF STOREKEEPER-GAUGERS

My name is Robert McLaughlin of 805 G Street NW., of this city. I am Washington counsel for the National Association of Storekeeper-Gaugers, who are all field employees of the Alcohol Tax Unit of the Treasury Department. This association has a membership approximating about 50 percent of the eligible employees of their vocation; and their civil service classifications range from CAF-6 to CAF-11.

During the past year an investigation and hearings were held by the Civil Service Commission which demonstrated that a great majority of the 1,400 gaugers were underclassified, and they are being raised into the above grades effective April 1.

The most critical problem of this group, until recently, was pay. That has been substantially improved. But the problem that has always run it a close second is per diem and attendant items incident to travel and duties away from home.

As demonstrated by treatment of some members of this group, a serious need in this type of legislation is standardization. There is too great a diversity in the standards followed by the various bureaus and agencies. Some agencies always favor the working conditions of their employees as much as possible within the clear meaning of the laws and regulations; whereas others habitually inflict upon their workers arbitrary actions which are detrimental to their financial and moral positions. Travel orders under which per diem is paid are sometimes minimized by brief transfers of permanent posts of duty (for periods as short as about 30 days), as a punishment or to express disfavor with an employee. Particularly indefinite assignments (which might range from a few days to 6 months) are he'd over the heads of a whole division of employees, under circumstances where the employees selected cannot possibly move their families—even if houses were available—yet without per diem, except for the time actually in transportation between regular post of duty and interim location.

These are vicious instrumentalities in the hands of some bureaucrats. They should be regulated as far as possible by law. In this way much can be added to the stability and efficiency of our civil servants. The helpless, and frequently underpaid, employee should not be submitted to bureau rulings of clever young lieutenants who are eager to ingratiate their superiors by saving a few precious dollars on out-of-the-way assignments which are made for the convenience of the bureau and at the expense of the employee and his family.

Another unfair angle of this same proposition is the fact that the employee not only does not receive his per diem allowance for these relatively short periods of duty; but it is maintained that by this same change of post of duty (whether for saving per diem, or other bureau purpose or convenience) the employee's

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"home" is technically transferred and he is denied the right of deducting from his income tax the extra expenses of maintaining his necessary second place of abode. Perhaps a district court would not agree; but the Bureau of Internal Revenue has ruled that these employees may not deduct such expenses.

Furthermore, although the terms of H. R. 3005 are regarded as wholly adequate as to amount of per diem and mileage reimbursement, and it is obviously the intent of the committee that justice be done in these matters, would it not be wise to assure that equal treatment be accorded all employees under the terms of the act by designating the exact amounts and conditions involved and eradicate spite and favoritism in this connection as elements in the efficiency and morale of our Government employees? These conditions have recently—or do yet—exist; they can still be reverted to under this bill in its present form; and only the Congress can assure their discontinuance.

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STATEMENT OF CONGRESSMAN HUGH B. MITCHELL OF WASHINGTON BEFORE THE  
HOUSE COMMITTEE ON EXPENDITURES IN THE EXECUTIVE DEPARTMENTS ON  
H. R. 3005

Gentlemen of the committee, I appreciate this opportunity to make a few observations in support of increased travel allowances for our Government workers. Present payments of \$6 a day and 5 cents a mile are totally inadequate, as any analysis of the facts will conclusively show. Those Government employees who must travel on the job are digging into their own pockets and cutting down their too-meager incomes to do necessary work for the Government.

Increased travel allowances are a small part, but an important part, of the wage and salary adjustments that should be made to enable our Government workers to meet the present high costs of daily living. For the individual worker and his family, salary adjustment is a "bread and butter" necessity. For the Government it is a necessary means of acquiring and retaining skilled and trained personnel to carry on the biggest and the most important enterprise in the world.

A per diem allowance not to exceed \$10 within the limits of the continental United States, as provided in H. R. 3005, is a realistic figure in the light of present costs. A decent hotel room and one square meal just about take up the present per diem allowance. For the other two meals, for tips, for newspapers, for coffee and the incidental expenditures which are very common since night work is often required while on the road, the proposed increase will properly make up the difference.

Traveling in Alaska requires special consideration because of the greatly increased prices for essentials in that Territory. Employees now traveling on official duties in Alaska suffer substantial loss of income. I assume that H. R. 3005 takes account of this problem by providing in section 3 for per diem rates to be established by the Director of the Budget Bureau in case of travel outside the limits of the continental United States. The National Association of Employees of Collectors of Internal Revenue, by resolution adopted at their 1948 convention in Oklahoma City, September 21 to 25, 1948, recommended that an additional \$3 per day be paid for travel in Alaska. An alternative method for per diem travel in Alaska has been suggested: The payment of actual costs on each trip, with provisions set by the proper Government agency for computing such costs.

From the information available to me, the provision in section 5 of H. R. 3005 for 7 cents per mile to be paid in the case of privately owned automobiles, is rather low. Mr. Cliff Mosby, president of local 30, National Association of Employees of Collectors of Internal Revenue, informs me that deputy collectors who travel for the Government in connection with the collection of Federal taxes are now paying costs of 10 cents per mile to own and maintain their cars. In part these are out-of-pocket costs because the deputy collectors are now paid 5 cents per mile for traveling outside their post of duty and 4 cents within their post of duty, using their own privately owned automobiles. I understand that last year the National Rural Letter Carriers' Association was given an increase to 7 cents per mile. Resolution 10 of the National Association of Employees of Collectors of Internal Revenue proposed the payment of 8 cents per mile for travel both inside and outside the city limits of posts of duty.

A study of the experience of National Labor Relations Board examiners in the Northwest (Washington, Oregon, Idaho, and Montana) shows that 8 cents per mile is a moderate estimate of automobile costs. This mileage cost was made up of the following:

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	<i>Per mile</i>
Gas and oil.....	\$0. 02
Storage and parking.....	. 01
Depreciation.....	. 03½
Servicing and insurance.....	. 01½
 Total.....	 . 08

This mileage cost was based on an estimated car use of 12,000 miles per year on official business, although examiners using automobiles in the regions west of the Mississippi travel substantially more than 12,000 miles a year. The depreciation estimate was based on 20 percent of cost of 1948 or later models, set at \$2,000. Insurance was based on 1948 or later models having minimum legal liability coverage and \$50 deductible collision. For older automobiles, cost would be less but the difference would be made up by increased servicing and gas and oil costs. Automobiles used substantially more than 12,000 miles a year depreciate at a much greater rate, of course. In the Northwest, due to the amount of travel required on logging roads, etc., depreciation and servicing costs are enhanced. The above component estimate of \$0.02 per mile for gasoline and oil possibly is too low, in view of increasing prices for these items. Two cents is based on gasoline consumption of 15 miles to a gallon at \$0.28 a gallon and 350 miles for a quart of oil—including oil changes and filter changes.

It is my earnest hope that the Congress will do justice to our Government workers in the matter of salary increases. This committee can perform a valuable service in line with that objective by approving increased travel allowances to make up the loss of income suffered by those who must go from place to place to do the Nation's business.

UNITED STATES CUSTOMS COURT,  
New York 14, March 10, 1949.

Hon. WILLIAM L. DAWSON,  
*Chairman, House Committee on Executive Expenditures,  
House Office Building, Washington, D. C.*

DEAR CONGRESSMAN: Chief Judge Webster J. Oliver, under date of March 8, has written you a letter expressing an interest in your bill, H. R. 828, and a wish that the bill be amended or extended to cover the court reporters of the United States Customs Court who are designated to attend with the judges the court's sessions at ports other than New York City.

Our court reporters have no option but must accept the assignments on all out-of-town circuits, and as a consequence they have been subjected to a heavy financial burden and hardship because of the necessary excess expenditures made by them over and above the regular per diem allowance of \$6 per day. I join with Judge Oliver in the hope that this important and necessary bill is speedily passed and that it will be amended to as to include officers and employees of this court necessarily absent from their official station on official business.

I understand that Hon. Henry P. Chandler, Director of the Administrative Office of the United States Courts has been in communication with you and also with Senator McClellan, and has called to your attention the omission of any provision for per diem in lieu of subsistence for judicial personnel. My informant did not know whether corrective action would be taken through the amendment of your bill, H. R. 828, or whether a separate bill would be introduced.

I would greatly appreciate your interest in this matter, and hope that the financial relief which is being granted civilian officers and employees of the executive departments and establishments can also be granted to the officers and employees of our court. I would appreciate any information that you can give me on the legislative condition of your bill and any possible amendments thereto, or other bills which may have been introduced covering the situation.

With warm personal regards, I am,  
Yours very truly,

IRVIN C. MOLLISON.

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ADMINISTRATIVE OFFICE OF THE UNITED STATES COURTS,  
SUPREME COURT BUILDING,  
Washington 13, D. C., March 17, 1949.

HON. WILLIAM L. DAWSON,  
*Chairman, Committee on Expenditures in the Executive Departments,  
House of Representatives, Washington, D. C.*

DEAR CONGRESSMAN DAWSON: I am writing in behalf of the personnel of the Federal courts to urge favorable action by your committee upon the pending bill to regulate subsistence expenses and mileage allowances of civilian officers and employees of the Government (H. R. 3005). The Judicial Conference of the United States, consisting of the Chief Justice of the United States, Chairman, and the chief circuit judges of the 11 judicial circuits of the country, at its last annual meeting held in September 1948 recommended increases in the present provisions for reimbursement of personnel of the courts for expenses incurred for subsistence and for the use of privately owned automobiles while engaged in official travel. The pending bill conforms with the recommendations and if enacted will redress serious injustices in the present rates of reimbursement.

The present allowance for expenses of subsistence of officers and employees of the judicial establishment, other than judges, is a per diem sum of not to exceed \$6 within the limits of the continental United States (5 U. S. C. 823). In this the supporting personnel of the courts share with Government officers generally. The allowance for subsistence of Federal judges is presently fixed by section 456 of title 28 of the United States Code at their "reasonable maintenance expenses actually incurred, not exceeding \$10 per day." The rate of reimbursement to all personnel of the courts including judges, for the use of privately owned automobiles in official travel is fixed at not to exceed 5 cents a mile outside of their official stations, and 4 cents a mile within them (5 U. S. C. 73a).

The pending bill would assimilate the allowance for subsistence of officers and employees of the courts, other than judges, while engaged in official travel, to the similar allowance for other personnel of the Government as at present, but would increase it to "a per diem allowance to be prescribed by the department or establishment concerned, not to exceed the rate of \$10 within the limits of the continental United States and in case of travel beyond the limits of the continental United States not to exceed rates established by the Director of the Bureau of the Budget for the locality in which the travel is performed." The bill leaves the allowance for subsistence of judges in official travel to be separately provided for as at present, and another bill has been introduced and is pending (H. R. 2166) which would continue the present plan of reimbursement for subsistence of judges on the basis of their actual expenses, but would raise the maximum limit from \$10 to \$15 a day. The bill before your committee, H. R. 3005, would also raise the rate of reimbursement for the use of privately owned automobiles for official travel by all personnel of the courts, including judges, from 5 cents a mile as at present to 7 cents.

The increases in the rates for both subsistence and mileage for which the bill provides, have been urgently needed for a number of years. It needs no argument that \$6 a day, which is the rate prescribed by the present law (5 U. S. C. 823), is much below the cost of transient accommodations in many if not most places in this country at the present time. A suitable room in a hotel and modest meals cannot be procured in a large number of places in which the supporting personnel of the courts, including clerks and their deputies, secretaries and law clerks to judges, court reporters, and probation officers are called upon to stay within a limit of \$6 a day. Section 62b (1) of the Bankruptcy Act as amended allows to referees their actual expenses for lodging and subsistence not to exceed \$7 per day while in a travel status. But this amount, too, is insufficient in most places, and for the referees as for most other personnel of the Government, a flat allowance in an adequate amount, for which the pending bill provides, is needed.

There is equal necessity as a matter of justice for the increase in the mileage rate for the use of privately owned automobiles for official purposes provided for in the pending bill. The act fixing the present rate of 5 cents (47 Stat. 1516, 5 U. S. C. 73a) was enacted in 1933 when prices generally were on a low level. It is well known that since then the cost of operating automobiles has increased very much. The price of gasoline, the cost of amortization due to the sharp advance in the price of automobiles, which has almost doubled in recent years, the cost of replacements and repairs, and virtually all substantial elements of cost involved, have gone up very much. Court personnel who are limited to payment of 5 cents a mile, have a deficiency to make up out of their personal funds every time they use their automobiles for official travel. The court personnel who have occasion

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to do this include many judges and clerks of court and their deputies, secretaries and law clerks of judges, court criers acting as bailiffs and messengers, court reporters, referees in bankruptcy, and probation officers.

The need of the supporting personnel of the courts, other than probation officers, occurs principally in districts in which terms of the district courts are held from time to time at a number of different locations. In such situations there would be much loss of time and energy in using common carriers. Frequently a number of officers travel together in one automobile for use of which only the officer who owns the car is reimbursed. Travel by automobile under these conditions makes for efficiency and results in a saving for the Government. Clearly the officers who use this method should be made whole for their expense.

The Federal probation officers use automobiles not only to attend terms of courts at which they have duties to perform as do other officers, but to make numerous calls upon persons in scattered locations whom they are supervising or whom they need to see in connection with their presentence investigations under criminal rule 32 (c) (1). Many probation officers have occasion to run their automobiles anywhere from 10,000 to 25,000 miles a year. The present rate of reimbursement, 5 cents, is conservatively believed to be 2 cents per mile below cost, and upon this basis such officers are required to contribute anywhere from \$200 to \$500 a year out of their salaries. This plainly is not just.

The present bill would correct the deficiency by raising the maximum rate of 7 cents. It also would do away with the distinction in the present law between travel outside of the official station and travel within it, for which a lower rate of only 4 cents is allowed. This is anomalous because travel within the official station on account of the numerous stops and starts involved, is obviously more expensive than travel outside. The pending bill corrects this.

I desire to express in behalf of the Judicial Conference and of the Federal courts my gratification that the personnel of the courts have been included with Government personnel generally in the relief which is proposed. If granted it will remedy what has been a glaring injustice and be very beneficial to the morale of the court service.

With kind regards, I am,  
Sincerely yours,

HENRY P. CHANDLER.

HOUSE OF REPRESENTATIVES,  
Washington, D. C., March 11, 1949.

Hon. WEBSTER J. OLIVER,  
Chief Judge, United States Customs Court,  
201 Varick Street, New York, N. Y.

MY DEAR JUDGE: Chairman Dawson of the House Committee on Executive Expenditures has referred to me your letter of March 8 in reference to legislation providing for an increase in subsistence expense of officers and employees of the Government.

This matter has been referred to the Subcommittee on Public Accounts and it is planned to hold hearings on it within the very near future. I am enclosing a copy of a bill I recently introduced on the subject and under the terms of this legislation employees of the judicial branch of the Government would be included.

I appreciate your letter and will bring your views to the attention of the subcommittee when the legislation is under consideration.

Sincerely yours,

FRANK M. KARSTEN,  
Chairman, Subcommittee on Public Accounts.

UNITED STATES CUSTOMS COURT,  
New York 14, March 8, 1949.

Hon. WILLIAM L. DAWSON, M. C.,  
Chairman, House Committee on Executive Expenditures,  
House Office Building, Washington, D. C.

MY DEAR CONGRESSMAN: In connection with your bill H. R. 828, providing for increase of subsistence expenses of officers and employees in the executive branch of the Government while absent from their designated posts of duty on official business, we note that this bill contemplates increase of the per diem allowance under such conditions to not in excess of \$10 per day. The purpose of this

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letter, which is sent you under the advice of my colleagues on this court, is for the purpose of requesting that this increased travel allowance be extended to cover the court reporters in the United States Customs Court when on official duty outside New York City.

Whenever our out-of-town circuits are held throughout the year a court reporter is designated to attend with the judge and an attorney from the office of the Assistant Attorney General in charge of Customs. The court reporters have no option but must accept the assignments and on every docket they are paying part of their expense out of their pocket, which is obviously improper and a great injustice to them. This is particularly so on the extended Pacific coast dockets, which run from Portland, Oreg., as far south as San Diego, and the Texas dockets, which start at New Orleans and run as far west as Laredo. It requires no extended argument to demonstrate that at the present per diem rate these reporters cannot pay the minimum hotel rates and eat three meals a day.

I hope this most necessary piece of legislation goes through and that it will be amended so as to include our court reporters, as requested above.

With kindest personal regards, I remain,  
Sincerely yours,

WEBSTER J. OLIVER, *Chief Judge.*

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FEDERAL EMPLOYEES UNION NO. 3,  
*Milwaukee 7, Wis., March 12, 1949.*

HON. ANDREW J. BIEMILLER,  
*House Office Building, Washington, D. C.*

DEAR MR. BIEMILLER: Local No. 3 of the National Federation of Federal Employees, having a membership of approximately 1,300 Federal employees throughout the State of Wisconsin, adopted a resolution at a meeting last week to urge favorable action on the part of the Senators and Members of the House of Representatives from this State upon a bill which is presently in subcommittee providing for an increase in travel allowance for Federal officials and employees.

It has repeatedly come to the attention of Local No. 3 that at the present authorized per diem rate, officers and employees who are required to perform official travel must necessarily do so at considerable financial loss.

It was further resolved by Local No. 3 that in the event you should be so disposed, you kindly contact Mr. Karsten, chairman of the House subcommittee, which has charge of this proposed legislation, as well as Mr. Dawson, chairman of the House Committee on Expenditures in the Executive Departments, with a view to expediting favorable action.

Will you kindly advise as to your views concerning this matter so that Local No. 3 may inform its membership.

Sincerely yours,

GERALDINE A. KUCHARSKI,  
*Secretary, FEU No. 3.*

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AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES,  
*Washington 4, D. C., March 16, 1949.*

HON. WILLIAM L. DAWSON,  
*Chairman, Committee on Expenditures in the Executive Departments,  
House of Representatives, Washington, D. C.*

DEAR MR. DAWSON: While you and I have never met formally, I have been keeping pretty close tabs on you; particularly your work in behalf of the United States Government employees and especially in behalf of H. R. 3005.

I think it is only fair to you and fair also to the American Federation of Government Employees that I write this commendation to you. I certainly trust and wish that you will continue to keep behind the bill, H. R. 3005, and see that it is reported to the House by the full committee.

I do not see how any fair-minded man or woman can oppose the passage of this bill. I have traveled and so have you, and we both know that generally speaking it will cost at least \$10 per day for subsistence and I oftentimes have to pay more.

This bill, as you know, has a green light from both the Budget Bureau and General Accounting Office and it was recorded by the United States Civil Service Commission and so far as I have heard it has the endorsement of every department and agency of the Government.

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I trust that you will lay bare your mighty arm and see to it that the Committee on Expenditures in the Executive Departments in the House of Representatives reports this bill favorably to House.

Very sincerely,

J. G. YADEN,  
*National President.*

BUREAU OF THE BUDGET,  
*Washington 25, D. C., March 17, 1949.*

HON. WILLIAM L. DAWSON,  
*Chairman, Committee on Expenditures in the Executive Departments,  
House of Representatives, Washington 25, D. C.*

MY DEAR MR. DAWSON: This is in reply to the informal request of your committee for the views of the Bureau on H. R. 3005, a bill to regulate subsistence expenses and mileage allowances of civilian officers and employees of the Government.

As indicated by the short title provided for in section 1, the "Travel Expense Act of 1949," the bill would bring together in one act various provisions now contained in separate laws providing for travel expenses of certain officers and employees of the Government. The coverage of the bill, as outlined in section 2, would include officers and employees of the executive, legislative, and judicial branches, as well as those of the municipal government of the District of Columbia. However, Members of Congress and officers and committees of the Senate and House of Representatives would be specifically excluded by section 2, and section 7 would provide that the act should not be construed to modify or repeal any act providing for travel expenses of the President of the United States, the President of the Senate, or Senators, Representatives, Delegates, and Resident Commissioners. Justices and judges, for whom per diem allowances are provided by other laws, would be excluded from the provisions of section 3.

Section 3 would raise from \$6 to \$10 the maximum amount which may be prescribed as a per diem allowance in lieu of actual expenses of subsistence of Government personnel traveling away from their designated posts of duty. As stated in the Bureau's letter of January 27, 1949, in response to your request for a report on H. R. 828, the desirability of an adjustment of subsistence allowances has become increasingly apparent and a maximum of \$10 per diem is believed to be fair and adequate in the light of current living costs. Section 3 of the bill embodies substantially the suggestions contained in the above-mentioned letter of January 27, 1949, regarding certain technical aspects of the allowance.

Section 4 would increase from 5 to 7 cents per mile the maximum allowance for use of privately owned automobiles or airplanes on official business, and would increase from 2 to 4 cents per mile the maximum rate for use of privately owned motorcycles. The principal feature of this section is the return to the 7-cent-per-mile rate for the use of privately owned automobiles which was originally established in 1931, but which was reduced to 5 cents in 1933. It seems obvious that present costs of operation justify a rate higher than was necessary in 1933, and the 7-cent rate is consistent with legislation enacted during the last Congress which fixed such a rate for the use of automobiles by United States marshals (Public Law 673, approved June 19, 1948) and rural mail carriers (Public Law 900, approved July 3, 1948). The 7-cent rate would apply to travel both within and without the limits of an employee's official station, thus removing the distinction which exists between the present rates for travel within the limits of an official station (4 cents per mile) and beyond the limits (5 cents per mile). The removal of the distinction is desirable inasmuch as it is not supported by any difference in operating costs to the employee.

Section 5 would permit advances to persons entitled to mileage or per diem allowances under the act. The provision that any such advances not used for allowable travel expenses should be recoverable by set-off against salary, retirement credit, or otherwise, presumably is intended to make unnecessary the furnishing of bond by employees to whom such advances are made. This section would remove any doubt that adequate remedies are available to the United States for recovery of such advances, and the elimination of the requirement for a bond would do away with considerable unnecessary paper work and expense to the employees concerned. The section is sufficiently broad to permit the requiring of bonds in those few cases where a bond might be necessary or desirable.

Section 6 would provide for issuance of regulations by the Director of the Bureau of the Budget for the fixing and payment of travel allowances and advances

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under the bill, and for reimbursement of actual travel expenses under the Act of March 3, 1875 (5 U. S. C. 73). This section would not increase the present duties of the Bureau of the Budget except with respect to the prescribing of regulations for advances, a function which is now in the Treasury Department. The centralization of authority to prescribe regulations for matters of this nature is believed to be desirable.

In general, it is believed that the rates provided for in H. R. 3005 are equitable, and that the technical features of the bill provide the basis for a constructive approach to the problem of consolidating and simplifying laws and regulations relating to reimbursement for official travel. Consequently, the Bureau of the Budget recommends favorable action on the bill.

As indicated in the Bureau's above-mentioned letter of January 27, 1949, appropriations for the fiscal year 1949 and budget estimates for the fiscal year 1950 were prepared on the basis of the present maximum of \$6 per diem for expenses in lieu of subsistence. Also, such appropriations and estimates were based on allowances of 4 cents and 5 cents per mile for travel by privately owned automobile within and without the limits of official stations. Since section 9 would make the bill effective on the thirtieth day after the date of its enactment, additional appropriations likely would be required for the current fiscal year if the bill were enacted before June 1949, and additional appropriations would be required for the fiscal year 1950 if the bill were enacted during the present session of the Congress.

Sincerely yours,

F. J. LAWTON, *Acting Director.*

DATA SUBMITTED BY THE BUREAU OF THE BUDGET IN RESPONSE TO QUESTIONS  
OF THE COMMITTEE DURING HEARINGS ON H. R. 3005

*Per diem of \$10 in lieu of subsistence*

The recommendation of the Bureau of the Budget for favorable action on H. R. 3005 is based—with respect to the \$10 per diem in lieu of subsistence—upon a survey made late in 1946, and a revision thereof which takes into account increases in living costs since that survey was made. The survey—a copy of which is attached—indicated that \$8 per day was a conservative maximum allowance for subsistence, based upon costs as follows:

Hotel.....	\$4. 05
Meals.....	3. 00
Tips, telegrams, laundry, local transportation.....	. 95
Total.....	8. 00

Since that survey was made, hotel costs have increased to an average of \$5.27 as indicated by a survey made in 1948 by Howarth & Howarth, or \$5.60 as indicated by a survey made by Harris, Kerr, Forster & Co. Both of these firms are hotel accountants, and the first-mentioned survey covers 142,759 hotel rooms. A copy of that survey was submitted to the committee at the hearing on March 18, 1949. The second survey was based on a study of more than 300 hotels.

The foregoing information was submitted by these accounting firms to the American Hotel Association on March 16, 1949, and a copy of the report to the association also was furnished to the committee on March 18. Based on this information, it appears that \$5.25 would be a conservative estimate of the average cost of hotel accommodations.

Reports from Government agencies, as indicated by testimony before the committee, have indicated a substantial rise in cost of meals since the survey was made in 1946. Such testimony shows that, particularly when a traveler encounters crowded conditions, allowances of \$0.75 for breakfast, \$1 for luncheon, and \$2 for dinner, or \$3.75 per day, are substantially below the average.

An allowance of \$5.25 for hotel accommodations and \$3.75 for meals would leave the traveler \$1 per day for incidental expenses such as tips, laundry or dry cleaning, telegrams, and local transportation. Since the traveler is required to furnish out of this amount transportation from his hotel or other lodging to his duty station and return to his hotel and telegrams reserving further hotel accommodations, the sum of \$1 per day for such items is obviously a conservative figure. Further, the Bureau of Labor Statistics, upon the basis of a study of prices in 34 large cities, has reported that laundry and dry cleaning costs increased 8 and 9 percent, respectively, between December 1946 and September 1948.



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Upon the foregoing basis, the Bureau of the Budget's letter of March 17, 1949, stated that a \$10 per diem allowance was fair and equitable, comprised approximately as follows:

Hotel.....	\$5.25
Meals.....	3.75
Tips, laundry, telegrams, local transportation.....	1.00
Total.....	10.00

INFORMATION REQUESTED BY MR. LOVRE

A survey compiled by the Bureau of Employment Security in the Federal Security Agency, covering State employment security offices, establishes that these States agencies allow subsistence expenses ranging from \$6.50 per day in Louisiana to \$14 per day in California, with an average of \$9 to \$10. In the case of these agencies, the State is reimbursed by the Federal Government for the expenditure, but the rate is fixed either by law or by agreement made upon the basis of a showing by the State auditor or comptroller that the amount agreed upon is not in excess of the rate paid by other agencies in that State. A copy of this survey was submitted to the committee at the hearing on March 21.

A survey of costs in private industry, published in the July 1, 1948, issue of Sales Management, is based upon a study of 135 representative companies in 22 different industries. This study indicates that the average cost of maintaining an employee in a large city is \$11.75 per day, and in a small city, \$9.09, or an average of \$10.42 per day. These amounts are in addition to actual costs of tips, laundry, taxis, and telegraph and telephone. A copy of this survey is attached.

*Automobile allowance of 7 cents per mile*

The favorable recommendation in the Bureau of the Budget letter of March 17, 1949, with respect to the allowance of 7 cents per mile for the use of a privately owned automobile, is based upon three factors:

- (1) A study made in the Bureau of the Budget in 1948 which shows an average cost of 7.23 cents per mile for a car operated for 12,000 miles per year.
- (2) A report of the American Automobile Association, dated April 13, 1948, on a study by Runzheimer & Co., cost accountant engineers. This study indicates an average cost of 8¼ cents per mile for a postwar car driven 10,000 miles per year, and just over 7 cents per mile for a prewar car under the same conditions.
- (3) A compilation of mileage rates by the Bureau of Employment Security, showing rates paid by State employment security agencies which reflects a maximum rate of 8 cents, a minimum of 4½ cents, and an average of 6 cents.

Copies of each of these three items are attached.

As stated in the Bureau's letter of March 17, 1949, the mileage section of the bill provides for a "return to the 7-cent-per-mile rate for the use of privately owned automobiles which was originally established in 1931, but which was reduced to 5 cents in 1933. It seems obvious that present costs of operation justify a rate higher than was necessary in 1933, and the 7-cent rate is consistent with legislation enacted during the last Congress which fixed such a rate for the use of automobiles by United States marshals (Public Law 673, approved June 19, 1948) and rural mail carriers (Public Law 900, approved July 3, 1948) \* \* \*."

*Use of maximum rates*

Both the per diem and the mileage rates are maximum allowances, and administrative officers are expected to set appropriate rates within the maxima for individual cases.

In connection with the mileage rate for use of privately owned automobile, the conditions under which the employee travels have little effect upon cost of operation, and because of the increases in such costs the maximum in recent years has tended to become a flat rate. If costs of operation continue as at present, the 7-cent rate would also tend to become a flat rate. However, if such costs should decrease, administrative agencies would be expected to return to the prior practice of allowing less than the maximum where a lesser amount would adequately reimburse the employee.

In connection with the per diem rate for subsistence, testimony before the committee has indicated that per diem allowances are now fixed at rates which vary considerably below the maximum. For example, in the Department of

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Agriculture during the fiscal year 1948, with a wide variety of travel conditions, rates varied as follows:

Per diem rate:	<i>Percentage of travel orders</i>
\$6.00-----	60.1
\$5.01 to \$5.99-----	14.5
\$4.01 to \$5.00-----	16.0
\$3.01 to \$4.00-----	3.7
\$0 to \$3.00-----	5.7

INFORMATION REQUESTED BY MR. BOLTON

There is presently no requirement in law or general regulations issued thereunder which limits the period for which a maximum per diem allowance may be paid. However, individual administrative agencies have sharply curtailed the allowances payable when a traveler stays in one place for an extended period. A tabulation prepared originally by the General Accounting Office and now in possession of the committee covers a representative group of Federal agencies, including the Departments of Agriculture, Commerce, and Interior, the Federal Security Agency, the Federal Works Agency, the General Accounting Office, and the National Housing Agency, and shows in detail the restrictions imposed by regulations of those agencies in 1948.

*Estimate of cost of bill*

Total travel cost for fiscal year 1949 (based on 1949 budget)-----	\$317, 000, 000
Less: Travel cost for military personnel-----	166, 000, 000
<u>Total for civilian personnel-----</u>	<u>151, 000, 000</u>
Estimated increase in cost of per diem and mileage allowance:	
Per diem cost 54.01 percent of \$151,000,000 × 66.7 percent--	54, 400, 000
Mileage allowance for auto travel 19.82 percent of \$151,000,000 × 40 percent-----	12, 000, 000
<u>Total-----</u>	<u>66, 400, 000</u>

The 54.01 percent for per diem and 19.82 percent for mileage allowance for auto travel represent the portion of total travel costs chargeable to these allowances. The information was developed by the General Accounting Office in an analysis of 10,256 vouchers.

The total cost of \$66,400,000 is high to whatever extent rates authorized by the agencies are below the full \$10 per diem and 7 cents per mile provided in the bill. Also, the additional appropriations required will be less than the adjusted total cost figure to whatever extent agencies absorb the increased cost.

INFORMATION REQUESTED BY MR. PFEIFFER

The principal reason why many agencies do not maintain a break-down of travel costs to show amounts relating to subsistence and amounts relating to transportation is that appropriations for these purposes are based on an over-all figure for travel, without reference to the component parts. For this reason, also, appropriation estimates ordinarily are made up without specific reference to the components, except in the case of new activities.

The consideration of appropriation estimates for travel are approached from two slightly different angles. For activities or functions which have been carried on for a considerable period of years, experience has shown that the cost for per diem and transportation averages a certain number of dollars per day. To determine the amount of travel funds to be included in the estimate, the approximate man-days of travel time required to accomplish the work are determined and multiplied by these average costs. The average cost per day may vary somewhat from time to time as public-carrier rates increase or a higher mileage rate for personally owned cars is authorized.

For a newly proposed or authorized activity or program, a detailed analysis is required of the organizational set-up and of the contemplated plan of operation— which employees will be required to travel, reasons for their travel, approximate days or percent of time in travel status, whether intra- or inter-county or State, percentage of rural travel, and other factors affecting the actual cost of per diem and transportation.

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PROJECT COMPLETION REPORT—STUDY OF DOMESTIC PER DIEM TRAVEL ALLOWANCE (PROJECT NO. 47-18)

ORIGIN AND PURPOSE

This project of reexamining the domestic per diem travel allowance had as its origin the recognition of current increases in cost of living, the increasing pressure from agencies to set higher rates, and a need felt within the Bureau itself that readjustment might be warranted in the present maximum per diem allowance of \$6 established by the Subsistence Expense Act of 1926, as amended by the act of January 30, 1942. The objectives of the project were defined as follows: "To determine if changes in the present rates are valid, to formulate a basis for computation of fair rates, and from time to time during the course of the project to make appropriate recommendations to Congress." This study was carried on during November and December 1946.

METHOD

A review was made of a prior study of per diem allowances under Project No. 83 for leads on sources of information on hotel and restaurant costs. Conferences with the Division of Statistical Standards disclosed other data on cost-of-living studies. To get a cross section of actual travel expenditures a form was designed on which the traveler could record his subsistence expenditures and give additional information on hotels, e. g., availability of rooms, time limits on occupancy, rates, etc. Copies of this form were completed by employees of several agencies in travel status during the latter part of November 1946. These employees were chosen from different salary ranges traveling in different parts of the country so that we could have a representative cross section of travel costs. The data from these forms was carefully analyzed and considered in connection with statistical material published by restaurant and hotel associations.<sup>1</sup>

FINDINGS

Actual expense data were secured from travelers in the following agencies: Bureau of the Budget, Bureau of Labor Statistics, Justice, Social Security Board, Treasury, OSRD, and Post Office. We found that a group of 34 attorneys in Justice who travel intermittently average \$8.52 per day while a group of 87 BLS investigators, many of whom travel almost constantly average \$6.96 per day. One factor that causes this difference is that the experienced traveler knows where to find reasonably priced food and lodging. Another factor that must be taken into account is that the Federal employee who travels frequently can't afford to spend much more than \$6 per day even though this may force him to put up with substandard food and lodging. The travel regulations state that "Employees traveling on official business \* \* \* are expected to exercise the same care in incurring expenses that a prudent person would exercise if traveling on personal business." Comparisons with travelers in private industry are not conclusive as per diem allowances sometimes vary with the size of the city visited, sometimes with the organizational status of the individual, and an actual expense basis is sometimes used. For example, one company makes the following per diem allowance in accordance with the population of the city visited:

Up to 100,000 population.....	\$8. 00
100,000 to 500,000 population.....	9. 00
500,000 to 1,000,000 population.....	9. 50
1,000,000 and up population.....	11. 00

A recent survey made by the Dartnell Corp. of salesmen's traveling expenses shows that among the private industrial commercial concerns establishing limits on expenditures for lodging and meals the averages are:

Hotel.....	\$4. 22
Breakfast.....	. 83
Lunch.....	1. 08
Dinner.....	1. 91
<u>Total.....</u>	<u>8. 04</u>

<sup>1</sup> Trends in the Hotel Business, Harris, Kerr, Forster & Co.; Hotel Operations, Horwath & Horwath; Trend of Business in Hotels, Horwath & Horwath.

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The average cost of a hotel room in 1942, when the \$6 per diem was established, was \$3.24. In 1945 it had risen to \$4.05, and is still rising. There is no figure to show the cost of three adequate restaurant meals in 1942 as compared with 1946, but estimates from the Restaurant Section, Food Price Division of OPA, were that restaurant prices rose 50 percent between January 1942 and October 1946 and could be expected to rise another 25 percent over the 1942 base by January 1947.

The increased costs of the other items covered by the travel allowance (tips, laundry, cleaning, etc.) are apparent but not easily calculable. For example, every traveler knows there is pressure for larger tips; because of the tight hotel situation, the traveler spends more money on telegrams reserving space than he did when hotel occupancy was 75 percent or less—it is now well over 90 percent.

## RECOMMENDATION

That the maximum per diem allowance for domestic travel be increased from \$6 to \$8.

[From Sales Management, July 1, 1948]

## COST OF KEEPING SALESMEN IN THE FIELD RISES 40-50 PERCENT SINCE 1939

A new survey reveals that average cost of operating a man in a large city is now \$11.75 per day; in a small city \$9.09. The findings suggest study of more selective selling, improved routing, and plans for getting men to make better use of their time.

The cost of keeping a salesman in the field is now at an all-time high.

In a new survey made during late May and early June among 135 representative companies in many industries, operating in all parts of the United States, Sales Management learned that the average cost of keeping a man on the job in a metropolitan center (exclusive of his transportation in and out), is now \$11.75 per day. This compares with a 1945 figure of \$10.82, and a pre-war (1939) figure of \$8.37. The increase since 1945 is 8.6 percent, since 1939, 40.3 percent.

The cost of keeping a man in a small city is now \$9.09 per day, compared with \$7.95 3 years ago, and \$5.99 in 1939. This increase since 1945 is 14.3 percent, since 1939, 51.7 percent.

Averages quoted here are based on all comparable returns from all companies participating in the survey; because of space limitations, not all reports are detailed in the accompanying table.

As usual, the editors caution subscribers to use judgment in the use of the figures and the tabular report. Naturally, the figures for a company whose men travel mostly in small cities will seem low; suitable allowances must be made also for disparities in the cost of living between various sections of the country.

The increase in reported costs of operating salesmen's automobiles is 8.4 percent. Average per mile now is \$0.0579, as compared with \$0.0534 in 1945. However, cost accounting on salesmen's automobiles in the majority of companies is exceedingly slipshod, and in reporting per-mile costs, many sales managers say they haven't made detailed calculations, are merely making a good guess.

Among the companies reporting, five use standard expense allowance plans. One in the building materials field allows a flat \$175 a month. One in drugs, \$55 a week; another, \$167.50 per month. One in the food field, \$42 a week; another, \$40-\$60 a week, depending on the territory.

About two-thirds of all the companies participating report that they are checking salesmen's expense accounts much more carefully now than during the war.

About two-thirds say their men are having some substantial amount of trouble obtaining hotel rooms at the price the company feels the men ought to pay. Nearly half complain that salesmen are being inconvenienced by early check-out rules in hotels, a hold-over from the war \* \* \* "It spoils half a day's work," they say.

About tips: Substantially half of the companies set some limitation on the amount of money spent for tips \* \* \* either in a dollar-figure per day or per week, or a percentage of total, or merely the rule of good judgment. A dozen or more tell Sales Management that this item must be kept in line through "periodic check-up and discussion." Smallest amount reported as allowed per day for tips was 40 cents; largest, \$4. Seven reported figures ranging from 50 cents to under \$1; 16 reported figures between \$1 and \$2. Six say 10 percent.

About entertainment: This item is being watched carefully, or specifically limited, by more than half the companies reporting. Many comments such as

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"limited to good judgment," "must be itemized," "limited to lunches and drinks," and "we check carefully" appeared in the reports. Of those who limit the entertainment budget to a specific amount per week, 10 allow from \$2 to \$10; 11, from \$10 to \$20; 4, from \$20 to \$30; 1, \$45.

In the accompanying table the checks shown under railroad, pullman, and plane fares are academic in most instances, because salesmen travel mostly by car. However, in some cases the report covers not only salesmen, but supervisors, missionary men, promotion men, service men and others not assigned to a specific territory for routine coverage, where other-than-auto transportation is used and allowed as a legitimate expense. Travel by air is accepted now as a commonplace in most companies.

1948 survey of salesmen's expense account practices

Industry	Salesmen's expense account items allowed in addition to food and hotel rooms												
	Railroad fare	Pullman fare	Plane fare	Taxi	Valet	Laundry	Stenographer	Telegraph and telephone	Tips (limited)	Entertainment (limited)	Maximum expense per day--big city	Maximum expense per day--small city	Auto allowance, or estimated expense per mile unless otherwise indicated
<b>Auto parts and accessories:</b>													
Company 1.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	\$10.00	\$8.00	\$0.06
Company 2.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12.00	9.00	1 2/35.00
Company 3.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11.00	8.00	.06
<b>Building materials and supplies:</b>													
Company 1.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10.00	8.00	75.00 to 90.00
Company 2.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	15.00	12.00	.06
Company 3.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	8.50	7.00	
Company 4.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10.00	8.00	2 1/2 2.00 to 3.00
Company 5.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12.00	12.00	
Company 6.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12.50	9.50	.06
Company 7.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	7.50	6.50	2 1/2 27.50
Company 8.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10.00	7.00	2 80.00
Company 9.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			
<b>Chemicals:</b>													
Company 1.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10.00	7.00	
Company 2.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12.00	10.00	.07
Company 3.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10.00	9.00	.07
Company 4.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12.00	10.00	.07
<b>Clothing:</b>													
Company 1.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	8.00	7.00	2 1/2 2.00
Company 2.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12.00	9.00	.06
Company 3.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12.00	9.00	.05
Company 4.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12.00	9.00	.045
<b>Electrical equipment and supplies:</b>													
Company 1.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12.00	8.00	.05
Company 2.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10.00	7.00	.055
Company 3.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	15.00	10.00	.06
Company 4.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10.00	8.00	.05
<b>Food and beverages:</b>													
Company 1.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	17.00	15.00	.05
Company 2.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12.75	9.50	.05
Company 3.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10.00	8.00	.05
Company 4.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	9.00	7.90	.05
Company 5.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	7.00	6.00	.0325

Company 6	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	7.50	7.50	.04
Company 7	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10.25	9.50	.052
Company 8	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11.00	9.00	
Company 9	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	15.00	12.50	.075
Hardware:													
Company 1	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10.00	8.00	.07
Company 2	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	15.00	12.00	.08
Company 3	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	8.00	6.00	.05
House furnishings:													
Company 1	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10.00	9.00	.06
Company 2	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12.00	9.00	.07
Company 3	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	8.00	6.50	.05
Company 4	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10.00		.06
Company 5	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12.00	8.00	.06
Company 6	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10.50	7.50	.07
Company 7	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	20.00	15.00	.06
Company 8	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11.00	7.50	.05
Industrial equipment and supplies:													
Company 1	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10.00	8.00	.05
Company 2	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10.00	8.00	.05
Company 3	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10.00		.051
Company 4	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	15.00	10.00	.05
Company 5	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	20.00	15.00	.08
Company 6	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10.00	7.50	.07
Company 7	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	15.00	10.00	.07
Company 8	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	14.00	10.00	.06
Company 9	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	14.00	8.00	.04
Company 10	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10.00	8.00	.06
Company 11	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	15.00	10.00	.06
Company 12	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	15.00	8.50	.06
Company 13	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	15.00	12.50	.07
Company 14	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12.50		.065
Company 15	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12.00	10.00	.06
Company 16	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12.00	8.50	.06
Company 17	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10.00	8.00	.04
Company 18	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	8.00	7.00	.06
Company 19	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12.00	8.00	.065
Company 20	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	8.50	7.50	.06
Office equipment and supplies:													
Company 1	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	9.00	7.50	.05
Company 2	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10.00	8.00	.07
Company 3	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	25.00	15.00	.065
Company 4	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12.00	10.00	.08
Company 5	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	15.00	15.00	.05
Textiles:													
Company 1	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12.00	9.00	.06
Company 2	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10.00	8.00	.06
Miscellaneous—Clocks and watches:													
Company 1	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10.00	8.00	.06

See footnotes at end of table, p. 32.

1938 survey of salesmen's expense account practices—Continued

Industry	Salesmen's expense account items allowed in addition to food and hotel rooms												Auto allow- ance, or estimated expense per mile unless otherwise indicated	
	Railroad fare	Pullman fare	Plane fare	Taxi	Valet	Laundry	Stenog- rapher	Tele- graph and tele- phone	Tips (L- limited)	Enter- tain- ment (L- limited)	Maxi- mum expense per day— big city	Maxi- mum expense per day— small city		
Confectionery:														
Company 1.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	\$10.50	\$10.50	<sup>2</sup> \$70.00	
Company 2.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10.00	8.00	<sup>4</sup> 0.04	
Dental supplies: Company 1.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10.00	9.00		
Drugs: Company 1.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	<sup>16</sup> 2.50	9.50	<sup>18</sup> 0.07	
Jewelry and silverware: Company 1.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12.50			
Lighting: Company 1.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10.00	8.00	<sup>17</sup> 0.06	
Notions:														
Company 1.....	✓	✓	✓	✓	<sup>11</sup> ✓	<sup>11</sup> ✓	✓	✓	✓	✓	10.00	9.00	.08	
Company 2.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10.00	8.50	.04	
Optical goods:														
Company 1.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10.00	8.50	.07	
Company 2.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12.50	8.50		
Paper products:														
Company 1.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	8.00	6.50	.05	
Company 2.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	15.00	12.00	<sup>19</sup> 0.07	
Smoker's requisites: Company 1.....	✓	<sup>19</sup> ✓	✓	✓	✓	✓	✓	✓	✓	✓	12.50	10.00	<sup>20</sup> 0.055	
Sporting goods: Company 1.....	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11.00	8.50	5.0	

<sup>1</sup> Plus 3¼ cents per mile.  
<sup>2</sup> Per month.  
<sup>3</sup> Per day.  
<sup>4</sup> \$3 a day away from headquarters, \$2 per day in headquarters city.  
<sup>5</sup> Plus \$0.0273 per mile.  
<sup>6</sup> Company absorbs one-half of expense.  
<sup>7</sup> Company pays flat allowance of \$9 a day to cover expenses.  
<sup>8</sup> Long trips only.  
<sup>9</sup> Allowed if men are away from home more than 1 week.  
<sup>10</sup> Per week.

<sup>11</sup> Allowed if men are away from home more than 1 week.  
<sup>12</sup> Company pays one-half of liability and property damage insurance.  
<sup>13</sup> Plus parking, storage, tolls.  
<sup>14</sup> Company-owned cars; 4 cents per mile is estimated cost without insurance.  
<sup>15</sup> Men located in all large cities; allowance covers only lunch and incidentals.  
<sup>16</sup> Company pays also depreciation and insurance.  
<sup>17</sup> Company pays two-thirds of insurance.  
<sup>18</sup> For first 2,000 miles each month; then 4 cents per mile.  
<sup>19</sup> Requires authorization.  
<sup>20</sup> Company-owned cars.



SUBSISTENCE EXPENSES AND MILEAGE ALLOWANCES

Rates for operation of personal automobiles

	5,000 miles per year		7,000 miles per year		9,000 miles per year		11,000 miles per year		13,000 miles per year		18,000 miles per year	
	Dollars per year	Cents per mile	Dollars per year	Cents per mile	Dollars per year	Cents per mile	Dollars per year	Cents per mile	Dollars per year	Cents per mile	Dollars per year	Cents per mile
<b>Mileage costs:</b>												
Gasoline, 20 cents per gallon	64.00	1.28	89.60	1.28	115.20	1.28	140.80	1.28	166.40	1.28	230.40	1.28
Oil 25 cents per quart	11.50	.23	16.10	.23	20.70	.23	25.30	.23	29.90	.23	41.40	.23
Tires and tubes	24.00	.48	33.60	.48	43.20	.48	52.80	.48	62.40	.48	86.40	.48
Maintenance	71.50	1.43	100.10	1.43	128.70	1.43	157.30	1.43	185.90	1.43	257.40	1.43
Depreciation	125.00	2.50	175.00	2.50	225.00	2.50	275.00	2.50	325.00	2.50	450.00	2.50
Total	296.00		414.40		532.80		651.20		769.60		1,065.00	
Per mile		5.92		5.92		5.92		5.92		5.92		5.92
<b>Fixed costs:</b>												
License	23.54	.43	23.54	.30	23.54	.25	23.54	.21	23.54	.18	23.54	.13
Garage	48.00	.96	48.00	.69	48.00	.53	48.00	.44	48.00	.37	48.00	.27
Interest at 6 percent	57.17	1.14	60.88	.73	62.66	.59	64.44	.49	66.22	.43	68.00	.33
Insurance	28.19	.56	28.19	.40	28.19	.32	28.19	.26	28.19	.23	28.19	.17
Total	156.90		150.61		153.16		155.29		157.50		162.13	
Per mile		3.14		2.15		1.70		1.41		1.21		.9
Per day		.43		.41		.42		.43		.43		.44
Per month		13.07		12.55		12.76		12.94		13.12		13.51
<b>Total costs:</b>												
Mileage and fixed dollars	452.00		565.01		685.96		806.49		927.10		1,227.73	
Mileage and fixed cents/mile		9.06		8.07		7.62		7.33		7.13		6.82

Automobile mileage rates paid State employment security agency employees

Cents	Cents
Alabama	5.
Alaska	7.
Arizona	5.
Arkansas	5 and 6.
California	7 for first 300, 6 for next 400, 5 thereafter.
Colorado	7.
Connecticut	5.
Delaware	7.
Florida	6.
Georgia	5.
Hawaii	6.
Idaho	5.
Illinois	6.
Indiana	6.
Iowa	5.
Kansas	5.
Kentucky	7.
Louisiana	4-6.
Maine	8.
Maryland	7.
Massachusetts	7.
Michigan	6.
Minnesota	5.
Mississippi	6.
Missouri	
Montana	7.
Nebraska	5.
Nevada	7½.
New Hampshire	5.
New Jersey	7.
New Mexico	7.
New York	7.
North Carolina	6.
North Dakota	7½.
Ohio	6.
Oklahoma	6.
Oregon	5.
Pennsylvania	6.
Rhode Island	5.
South Carolina	5.
South Dakota	5.
Tennessee	5.
Texas	5.
Utah	6.
Vermont	6.
Virginia	5.
Washington	5.
West Virginia	7.
Wisconsin	4½ for first 1,000, 4 after.
Wyoming	7.

Highest, 8; lowest, 4½; average, 6; 7 cents or better, 16.

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[From Information Bulletin No. 43, American Automobile Association]

ALLOWANCES FOR EMPLOYEE-OWNED CARS

(NOTE.—This is a third report issued in the AAA's continuing study of costs of car operation. It brings up to date one phase of the original What Does It Cost to Drive? folder, namely, the question of fair allowances for employees operating their own cars on company business.)

Costs of car operation vary with make and model of car, with geographical location, with age of vehicle, with driving practices, and with other factors. This tends to make very difficult the problem of granting proper allowances to salesmen or other employees who operate their cars either full-time or part-time on company business.

In prewar years, a large number of companies granted flat mileage rates; 5 cents to 6 cents a mile was the usual allowance. The increase in cost of practically every item going into car operation has made necessary a reappraisal of automobile allowance practices.

There are some objections to granting a flat mileage allowance. Evidence indicates that a flat mileage rate often results in overallowances or underallowances. Another method is to grant a daily or yearly allowance covering the fixed costs of owning the car plus a mileage allowance to cover operating costs.

This method was developed by Runzheimer & Co., cost accountant engineers, who have spent many years in gathering data on expenses incurred in operating passenger-car fleets. Companies operating large fleets of employee-owned cars may find it advisable to contact this company which will work out individual cost figures. For smaller operations, it is believed the following allowances will prove fair to both company and employee:

1. For employees operating prewar cars, grant \$1 per day plus 3½ cents per mile.
2. For employees operating postwar cars, grant \$1.30 per day plus 3½ cents per mile.

These allowances are based on operating costs of the lighter cars—Ford, Chevrolet, Plymouth, etc. The recommended daily allowances in the Runzheimer master schedule for prewar cars ranges from a low of 87 cents per day (at the Michigan basing point) to a high of \$1.13 (in Montana). For postwar cars, the range in daily allowance is from \$1.18 (Michigan) to \$1.46 (Montana). The per mile operating costs vary from 2.8 cents per mile (at several basing points) to 3.8 cents per mile (Idaho).

HEAVIER CARS

The costs of owning and operating heavier cars are obviously greater than the costs shown above. Whether to grant additional allowances for larger cars is largely a matter for company policy and would depend to a great extent on the question whether a larger car is actually needed for the operation in question or is simply a matter of employee's choice.

REPAIRS

The above allowances are predicated on a yearly expenditure of \$25 in repairs; if repair costs run above that figure, the employee is justified in making claim for refund based upon the extent to which the car is used in company business.

EXTRA MILEAGE

The above allowances are based on anticipated yearly mileage of not to exceed 18,000. Above that figure, a special depreciation allowance is recommended: On prewar cars, \$7 for each thousand miles above 18,000 is roughly correct, and on postwar cars, \$9 for each thousand miles above 18,000.

ELEMENTS OF CAR COSTS

Following are cost estimates on a postwar model car as compiled by Runzheimer for a midwestern city:

SUBSISTENCE EXPENSES AND MILEAGE ALLOWANCES 35

Miles per gallon.....	cents.....	14
Normal gas price.....	do.....	22. 5
Gas and oil per mile.....	do.....	1. 83
Tires per mile.....	do.....	0. 67
Fire and theft insurance.....		\$26. 00
Property-damage and personal-liability insurance.....		\$60. 06
License fees.....		\$12. 15
Annual depreciation.....		\$382. 00
Total annual fixed costs.....		\$480. 21
Fixed allowance per day.....		\$1. 32
Additional per mile allowance.....	cents.....	3. 2

MILEAGE ALLOWANCE

If it is found desirable to work out a flat mileage allowance in place of the method outlined above, this can be done by using the figures presented in relation to total mileage per year as follows:

Assume a postwar car that is driven 10,000 miles annually, the national average. The fixed cost for the year will be \$475 and the mileage cost \$350—for a total of \$825 or 8¼ cents for each of the 10,000 miles driven. Similar computation for a prewar car gives a mileage cost of just over 7 cents per mile.

EFFECT OF SPEED

The above costs are based upon average driving speeds. However, it is worth noting that speed has a very marked effect upon mileage costs. Following are rough estimates as to car operating costs at various average speeds (mileage elements only):

Speed (miles per hour):	Total cost per mile (cents)
25.....	2. 1
35.....	2. 6
45.....	3. 4
55.....	4. 5
65.....	5. 8

It follows, then, that employees compensated at the rates recommended above will find themselves several dollars to the good at the year's close by driving at a moderate pace.

R. W. TUPPER,  
*Assistant Director, Department of Public Relations.*

THE ORGANIZATION OF PROFESSIONAL EMPLOYEES  
OF THE UNITED STATES DEPARTMENT OF AGRICULTURE,  
*Washington, D. C., March 17, 1949.*

Hon. WILLIAM L. DAWSON,  
*Chairman, Committee on Expenditures in the Executive Departments,  
House of Representatives, United States, Washington, D. C.*

DEAR MR. DAWSON: As your committee approaches the final stages of its consideration of the bill H. R. 3005, a bill to regulate subsistence expense and mileage allowance of civilian officers and employees of the Government, it might perhaps be disposed to consider a letter regarding the present costs of travel on official business which I recently have received from Mr. James K. Knudson, a member of the Office of the Solicitor of the Department of Agriculture.

Mr. Knudson has reduced to fairly concise form the gist of the declarations on the subject by most members of the Department of Agriculture who have to engage in official travel. The price levels that have to be met, the experiences encountered, the excess of actual cost over the \$6 per diem maximum now in effect, as cited by Mr. Knudson, are the rather common experiences of the average traveler on official business under current conditions. The establishment of a maximum rate of \$10 per diem within the limits of the continental United States

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would not mean that all per diem allowance would be fixed at that rate but it would make possible equitable adjustments where the reasonable costs of travel approached or exceeded \$10 per day. As executive officer of the Organization of Professional Employees of the United States Department of Agriculture, I strongly urge that this proposed maximum rate of \$10 per day be approved by your committee and by the Congress.

Another point of interest to the members of this organization is that covered by section 4 of the bill, through which the maximum allowance for the use of privately owned automobiles would be increased from the present rate of 5 cents to the proposed rate of 7 cents. In a minority of cases the 7-cent rate would be fully justified by all equitable considerations. Where private ownership of an automobile is primarily for personal use, the use for official purposes being minor and incidental, the present maximum of 5 cents per mile normally is reasonably satisfactory because in such instances the private owner would in any event assume the cost of depreciation, taxes, interest, etc., leaving as official reimbursable items merely gasoline, oil, tires, and unusual maintenance.

This organization is advised, however, that in some of the Federal agencies, notably the Rural Electrification Administration, a different situation prevails. Such organizations require a large proportion of field travel frequently remote from the main facilities for mass public transportation. At the same time such organizations are limited by statute or by finance to numbers of official cars which are completely inadequate to the requirements of the work.

In consequence, field officers whose duties require extensive travel, as, for example, engineers or appraisers, are required to purchase automobiles in order efficiently to perform their duties and not primarily for private use. It is represented that in some such cases 80 to 90 percent of the total use of a car is exclusively for official purposes. In this circumstance, the basic costs of depreciation, taxes, interest, etc., combined with the normal costs of operation, markedly exceed the present maximum rate of 5 cents per mile and subject the owners of such cars to definite financial loss every time they are used for official work.

Were section 4 of H. R. 3005 enacted into law, there is every probability that in the majority of cases rates of 5 cents per mile or less would continue to prevail. Under present conditions the mileage rates in the least expensive territories are understood to be less than the now authorized 5 cents per mile. An abuse of the increased authorization seems quite improbable. On the basis of the information I have derived as executive officer of this organization, my feeling is that the adoption of section 4 is fully justified and I hope it receives the approval of your committee.

Cordially,

L. F. KNEIPP, *Executive Officer.*

ARLINGTON, VA., *March 14, 1949.*

Mr. L. F. KNEIPP,

*Executive Officer, Organization of Professional Employees of the Department of Agriculture, South Building Post Office, Washington 25, D. C.*

DEAR MR. KNEIPP: I believe that you are to appear before a congressional committee in behalf of the Professional Employee Organization of the Department to make representations concerning the inadequacy of the present per diem allowed Government employees in a travel status. Over the past several years I have been in a travel status out of Washington in most parts of the United States. My work as a lawyer requires me to associate with lawyers, witnesses, and other court and hearing personnel who are generally involved in the same proceedings to which I am assigned. However, even though many of the lawyers representing private parties have the advantage of large expense accounts, I do not consciously try to maintain the same standards of expenditure that they do. On the contrary, even though I am required to associate with them, I find it necessary to curtail my expenses to the bone in order to make it even possible for me willingly to represent the Government in a travel status.

In 1941 or thereabouts, a \$6 per diem was not unreasonable. It did allow one to break about even if he watched his miscellaneous expenditures. As the war progressed and accommodations became less selective, and as prices went up, the \$6 per diem became more and more inadequate, and during the past 2 years, it has been but a token payment so far as actual expenses are concerned unless the traveler is willing to make many personal sacrifices. I, for instance, stay at middle-class hotels, such as the Sherman and Morrison in Chicago, the Ansley in Atlanta, the Cosmopolitan in Denver, the Temple Square in Salt Lake City, and

## SUBSISTENCE EXPENSES AND MILEAGE ALLOWANCES 37

I have generally found it impossible in these or any of the other hotels to secure a room during the past 2 years for less than \$4.50 a night, and on many occasions the rooms I have had to secure have been \$6 a night. I usually write in advance asking for the kind of a room that would be generally sought by a Government employee in a Government travel status, and the reservations that have been made have been for single rooms with a shower and generally on a light court.

I find it impossible to obtain breakfast for much less than \$1, not including the tip, although by eating in cafeterias it is possible to reduce this expenditure on occasion to 75 cents. Lunch, if one wishes to dine alone at some selective place, generally costs about \$1.50, including a tip, but if one goes to lunch with his associates who are thrust upon him as a result of his Government activity, more often than not lunch costs \$2 and up. Dinner is at least a \$2 enterprise nowadays and if one desires to eat in the style of his business associates this figure would also be conservative. So that it can be said that meals cost about \$5 a day at the least. There are miscellaneous other items that are not collectible on an expense account, such as most taxi and streetcar fares, porter service, redcap service, valet service occasioned by living out of a suitcase, and other incidental items directly connected with travel, which add at least another dollar to a day's financial outlay.

I have reported to the income tax authorities that it cost me between \$10 and \$11 a day for every day I traveled for the Government in 1948. Seventy-five days in travel status would mean that the privilege of traveling for the Government costs me \$375 more than the per diem allowed.

I wish also to state that one of the worst features about the bobtail per diem is that to the average Government employee it might well increase the ever-present temptation to accept treats, drinks, dinners, and other minor gratuities from the ever-present clan of expense account travelers who cross the Government traveler's path. The conscientious Government employee when treated courteously in this respect will endeavor to repay in kind so that no obligations will arise. This conscientiousness, of course, imposes a further strain on the Government traveler's pocketbook.

The only alternative to escape the difficulties cited above would be to take a room in some louse-ridden hotel, eat hot dogs, wear wrinkled clothes, and make his purse an abiding place for moths.

I might add that the situation is not much better on the train, even though a pullman berth is furnished as part of the travel account, for the reason that diner-car meals have rocketed to scandalous heights and the honorarium that one is required to give to porters, etc., more than eats up the balance.

On the whole, I should think that a \$11 per diem would be realistic but by no means extravagant.

Very truly yours,

JAMES K. KNUDSON.

MARCH 17, 1949.

HON. WILLIAM L. DAWSON,  
*Chairman, Committee on Expenditures in the Executive Departments,  
House of Representatives, Washington, D. C.*

DEAR CONGRESSMAN DAWSON: I am writing in behalf of the personnel of the Federal courts to urge favorable action by your committee upon the pending bill to regulate subsistence expenses and mileage allowances of civilian officers and employees of the Government (H. R. 3005). The Judicial Conference of the United States, consisting of the Chief Justice of the United States, chairman, and the chief circuit judges of the 11 judicial circuits of the country, at its last annual meeting held in September 1948 recommended increases in the present provisions for reimbursement of personnel of the courts for expenses incurred for subsistence and for the use of privately owned automobiles while engaged in official travel. The pending bill conforms with the recommendations and if enacted will redress serious injustices in the present rates of reimbursement.

The present allowance for expenses of subsistence of officers and employees of the judicial establishment, other than judges, is a per diem sum of not to exceed \$6 within the limits of the continental United States (5 U. S. C. 823). In this the supporting personnel of the courts share with Government officers generally. The allowance for subsistence of Federal judges is presently fixed by section 456 of title 28 of the United States Code at their "reasonable maintenance expenses actually incurred, not exceeding \$10 per day." The rate of reimbursement to all personnel of the courts including judges, for the use of privately owned automobiles in official travel is fixed at not to exceed 5 cents a mile outside of their official stations, and 4 cents a mile within them (5 U. S. C. 73a).

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The pending bill would assimilate the allowance for subsistence of officers and employees of the courts, other than judges, while engaged in official travel, to the similar allowance for other personnel of the Government as at present, but would increase it to "a per diem allowance to be prescribed by the department or establishment concerned, not to exceed the rate of \$10 within the limits of the continental United States and in case of travel beyond the limits of the continental United States not to exceed rates established by the Director of the Bureau of the Budget for the locality in which the travel is performed."

The bill leaves the allowance for subsistence of judges in official travel to be separately provided for as at present, and another bill has been introduced and is pending (H. R. 2166) which would continue the present plan of reimbursement for subsistence of judges on the basis of their actual expenses, but would raise the maximum limit from \$10 to \$15 a day. The bill before your committee (H. R. 3005) would also raise the rate of reimbursement for the use of privately owned automobiles for official travel by all personnel of the courts, including judges, from 5 cents a mile as at present to 7 cents.

The increases in the rates for both subsistence and mileage for which the bill provides, have been urgently needed for a number of years. It needs no argument that \$6 a day, which is the rate prescribed by the present law (5 U. S. C. 823), is much below the cost of transient accommodations in many if not most places in this country at the present time. A suitable room in a hotel and modest meals cannot be procured in a large number of places in which the supporting personnel of the courts, including clerks and their deputies, secretaries, and law clerks to judges, court reporters, and probation officers are called upon to stay within a limit of \$6 a day. Section 62b (1) of the Bankruptcy Act as amended allows to referees their actual expenses for lodging and subsistence not to exceed \$7 per day while in a travel status. But this amount, too, is insufficient in most places, and for the referees as for most other personnel of the Government, a flat allowance in an adequate amount, for which the pending bill provides, is needed.

There is equal necessity as a matter of justice for the increase in the mileage rate for the use of privately owned automobiles for official purposes provided for in the pending bill. The act fixing the present rate of 5 cents (47 Stat. 1516, 5 U. S. C. 73a) was enacted in 1933 when prices generally were on a low level. It is well known that since then the cost of operating automobiles has increased very much. The price of gasoline, the cost of amortization due to the sharp advance in the price of automobiles, which has almost doubled in recent years, the cost of replacements and repairs, and virtually all substantial elements of cost involved, have gone up very much. Court personnel who are limited to payment of 5 cents a mile, have a deficiency to make up out of their personal funds every time they use their automobiles for official travel. The court personnel who have occasion to do this include many judges and clerks of court and their deputies, secretaries and law clerks of judges, court criers acting as bailiffs and messengers, court reporters, referees in bankruptcy, and probation officers.

The need of the supporting personnel of the courts, other than probation officers, occurs principally in districts in which terms of the district courts are held from time to time at a number of different locations. In such situations there would be much loss of time and energy in using common carriers. Frequently a number of officers travel together in one automobile for use of which only the officer who owns the car is reimbursed. Travel by automobile under these conditions makes for efficiency and results in a saving for the Government. Clearly the officers who use this method should be made whole for their expense.

The Federal probation officers use automobiles not only to attend terms of courts at which they have duties to perform as do other officers, but to make numerous calls upon persons in scattered locations whom they are supervising or whom they need to see in connection with their present investigations under Criminal Rule 32 (c) (1). Many probation officers have occasion to run their automobiles anywhere from 10,000 to 25,000 miles a year. The present rate of reimbursement, 5 cents, is conservatively believed to be 2 cents per mile below cost, and upon this basis such officers are required to contribute anywhere from \$200 to \$500 a year out of their salaries. This plainly is not just.

The present bill would correct the deficiency by raising the maximum rate to 7 cents. It also would do away with the distinction in the present law between travel outside of the official station and travel within it, for which a lower rate of only 4 cents is allowed. This is anomalous because travel within the official station on account of the numerous stops and starts involved, is obviously more expensive than travel outside. The pending bill corrects this.

I desire to express in behalf of the Judicial Conference and of the Federal courts my gratification that the personnel of the courts have been included with Govern-

SUBSISTENCE EXPENSES AND MILEAGE ALLOWANCES **39**

ment personnel generally in the relief which is proposed. If granted it will remedy what has been a glaring injustice and be very beneficial to the morale of the court service.

With kind regards, I am,  
Sincerely yours,

HENRY P. CHANDLER.

*The following supplements the information contained in the list dated June 11, 1948, showing departments, agencies, bureaus, etc., which reduced the authorized rate of per diem in lieu of subsistence and/or limit the period for which the per diem may be paid*

Organization	Area	Rate authorized and/or other limitation
Department of Agriculture: Plant Industry and Soils.....	Various.....	\$5; \$5 for 5 days and not to exceed \$3 and \$4 thereafter; \$6 en route and \$4.50 for 20 days; \$6 for 5 days, \$4 thereafter, not to exceed 20 days.
Forest Service.....	Region 1..... Region 2..... Region 3..... Region 4..... Region 5..... Region 6..... Region 7..... Region 8..... Region 9..... Region 10 (Alaska)..... Region 12.....	\$2 to \$5.60. \$2.60 to \$4. \$2 to \$6. \$5 to \$6. \$2 to \$6. \$2 to \$6. \$3 to \$4.40. \$3 to \$5.40. \$4 to \$5.60. \$3 to \$7. \$4.60.
Production and Marketing Administration.	Various.....	\$6 for first 30 days, and \$5 for next 30 days; \$4 for travel wholly within a day.
	Tennessee, Kentucky, North Carolina, South Carolina, and Virginia.	\$6 for 15 days, \$2 for the next 45 days, and no per diem in excess of 60 days except by special authority.
	California, Mississippi, Oregon, Georgia, Louisiana, Alabama, and Texas.	\$6 for first 30 days, and \$5 for next 30 days, and no per diem thereafter.
	Various States.....	Orders provide that no per diem will be allowed between 7 a. m. and 7 p. m., or 7 a. m. and 6 p. m.
Soil Conservation Service.....	Various.....	\$6, \$5.60, \$5.40, \$5, \$4.60, and \$4.40; \$2 and \$2.50 while in camp.
Office of Agricultural Research.....	Alaska.....	\$8; authorized rate to be reduced according to locality considering type of work and length of period of duty.
Department of Commerce: Civil Aeronautics Administration.....	United States.....	\$6 for 60 days; \$5 for the next 30 days; and \$4.50 thereafter.
Weather Bureau.....	Alaska.....	\$7 on route and for the first 15 days; \$5 thereafter, \$4 aboard ship for observation purposes.
	Region 1.....	No per diem on Navy vessel.
	Regions 6, 10, 11, 12, 15, 17.	\$6 first 30 days and \$5 thereafter, \$3 on vessel where meals and lodgings are included in price of passage.
	Regions 1 and 12.....	\$6 within and without continental limits of United States; \$4 aboard ship for observation purposes.
Geological Survey.....	Various.....	\$6, \$5.50, \$4.60, \$4.50, \$3.50, \$2.40, and \$2.
Federal Works Agency: Public Roads Administration.	Various--Authorizations issued in Washington, D. C.; Kansas City, Mo.; Denver, Colo.; Portland, Oreg.; and San Francisco, Calif.	Various rates from \$2 to \$6 authorized, except that \$1 or \$2 will be paid for trips in excess of 10 hours, providing overnight travel is not involved.
General Accounting Office.....	Various.....	\$6 to and from temporary-duty station; \$6 for each of first 90 days; \$5 for next 30 days; \$4 for next 30 days; \$3 for next 30 days; \$6 for travel from temporary-duty station for more than 24 hours. Effective Jan. 7, 1949, \$6 for 180 days, none thereafter.
National Housing Agency: Federal Housing Administration.	do.....	Limitation referred to rescinded Sept. 6, 1946.

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There are no administrative regulations or travel orders on file to indicate that there has been any change in the rate of per diem and/or limit of time the per diem may be paid as shown on the list of June 11, 1948, for the following departments, agencies, bureaus, etc.: Department of Agriculture—Federal Crop Insurance Corporation, Agricultural and Industrial Chemistry, Commodity Exchange Authority, Human Nutrition and Home Economics.

Administrative regulations and travel orders on file indicate no change in per diem and/or time limit that per diem may be paid for those agencies, bureaus, etc., not included herein.

DEPARTMENT OF LABOR, OFFICE OF BUDGET AND MANAGEMENT  
DATA ON COSTS OF SUBSISTENCE AND MILEAGE WHILE IN TRAVEL STATUS ON  
GOVERNMENT BUSINESS

(Submitted January 18, 1949)

SUBSISTENCE

*James E. Dodson, Director, Office of Budget and Management*

Official trip to Chicago January 1949. Reservation made in advance in letter to Hotel Stevens. Acknowledgment of reservation received. Arrived Hotel Stevens. Letter indicating reservation presented. Advised room would not be ready until 3 p. m. Baggage checking necessitating unexpected additional tips to porter. On return to hotel in afternoon, advised no single room available. Only possibility was a suite of rooms priced at \$30 which would be made available for two occupants for \$7 each. Mr. Dodson occupied room with another official from the Department of Labor. Each paid \$7 per night for 2 nights.

Another representative of the Department, Boyd C. Anders, paid \$7 per night at the Hamilton Hotel when he thought he had a reservation for a \$5.50 per night room. Other members of the group who were in Chicago at the same time had to pay a minimum of at least \$6 per night.

*John C. Shinn, field operations officer, Wage and Hour; official station, Washington, D. C.*

Uses his own car for official business. 1947 Buick. Has figured his expenses for income-tax purposes with a total deficit of \$616.35 based on losses on per diem and low mileage rate. Figures his mileage rate \$0.086 per mile. Estimates daily subsistence expenses:

	<i>Per day</i>
Hotels (average from bills).....	\$3. 97
Meals.....	4. 25
Tips, taxes not paid for by the Government, telegrams for reservations, baggage checks.....	1. 00
Laundry and pressing.....	. 75
Total.....	9. 97

*Mr. Gleason, regional director, Wage and Hour, Boston, Mass.*

Thirty-two days in travel status in calendar year 1948. Estimates his average daily hotel costs \$4.85. Other miscellaneous subsistence expenses, \$6 per day. Average total daily cost, \$10.85.

*William S. Singley, regional director, Wage and Hour, Cleveland, Ohio*

Six trips to Washington, D. C. Reservations made in advance, Washington Hotel. One stay, \$6 per day. Washington Hotel, another stay, \$7.50 per day. Hamilton Hotel, \$4.50 per day. Raleigh Hotel (3 stays), \$5 per day. Reservations for rooms secured here. "Musts," no other choice being available.

*William J. Rogers, regional director, Wage and Hour, Dallas, Tex.*

"Several months ago I met Hugh Cole in El Paso to have a conference with a national-known contractor whose headquarters were there. After our conference the contractor had one of his men take us to town. He asked where we were stopping and when we told him the name of the hotel, he said, 'I have been in El Paso for many years, but I just don't know where that hotel is located.'

"When it comes to hotel accommodations, they (men) are staying at second-rate tourist courts and whatever hotels they can get into."



## SUBSISTENCE EXPENSES AND MILEAGE ALLOWANCES 41

"I have kept track of the money I have personally spent on travel during the last year and car costs. My average expenditure for 89 and a fraction day's travel has been \$10.16 a day. The cost for my automobile has been slightly over 10 cents per mile. As I used my automobile for over 4,000 miles on official business, you can see the loss involved. This loss on automobiles is going to continue as people replace their cars and buy higher-priced ones. For example, I had up until about a year ago a 1939 DeSoto that cost me \$1,106. The same make and model of the car in Dallas today costs \$2,369.50 without radio, heater, and seat covers."

*Charles A. Britton, Bureau of Apprenticeship, region VII*

<i>Hotels</i>	<i>Per day</i>
New Orleans (4 days) .....	\$4. 50
Miami, Fla. (4 days) .....	7. 50
Orlando, Fla. (3 days) .....	8. 00
Jackson, Miss. (5 days) .....	5. 25
Charleston, S. C. (3 days) .....	4. 50
Jacksonville, Fla. (7 days) .....	4. 25

*Clarence T. Lundquist, field operations officer, Wage and Hour, Washington, D. C. (official station)*

His analyzed expenses covering 130 days of travel with hotel accommodations in second-rate or lower hotels are as follows:

Hotel .....	\$3. 85
Meals .....	3. 50
Tips .....	. 70
Laundry .....	. 60
<b>Total</b> .....	<b>8. 65</b>

*Marvin Methvin, field operations officer, Wage and Hour, official station, Washington, D. C.*

Official assignment in past years have taken him to Boston, Mass., \$4; New York, N. Y., \$6; Philadelphia, Pa., \$4.50; Raleigh, N. C., \$4; Birmingham, Ala., \$3.50; Cleveland, Ohio, \$4; Chicago, Ill., \$4.85; St. Paul, Minn., \$4.50; Kansas City, Mo., \$4; Dallas, Tex., \$4.50; San Francisco, Calif., \$4; Portland, Oreg., \$4.50; Seattle, Wash., \$4; Denver, Colo., \$4. Only twice was he able to secure room under \$4 per night. Average cost was \$4.25 per day resulting from shopping around and usually staying in cheapest and poorest rooms in second- and third-rate hotels. Due to increased food costs has had to patronize cafeterias and less desirable restaurants in order to keep average meal costs to about \$4 per day. Laundry, tips, package checking, telephone and telegraph costs for reservations are other items which enter into the picture which are not reimbursable.

Other expenses which could not be put on a "daily" cost figure but which add up to an appreciable amount during the course of a year are baggage checking, telephone calls, and telegrams for reservations, nonreimbursable taxi fares, etc.

"By swallowing my pride and sacrificing comfort as to hotel accommodations, and 'tightening my belt' as to meals, I have managed to squeeze by on an average cost of about \$10 per day, or a mere personal loss of only \$4 per day."

*Harry D. Manpin, inspector, Texas*

"I could not afford to stay and eat at first class places; therefore, the food and lodging does not reveal the expense of accommodations fitting a Government inspector. I stayed mostly in tourist camps and not the best of those."

## MILEAGE

Statement on mileage and subsistence costs in Region I, Wage and Hour, averaged by States and by different classes of employees, is attached. This shows average mileage costs range from \$0.062 to \$0.097; hotel costs range from \$3.50 to \$4.85 per day; average daily costs of subsistence and other miscellaneous expenses from \$3.70 to \$4 per day. Daily average for all subsistence from \$7.30 to \$10.85.

*P. Schilling, supervisor, Wage and Hour, Maine*

Auto travel official business 2,099 miles, calendar year 1948. Mileage cost based on repairs and depreciation, etc., \$0.097 covering 40 days in travel status.

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*Donald D. Drew, inspector, Wage and Hour, South Dakota*

1948--4,310 miles on official business--83¼ days in travel status.  
 Mileage cost \$0.0726, which does not include towing charges and other charges.  
 Paid from \$2.50 to \$4.85 per day for hotel rooms, but only once or twice a week  
 felt flush enough to have a room with bath.

*J. Sidney Gonsoulin, branch manager, Wage and Hour, New Orleans, La.*

"The inspectors in Louisiana abhor the thought of travel principally for the  
 reason that they lose money on per diem and mileage. It is possible for them  
 to reduce their losses from a standpoint of per diem by eating less than they might be  
 accustomed to. However, there isn't any way to overcome the loss on mileage allow-  
 ances. Gasoline costs 32 cents a gallon in Louisiana and travel on the types of  
 roads which we must travel in conducting lumber inspections plays the mischief  
 with an automobile, new and old. As you know, half of our annual quota is  
 lumber. Incidentally, travel on gravel and dirt roads also tends to increase the  
 laundry and cleaning bills."

*O'Neill Barrett, inspector, Wage and Hour, Mississippi*

April 1, 1948 through November 30, 1948. Total mileage 9,670. Official  
 business total cost \$706.09. Average mileage cost .073. Number days in travel  
 status 194½.

*George B. Knipp, inspector, Wage and Hour, New York, N. Y.*

Total mileage on Government business, 4,203. 65 days in travel status covered  
 in report. Total cost \$375.52. Average cost per mile for Government travel  
 .0287. Average cost of hotel room \$3.50 per day. Average cost of meals \$4.50  
 per day. Laundry, tips, other services, \$1 per day. Total average cost, \$9 per  
 day.

(NOTE.—Uses Buick, 1940.)

*Robert S. Podbros, inspector, Wage and Hour, New York*

Four thousand miles on Government business. (Hudson 1948) 50 days of  
 travel status. Average total cost, \$382; average mileage cost, 9.6 per mile. In  
 travel status, 1948, 60 days (some travel by public transportation). Average  
 hotel cost, \$4 per day; average meal cost, \$4.25 per day; miscellaneous expenses,  
 including tips and other fees, \$0.75 per day; average cost subsistence, \$9 per day.

*Sarah Harris, inspector, Wage and Hour*

From January 1 through October 31, 1948, total official mileage, 2,236; total  
 cost, \$167.15; average mileage cost, \$0.074. Number of days in travel status,  
 31½. 1946 Ford.

*Clayton Carden, inspector, Louisville, Ky.*

Official mileage from January 1 to December 24, 1948, 10,693; average cost,  
 \$679; average mileage cost, \$0.06355; number of days in travel status, 103¼.  
 1948 Chevrolet.

*Charles N. Conner, area supervisor, Bureau of Apprenticeship, Atlanta, Ga.*

"My personal income-tax figures, show that during year 1947 I suffered a loss  
 of \$406. Incidentally, the income-tax department told me that my figures were  
 conservative. I did not include expenses you necessarily incur, such as treating  
 business associates to lunch, tips, and a number of miscellaneous expenses. I  
 have not as yet estimated my 1948 loss on travel, but I am certain that it will  
 exceed the loss that I suffered during the year 1947. I cover the State of Florida  
 and during the winter season hotel rooms will cost anywhere from \$6 to \$20 a  
 night."

Miles on 1941 Dodge sedan, official business, 9,190:

Cost.....	\$539.55
Reimbursement, at 5 cents per mile.....	443.90
Loss.....	105.65

SUBSISTENCE EXPENSES AND MILEAGE ALLOWANCES 43

*Stephen S. Kaler, field representative, Bureau of Apprenticeship*

Mileage, October 1948, official business, 1,934 miles:

Total cost	\$109.06
Received, 5 cents per mile	96.70
Loss	12.36

*John M. Ekeberg, inspector, Wage and Hour, Butte, Mont.*

Mileage cost, \$0.0613 per mile (no repairs, 1948 included).  
Uses own car 84 percent for official travel. Gas costs 31½ cents per gallon.

U. S. Department of Labor—Chart on mileage and subsistence costs in region I

	Travel period	Total mileage	Total cost gas, oil, repairs, storage, etc.	Average mileage cost	Number days in travel status	Average daily cost hotel accommodations	Average daily cost miscellaneous subsistence expenses	Average daily cost of all subsistence expenses
<b>ADMINISTRATIVE EMPLOYEES</b>								
Mr. Gleason, Regional Director.....	January to December 1948				32	\$4.85	\$6.00	\$10.85
Mr. Nelson, Assistant Regional Director.....	do				11	4.85	6.00	10.85
Mr. Blake, Regional Supervisory Inspector.....	do	2,658	\$186.00	\$0.07	30	4.85	6.00	10.85
Regional average.....				.07		4.85	6.00	10.85
<b>SUPERVISORY EMPLOYEES</b>								
Maine: Schilling, P.....	January to December 1948	2,090	203.00	.097	40	3.75	4.00	7.75
Connecticut: Clark, G.....	do				15	4.85	5.00	9.85
Massachusetts: Jordan, J.....	do				12	3.85	4.25	8.00
Western Massachusetts and Vermont: Masucci, J.....	do				20	4.85	6.00	10.85
Regional average.....				.097		4.25	4.80	9.00
<b>INSPECTION TYPE PERSONNEL</b>								
Maine:								
Gould, A.....	January to November 1948	3,962	314.91	.08	27	3.50	3.60	7.10
Connors, O.....	January to December 1948	4,177	275.00	.065	73	3.50	3.75	7.25
Kelley, A.....	do	24,600	1,624.00	.0661	150	3.75	3.75	7.50
Connecticut: Rodio, O.....	November 1948	391	32.45	.083	12	4.00	4.00	8.00
Western Massachusetts and Vermont:								
Wason, J.....	September to December 1948	3,529	237.00	.07	48	3.50	4.75	8.25
Tracy, T.....	May to November 1948	5,090	367.87	.072	68	3.50	5.15	8.65
Varley, G.....	May to August 1948	4,157	267.84	.064	16	3.50	5.00	8.50
New Hampshire:								
Spaulding, C.....	January to December 1948	8,736	524.00	.06	35	3.75	4.00	7.75
Learmonth, A.....	do	11,654	757.50	.065	46	3.75	4.00	7.75
Massachusetts:								
Giorgio, F.....	do	5,891	385.00	.067	37	4.50	4.60	9.10
Pettit, J.....	July 1947 to June 1948	3,506	240.00	.068	38	4.00	3.75	7.75
Regional average.....				.07		4.00	4.00	8.00

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AVERAGE COST BY STATES

	Average mileage cost	Average daily hotel cost	Average daily cost, miscella- neous sub- sistence expense	Daily aver- age cost for all subsist- ence
Maine.....	\$0.07	\$3.60	\$3.70	\$7.39
Connecticut.....	.083	4.00	4.00	8.00
Western Massachusetts and Vermont.....	.068	3.50	4.95	8.50
New Hampshire.....	.082	3.75	4.00	7.75
Massachusetts.....	.067	4.25	4.25	8.45
Regional average:				
Inspection employees.....	.07	4.00	4.00	8.00
Supervisory employees.....	.097	4.25	4.80	9.00
Administrative employees.....	.07	4.85	6.00	10.85
Regional average (all-type employees).....	.079	4.50	5.00	9.25

ATLANTA, GA., January 5, 1949.

To: Mr. Edward F. Gallagher.  
From: Charles N. Conner.  
Subject: Increased per diem.

DEAR ED: Since this is the beginning of a new year and we continue to lose money on our travel, I am hoping that you can use the attached information supporting the claim that \$6 per diem is not sufficient to cover the expenses of anyone doing field work who is employed by the United States Government.

You will see from the attached exhibits that a part of my personal income tax figures show that during the year of 1947 I suffered a loss of \$406. Incidentally, the income tax department told me that my figures were conservative. I did not include expenses you necessarily incur, such as treating business associates to lunch, tips, and a number of miscellaneous expenses that are too numerous to mention.

I have not as yet estimated my 1948 loss on travel, but I am certain that it will exceed the loss that I suffered during the year 1947. The reason I say this is because hotels have been allowed to increase their rents, and then as you know I cover the State of Florida and during the winter season hotel rooms will cost anywhere from \$6 to \$20 a night. Meals in restaurants have also increased considerably.

I certainly hope that something can be done to raise the subsistence allowance because it does not seem fair that an employee of the Government should have to dig into his own pocket to pay for expenses incurred handling official business.

EXHIBIT A

Loss on PO automobile (1941 Dodge sedan)

Speedometer reading:		
December 31, 1948.....		18,594
January 1, 1947.....		17,106
Total miles traveled.....		11,488
Miles used on Government business as per travel vouchers.....	8,878	
Miles used on Government business official station not claimed..	312	
		9,190
Miles personal use.....		2,298
Cost:		
Gasoline.....	\$238.41	
Oil and grease.....	39.90	
Tires and repairs.....	110.00	
Car repairs.....	154.50	
Storage.....	60.00	
Insurance.....	84.00	
Depreciation (none).....		
Total.....	686.81	
Less 20 percent personal use.....		137.36
Total cost.....	549.55	
Total reimbursement, 8,878 miles, at 5 cents.....		443.90
Loss claimed.....		105.65

<sup>1</sup> Repaired speedometer, 1946.

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EXHIBIT B  
Subsistence, travel loss

Month	Days in travel status	Actual expense	Reimbursement received	Net loss
January	14 1/4	\$126.00	\$85.50	\$40.50
February	9 3/4	81.50	58.50	23.00
March	7 1/2	63.75	45.00	18.75
April	9 1/2	83.00	57.00	26.00
May	6 1/2	57.25	37.40	19.85
June	15 3/4	144.00	94.50	49.50
August	15 3/4	115.00	91.50	23.50
September	(1)	(1)	(1)	(1)
October	23 1/4	22.50	16.50	6.00
November	8	72.00	48.00	24.00
December	13	111.25	78.00	33.25
Total	115	988.75	688.40	300.35

<sup>1</sup> No travel sick leave.

1947 expense (used 1947 income-tax return)—Recapitulation exhibits A and B

Total travel reimbursement received	\$1,168.53
Subsistence received	688.40
Mileage on PCA	443.90
Incidentals	36.23

	Received	Cost	Loss
Loss claimed:			
Subsistence	\$688.40	\$688.75	\$300.35
Mileage auto	443.90	349.65	106.65
Incidentals	36.23	36.23	
Total	1,168.53	1,174.63	406.00

To: Miss Jay.  
From: Harris Shane.

DECEMBER 8, 1948.

This is in response to your recent request concerning expenses on field trips. I eat a standard breakfast of orange juice, eggs, toast, and coffee. I notice that with tip this cost me \$1.50 on September 27 on the National Limited; \$1.50 on the Southern Pacific's Golden State on September 29, and an average of 90 cents or \$1 in hotels. Breakfast, therefore, takes a sizable chunk of the per diem. Lunch on trains also runs about \$1.50, and dinner on this last trip (far from the most expensive dinner) cost \$2.50 to \$3.

The expensive meals on the trains make it impossible to accumulate enough out of the \$6 while traveling on the train to pay the extra expense of hotels. In St. Louis on September 27, I was lucky enough to get a hotel room for \$5. Some of the others had to pay \$5.75, and Mr. Perun had to pay \$6.50. In Los Angeles we stayed at the Mayflower, which is decidedly a second-rate hotel, and paid \$5. I have found it very difficult to get any hotel room in a conveniently located, reasonably clean hotel, for less than \$5. When you add to this tips and laundry, you have a slight deficit and must be expected to live on cereals and gruel.

To: Edward F. Gallagher.  
From: E. K. Jenkins (r. e. l.).  
Subject: Account of expenses for the month of October 1948.

JANUARY 7, 1949.

Attached hereto is a report of actual expenses balanced against reimbursement by voucher which has been submitted by request by Mr. Stephen S. Kaler for the month of October 1948. Mr. Kaler does considerable auto travel in an area

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where hotel and meal prices are lower than those areas covered by Mr. Jenkins' report. Although he has submitted no copies of bills for this period, he does have them in his personal file if it is necessary for you to have them. We hope this information will be of assistance, particularly in reference to mileage allowance on the use of privately owned automobiles.

*Per diem*

Credit: \$76.50.

Hotel rooms:		
4 nights at \$3.50 .....	\$14.00	
3 nights at \$4 .....	12.00	
1 night at \$3 .....	3.00	
2 nights at \$5 .....	10.00	
	<u>39.00</u>	
Meals:		
10 breakfasts, 90 cents average .....	9.00	
14 lunches, \$1.25 average .....	21.50	
12 dinners, \$2 average .....	24.00	
Tips, 10 percent .....	5.45	
	<u>59.95</u>	
Total .....	98.95	
Received .....	76.50	
Loss .....	22.45	

Ten nights on road, \$22.45 loss; loss per night, \$2.24.

*Mileage*

Credit: 1,934 miles at 5 cents, \$96.70.

Gas, 116 gallons, at 28½ cents (average 17 miles per gallon) .....	\$33.06
Oil, 5 quarts at 40 cents .....	2.00
Lubrication, once in 2,000 miles .....	1.00
Insurance per month .....	10.00
Garage rent while traveling, 10 night at \$1 .....	10.00
Depreciation, monthly based on difference between value of old car and cost of new car last November .....	33.00
Repair, tires, etc .....	20.00
Total .....	<u>109.06</u>
Received .....	96.70
Loss .....	12.36

Loss each mile traveled, 1.5 cents.

DECEMBER 7, 1948.

To: Miss Jay.  
 From: Helen B. Sater, Women's Bureau.  
 Subject: Per diem.

I am glad you have given me an opportunity to register my feeling that the subsistence allowance for travel of \$6 per day is far from adequate to meet even the minimum needs. The situation as far as I am concerned is so serious as to make me wonder whether I can possibly afford to stay as continuously in the field as my position requires.

The shortage of hotel accommodations makes the situation more acute. It is practically impossible to obtain a room at a minimum rate on short notice. I frequently cannot be sure of exact dates of arrival very far in advance and when I do make reservation in advance I have many times had the experience of engaging a minimum-priced room to find upon arrival that the reservation has been made for more expensive accommodations. I believe that blocks of rooms are held by big business concerns and the lower-priced rooms are held for men who may be more frequent visitors.

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Seldom have I been able to get a room for less than \$5 a day and I have many times paid \$5.50, \$6 and on a few occasions it has been necessary to pay \$7 a day. This leaves very little for three meals, tips, etc., that must be paid out of per diem. In Danville, Va., where one might expect to get cheaper accommodations, my room was \$4.50, and in Abingdon, Va., a town of 4,000 or 5,000 inhabitants, the rate was \$4. So that, you see, even in the smaller, less sophisticated places, the rate is high.

In November, I visited Cleveland and was compelled to move from the Cleveland Hotel (because of an incoming convention) where I was paying \$5 and the only room I could secure was at the Wade-Park Hotel at a higher rate. I knew somewhat in advance that I was going on to Chicago. I telephoned three hotels in Chicago, from Cleveland, at my own expense, and was not able to find a room. Only after getting assistance from a Chicago-based person was I able to get in at the fifteenth hotel contacted. Representatives from the frozen-food industry and the shoe industry were having conventions there. The convention business frequently complicates the situation.

The nature of my work often makes it necessary to ask people to meet me at their convenience which is so often at lunch or dinner time in which case I feel an obligation to have them as my guests. Of course, there is no provision for this kind of entertaining and per diem does not meet the situation.

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DECEMBER 7, 1948.

To: Ada E. Fust, administrative assistant.  
From: John J. Babé, assistant solicitor.  
Subject: Per diem allowances versus active expenses.

The following is a generalized view of my last three trips, and affords data on the inadequacy of the current per diem allowances.

The first of these three trips was to Birmingham in September 1948. I remained there for approximately 2 days. My hotel cost me \$5 per day, which left me \$1 to defray the cost of three meals per day, including tips, as well as necessary tips to bellboys upon arrival and departure. On an average my meals cost me \$3.50 per day. Thus, on this trip a minimum of \$2.50 per day came out of my own pocket over and above per diem allowance.

The second trip was to Cleveland where I also stayed approximately 2 days. I paid \$5.50 for my hotel room which I shared with another employee of the Department. This was the last available room. My meals again averaged \$3.50 per day, and again the trip cost me about \$2.50 per day out of my own pocket.

The third trip I just completed last week to New York City. I stayed approximately a day and one-half. My hotel cost me \$5.50 plus 28 cents New York City tax, or a total of \$5.78. This left me 22 cents to defray the cost of meals, tips, etc. My meals averaged approximately \$3.25 out of my own pocket to defray the cost of this travel.

I have made several trips during the past 2 years to New York, Atlanta, Birmingham, Dallas, Kansas City, and Chicago, and in each and every one of these trips my actual expenses exceeded by no less than \$2.50 per day the per diem allowance. This is a conservative estimate. I also attach herewith statements from James Miller, supervising attorney, and John Mealy, assistant supervising attorney, with respect to the inadequacy of per diem allowance disclosed by their stated travel.

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JANUARY 6, 1949.

To: Edward F. Gallagher.  
From: E. K. Jenkins (r. e. l.).  
Subject: Justification of expenses.

In answer to your telephone conversation we have the following report to make. We hope this information is of value and assistance to you. An accurate account of our expenses was kept over a period of 8 months, recording even the smallest amount; the finding was approximately a loss of \$3 a day while in travel status over the period. However, for an actual sample month we are sending the figures for August 1948, with the hotel statements to substantiate the figures. Although the hotel rates are in the \$5 range, these are considered the "minimum rate" which is always requested when making reservations.



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Aug. 2:		Aug. 16:	
Taxi.....	\$0.65	Taxi.....	\$0.65
Tip.....	.10	Room.....	3.65
Aug. 3:		Tips.....	.40
Taxi and tip.....	.75	Aug. 17:	
Room.....	5.00	Meals.....	4.35
Meals.....	3.85	Taxi.....	.75
Tips.....	.50	Tips.....	.60
Aug. 4:		Aug. 18:	
Taxies.....	1.00	Taxies.....	1.25
Meals.....	4.05	Bus fares.....	1.20
Room.....	5.50	Room.....	45.00
Tips.....	.55	Meals.....	26.75
Aug. 5:		Tips.....	3.00
Taxi.....	.35	Aug. 30:	
Meals.....	4.20	Taxies.....	1.65
Tips.....	.70	Meals.....	3.00
Aug. 6:		Room.....	3.85
Taxi and tips.....	.75	Tips.....	.50
Aug. 10:		Aug. 31:	
Taxi and tips.....	.75	Room.....	3.25
Aug. 11:		Meals.....	3.50
Taxi.....	.35	Tips.....	.50
Room.....	4.45		
Meals.....	4.75	Total expenses during	
Tips.....	.60	the month while in	
Aug. 12:		travel status.....	148.90
Taxi and tip.....	.45	Reimbursed by Government;	
Meals.....	4.50	total of expense voucher.....	134.40
Tips.....	.50		
Aug. 13:		Net loss, August 1948...	14.50
Taxi and tip.....	.75		

## MINORITY REPORT

### PROMISES WITHOUT PERFORMANCE

Ever since 1932, when Presidential candidate Franklin Delano Roosevelt included in his campaign promises one which definitely promised a 25-percent reduction in Federal expenditures, both Democrat and Republican Party platforms and the candidates of both parties have repeatedly promised the taxpayers of this Nation a reduction in Federal expenditures.

The failure of our national policy makers to keep us out of a war—a war which gave us a Stalin and a communistic Russia, in lieu of a Hitler and a Nazi Germany, as Public Enemy No. 1, is a partial excuse for the stupendous increase in our national debt and the confiscatory taxes with which our people are, and the future generations will be, burdened. It is an excuse for, but not an answer to, our failure to economize.

Two wars—the first fought to end all wars—the second to carry the “four freedoms” throughout the world, have left the world with active fighting on four fronts, millions of slave laborers, and millions of people under the domination of Communist leader, Joe Stalin. While we ourselves are not in a shooting war, we are in a “cold war,” an economic war. We are at the moment signing up allies to form a coalition of nations which we hope will win the next world war. We are back to the Old World balance of power theory.

If the refusal of Congress to bring about some economy, greater efficiency in our executive departments, our repeated gifts of billions of dollars to other nations and peoples continue, it is evident that we will ultimately come to the end of our resources. It is equally apparent that, having reached that point, we will not only be unable to help others, but to adequately defend ourselves.

Notwithstanding these two wars, the nations of the world are not at peace. We are about to enter into an Atlantic Pact which, whatever may be its legalistic wording and interpretation, commits us to be a participant in any war which may come to any one of the nations signing that pact. We on one side, Russia on the other, are striving to reestablish the old balance-of-power arrangement. But in this case we do not reserve to ourselves the right to go in, or stay out of, a war—no matter by whom, or for what cause—started.

We are now committed to an additional Marshall plan of some \$5,550,000,000. Our national defense program, if you wish to call it that, calls for an expenditure of something like \$15,000,000,000. Aid to veterans will require around \$6,000,000,000. The interest charge on the national debt will cost something like \$6,000,000,000 per annum. Other programs require other billions.

From the foregoing, which is brief and incomplete, and from the facts known to every member of the committee, it is perfectly clear, and I doubt if anyone will every deny, that, unless we economize on

## SUBSISTENCE EXPENSES AND MILEAGE ALLOWANCES 51

some front, we will go the way of all nations which have consistently and persistently in their expenditures exceeded their incomes.

We promise our constituents that we will cut down Federal expenditures but, due to the pressure of first one group, then another, we do not keep faith with our people.

In the current Congressional Record of February 7, 1949, page A-619 and subsequent pages, there is a statement by the chancellor of the University of Kansas, entitled "America the Profligate" from which I quote this paragraph:

In 1933, our national debt was \$22,000,000,000; in 1948, it has swollen to \$252,000,000,000; 11 times as great.

In 1933 there were 572,000 Federal civilian employees; in 1948 there were 2,200,000—or four times as many. In 1933, also, these Federal civilian employees were paid \$972,000,000; in 1948, they were paid \$6,000,000,000, or over six times as much. And in 1948, the Federal Government added an additional civilian employee every 3 minutes—or 513 per working day, or 150,000 for the year.

In 1915, there were 158 Federal bureaus and divisions; in 1932, there were 529; in 1944, 1,141; in 1948, 2,700. Our very laws foster the growth of bureaucracy, because our civil-service law bases the pay of Federal employees on the number of underlings.

We have taken onto the Federal pay roll 24,288 personnel specialists; there are twenty-odd lending agencies, there are 45 agencies concerned with housing. For some strange reason, there are 400 people in the Legal Division of the Department of Agriculture. There is one employee in the Bureau of Indian Affairs for every six Indian families in America. Chicago alone has 530 Federal offices.

In a recent year, the Federal Government gave hand-outs to individuals and grants-in-aid to local and State governments totaling \$5,500,000,000. One Federal agency spent \$100,000,000 to keep prices down; another spent \$80,000,000 trying to keep prices up.

And in all this welter of bureaucratic confusion there is no complete accounting system and no complete set of books.

On page 2093 of the Congressional Record of March 9, there is a statement by Senator Byrd which shows that in 1948 the executive department added to its pay roll more than 101,000 additional employees. The table on the following page shows that, in December of 1948, the pay of the civilian employees in the executive branch of the Government was \$64,000,000 more than it was in the preceding month.

The present bill increases the travel allowance of civilian Federal employees who are required to leave their "post of duty" on Government business, from 5 to 7 cents per mile when using their own automobiles.

The bill proposes to increase the subsistence allowance from a maximum of \$6 per day to a maximum of \$9 per day (original figure was \$10).

It is assumed that the cost of travel and the cost of sustenance has over the years increased. No doubt that is true, but whether those costs will go up or down during the next few years is wholly problematical.

The most recent report of the Bureau of Labor Statistics shows that we have had a 5-month consecutive decrease in the national over-all retail prices and this decline is the longest consecutive one in 10 years. The same report shows that food prices have continued to decrease for seven consecutive months.

From statements on record, there is proof that both President Hoover and President Roosevelt were utterly mistaken in their predictions on the question of future employment and cost of living—the first predicted that prosperity was just around the corner—the second

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predicted unemployment, the necessity for creating some 8,000,000 Federal jobs. Each was completely mistaken, though each had the advice of a staff of so-called experts.

One thing experience has demonstrated and that is that seldom, if ever, when a job in the executive department has been created or a rate of pay established, is the job either abolished or the rate of pay lessened.

The argument in support of this bill is that no Federal employee should be required to spend his own money while engaged in Government business away from his assigned place of duty. That argument would be sound if the Federal employee did not know his rate of and total pay and his duty when he applied for the job.

The answer to the argument is that, on the whole, except for top positions, there are many applicants for every Federal job—and from qualified applicants who know the rate of compensation and the task for which they apply. To those of us who believe in the law of supply and demand, that situation is proof positive that Federal employees are not underpaid; that they receive ample compensation for the work they perform. Men do not usually apply for underpaid jobs.

It is true in some instances that the monetary rewards for services rendered in some of the professions, in some businesses, and in some industries, are greater than for a comparable service rendered in the executive departments of State or Federal Governments. But the direct financial compensation of the civilian employee in the executive branch of the Federal Government is but a part of the story.

The Federal employee with one exception has sick leave of 15 days and a vacation allowance of 26 working days each year. In the one exception, the postal employees, the sick leave allowance is 10 days and the vacation leave is 15 days.

The Federal employee has a 5-day week. If a holiday falls on a Thursday, he will sometimes get Friday, as well as Saturday, off. Sometimes, if there is some celebration in which the administration is interested, as recently when President Truman-elect returned to Washington, there is an additional day or two of vacation.

In short, the Federal employee's work year calls for about 220 days of employment; his compensation is on a yearly basis. (Days in a year number 365. Subtract 26 days of vacation; 15 days for sick leave; 52 Sundays; 52 Saturdays and certain other holidays—leaves less than 220 8-hour workdays).

The Federal employee has retirement pay, for which he, of course, pays a part.

The Federal employee never misses a pay check, no matter how much his employer—the Government—may lose during a year. No matter how great the Federal deficit, the Federal employee gets his check on the appointed day.

The Federal employee, all things considered, has one of the best jobs available in the United States of America. He takes that job with his eyes open, knowing his rate of compensation, the task confronting him, and the approximate effort required to efficiently perform that task.

There is no more reason for paying the cost of his food and lodging while absent from his post of duty on the regular work pertaining to his job, than there is for paying every man who works at a job for the

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time and expense of traveling to and from that job or while away from home.

Mr. James Doran, Chief Post Office Inspector, testified that, with few exceptions, the employees of his Department would be fully compensated if they received \$8 per day for subsistence.

It would seem that a per diem increase from \$6 to \$9—a net increase of \$3 per day, is an invitation to travel, unfair to the average taxpayer and grossly excessive when compared with \$50 or less per month paid to millions of our needy citizens.

True, the cases are not comparable, but the wide spread between \$9 per day paid the Federal employee and the \$1.70 per day paid the needy, aged, and unfortunate citizens, should give us pause.

All admit the necessity for a reduction in Federal expenditures—very few will, when the occasion arises, meet the issue, vote to reduce expenditures. Very few will refuse to yield to the demand of the bureaus and the Federal employees for an increase in Federal expenditures.

While the \$9 per day is the maximum, not the minimum, experience and the record show that every dollar appropriated to the various departments for these particular items is expended.

If in one bureau of a department there is a reduction of employees, an increase in the rate or the number of employees in other bureaus invariably absorb the whole appropriation and sometimes calls for a deficiency bill.

If the promises of candidates for office that Federal expenditures would be reduced, if they were elected, are ever to be kept, even the most simple-minded will recognize the fact that some time we must make a beginning. Why not here? Cannot we at least hold the line?

Respectfully submitted.

CLARE E. HOFFMAN.

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