

Y 4. G 74/7: SE 5

SENIOR EXECUTIVE BRANCH OFFICIALS' COMPLIANCE WITH FEDERAL TRAVEL GUIDELINES

Senior Executive Branch Officials'...

HEARING

BEFORE THE

SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
INFORMATION, AND TECHNOLOGY

OF THE

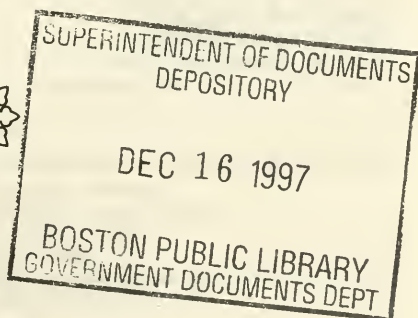
COMMITTEE ON GOVERNMENT
REFORM AND OVERSIGHT
HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTH CONGRESS

SECOND SESSION

MAY 16, 1996

Printed for the use of the Committee on Government Reform and Oversight



U.S. GOVERNMENT PRINTING OFFICE

43-026

WASHINGTON : 1997

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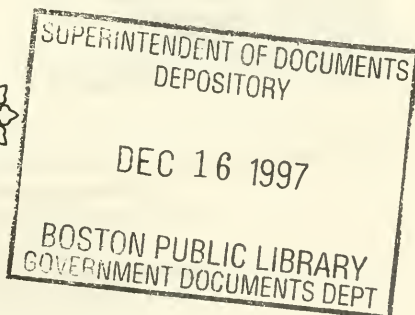
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For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402

ISBN 0-16-055485-3

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SENIOR EXECUTIVE BRANCH OFFICIALS' COMPLIANCE WITH FEDERAL TRAVEL GUIDELINES

THURSDAY, MAY 16, 1996

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
INFORMATION, AND TECHNOLOGY,
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT,
Washington, DC.

The subcommittee met, pursuant to notice, at 10 a.m., in room 311, Cannon House Office Building, Hon. Stephen Horn (chairman of the subcommittee) presiding.

Present: Representatives Horn, Davis, Maloney, and Kanjorski.

Staff present: J. Russell George, staff director and counsel; Mark Uncapher, professional staff member and counsel; Council Nedd, professional staff member; Andrew G. Richardson, clerk; Miles Romney, minority counsel; and Mark Stephenson and David McMillen, minority professional staff members.

Mr. HORN. The Committee on Government Management, Information, and Technology will come to order. In a memorandum issued on February 10, 1993, President Clinton stated: "The taxpayers should pay no more than is absolutely necessary to transport Government officials. The public should be asked to fund necessities, not luxuries, for its public servants." Unfortunately, it appears as if the President's statement fell on deaf ears for some members of his Cabinet.

Each year, the executive branch of the Federal Government spends approximately \$7.5 billion of its budget on the transportation of Government workers. This hearing is not questioning this overall expense. It is imperative that Federal officials and employees have the ability to visit various parts of the Nation and facilities overseas in performing their duty and their jobs. However, when Federal officials abuse the travel privilege, this subcommittee must take steps to ensure that a repeat of the abuse will be avoided in the future.

On December 29, 1995, the subcommittee held a hearing on travel abuse involving the Secretary of Energy, among others. In that light, on January 24 of this year, 1996, the subcommittee sent to department heads, who are members of the President's Cabinet, the first of two letters requesting specific information relating to their travel practices.

In response to that data request, the staff of the subcommittee has reviewed almost 40,000 pages of documents. This exhaustive

examination has enabled us to reach some preliminary conclusions regarding the travel practices of certain Cabinet officers, the first of which is that some Secretaries have chosen to ignore the President's directive to charge the taxpayers no more than absolutely necessary to transport Government officials.

In spite of President Clinton's public comments to drastically reduce many of the perks, and the abuse of perks, associated with senior level public service, the first 2 years of the Clinton administration revealed many instances of alleged misuse of Government aircraft. The aircraft ranged from the use of helicopters, in which the committee has been involved, as you know, to the chartering of transcontinental and transoceanic luxury jets on which we have also had hearings. While President Clinton did tweak the standards of conduct regulating travel, enforcement of these regulations has been almost nonexistent. We have found that Cabinet Secretaries and agency heads have made frequent official trips to their home towns with an official event seemingly occurring as an afterthought to justify the trip.

As to specific abuses, we've also confirmed that members of the President's Cabinet have engaged in partisan political campaigning and fundraising using tax dollars without seeking reimbursements from the campaigns they supported, or from the Democratic National Committee or from the various Democratic congressional campaign committees, one for the House and one for the Senate.

I should clarify the last statement. Some members of the President's Cabinet have not sought reimbursement until after the inquiries from this subcommittee began in January. An interesting subset of the issue is what the Federal Elections Commission might say about in-kind contributions by taxpayers through a Cabinet Department into a strictly partisan political campaign. And that campaign failing to request or to make reimbursements for these political appearances. Must each of the campaigns that the Secretary visited go back and amend the FEC reports to show an unreported in-kind contribution? We're not sure, but we're going to ask the Federal Election Commission to pursue that, because all of us who do run for office know that we've got to have a document backing up every in-kind dollar in someone's living room or what else as to the source of the contribution. And we faithfully file them on our various filings required by both the House and the Federal Election Commission.

As the chairman of the Subcommittee on Government Management, Information, and Technology, I'm intrigued by the explanations that have been offered by some of the representatives of the Cabinet, and in particular, by representatives of the Secretary of the Interior, as to why they didn't seek reimbursement for political appearances, some of which are almost 3 years old that they're going now, since our investigation is going, to back up and try to cover on.

The explanation offered by them suggests nothing more than a complete administrative failure. I can tell you now that the explanation given by Interior officials for this administrative error warrants a thorough examination of the management procedures of that Department.

We cannot revise history today, ancient or recent. We have to deal with the here and now. And we're not going to try to revise history, whether it be George Washington's travel expenditures or anyone else's. The purpose of the hearing is to examine the travel practices of current Cabinet Secretaries. We're not looking at Secretaries that have come and gone earlier in this administration. We're looking at the practices of current Cabinet Secretaries. We are no more concerned with the former Clinton Secretary of Agriculture, Michael Espy's, travels than we are with the former Bush Secretary of Agriculture, Clayton Yeutter's travels than we are with President Cleveland's Secretary of Agriculture, Jeremiah McLean Rusk's, travels when he served from 1889 to 1893.

The findings of the subcommittee's investigations suggests that administration officials do not fully understand or have chosen to ignore the travel requirements for senior Federal officials. The problem is not simply an issue of the proper use of Government property and tax dollars, but is instead an issue of violations of the Government ethics laws.

In my 35 years of being associated with both the legislative and executive branches of our Government, I've witnessed many allegations of waste, fraud, and abuse by Government officials. During that period, with the possible exception of the Nixon administration, I have never seen an administration so clearly in ethical trouble as the Clinton administration.

Edmund Burke's words, while sad, are true, "Custom does reconcile us to everything."

The issues that we are addressing here today are the same issues that my friend and colleague from Pennsylvania, Mr. Kanjorski, hopes to address in his legislation, H.R. 85. We must get at the problem: the need to reimburse the Treasury when career and political officials engage in partisan political activities during a particular trip. This abuse must not continue in this or future administrations.

Despite repeated Clinton administration promises to reform Government as we know it, this ethical and fiscal abuse clearly exists. This hearing will allow the members of the subcommittee to receive clarification on materials provided to the majority and the minority in response to our investigation.

A quorum clearly being present after about the first page of my remarks, does the ranking member have an opening statement to make?

[The information referred to follows:]

Cabinet Trips Home at Taxpayer Expense

| SECRETARY | DEPARTMENT | TRIPS | TRIPS HOME |
|-----------|-----------------------------|-------|------------|
| J. Brown | Veterans Affairs | 99 | 26 (26.3%) |
| Cisneros | Housing & Urban Development | 160 | 24 (15.0%) |
| Reich | Labor | 87 | 19 (21.8%) |
| Babbitt | Interior | 147 | 17 (11.6%) |
| Riley | Education | 106 | 11 (10.4%) |
| Shalala | Health & Human Services | 136 | 10 (7.4%) |
| Reno | Justice | 126 | 10 (7.9%) |
| Pena | Transportation | 101 | 8 (7.9%) |
| O'Leary | Energy | 109 | 4 (3.7%) |
| Rubin | Treasury | 15 | 4 (26.7%) |
| Glickman | Agriculture | 15 | 1 (6.7%) |

Cabinet Frequent Fliers Ranked

| SECRETARY | DEPARTMENT | DAYS IN OFFICE | TRAVEL DAYS | TRAVEL % |
|-----------------|-----------------------------|----------------|-------------|----------|
| J. Brown | Veterans Affairs | 989 | 414 | 41.9% |
| Babbitt | Interior | 1074 | 425 | 39.6% |
| Cisneros | Housing & Urban Development | 979 | 354 | 36.2% |
| Glickman | Agriculture | 183 | 64 | 35.0% |
| O'Leary | Energy | 1071 | 341 | 31.8% |
| Shalala | Health & Human Services | 979 | 285 | 29.1% |
| Reno | Justice | 1034 | 272 | 26.3% |
| Pena | Transportation | 979 | 248 | 25.3% |
| Riley | Education | 1071 | 240 | 22.4% |
| Reich | Labor | 979 | 170 | 17.4% |
| Rubin | Treasury | 273 | 43 | 15.8% |

Secretary Reich's Travel

Mixed Official/Political

| Dates | Stops | Campaign | Air Fare Cost | Comments |
|--------------|---|--|----------------------|---|
| 7/25-26/93 | Chicago, IL | DNC Presidential dinner | \$163 | reimb: \$21.19 for 90 min |
| 9/15/93 | NYC, NY | Rally with Governor Cuomo & Mayor Dinkins | \$145 | reimb: \$5.80 for 15 min |
| 9/26/93 | Troy, MI | Levin fundraiser | \$383 | reimb: \$219.34 for 105 min |
| 10/3/93 | San Francisco, CA | Ca. Democratic Party fundraiser | \$600 | reimb: \$264.80 for 155 min |
| 12/13/93 | New Haven, CT | Rosa DeLauro fundraiser | \$483 | reimb: \$91.77 for 60 min |
| 5/31/94 | Portland, OR | Elizabeth Furse fundraiser | \$519 | reimb: \$54.69 for 35 min |
| 6/29/94 | Los Angeles, CA | Kathleen Brown for Governor fundraiser | \$514 | reimb: \$318 for 45 min |
| 9/3/94 | Wausau, WI | Obey Comm., Better Way Club fundraiser | \$285 | reimb: \$99.50 for 112 min |
| 10/12/94 | St. Louis, MO | Alan Wheat Comm. fundraiser | \$445 | reimb: \$79.50 for 45 min |
| 10/18/94 | Ann Arbor, MI | Bob Carr Comm. fundraiser | \$360 | reimb: \$77.50 for 60 min |
| 10/19-21/94 | Los Angeles, CA 10/19, Monterey, CA 10/20, San Francisco, CA 10/20, Fairfield, CA 10/21 | LA County Federation of Labor, fundraiser for Sen. Feinstein, 10/19; labor meeting for Cong. Farr, 10/20; fundraiser for Cong. Woolsey, 10/20; fundraiser for Cong. Hamburg, 10/21 | \$1077 | reimb. \$632.33 LA for 55 min Monterey for 60 min San Francisco for 20 min Fairfield for 70 min |
| 10/26/94 | NYC, NY | Cong. Lowey Committee, Grand Circle breakfast | \$206 | reimb: \$105 for 70 min |
| 11/3/94 | Pittsburgh, PA Steubenville, OH | Tom Foley for Lt. Governor press conf. , Didanato for Congress labor rally | \$357 | reimb: \$228 for 125 min for 80 min |
| 5/9/95 | San Francisco, CA | Briefing for Ca. Democratic party | \$341 | reimb: \$84.50 for 60 min |
| 5/31-6/1/95 | Davenport, IA | Sen. Tom Harkin fundraiser Iowa Democratic Party fundraiser | \$269 | reimb: \$125 for 60 min reimb: \$125 for 45 min |
| 7/10/95 | Anaheim, CA | Ca. Democratic Party Democratic Party, Democratic Foundation of Orange Co. | \$521 | reimb: \$86 for 40 min |
| 9/11/95 | Providence, RI | Cong. Jack Reed Comm. fundraiser Democratic Senatorial Comm. | \$134 | reimb: \$15 for 32 min for 21 min |

Mrs. MALONEY. Yes, I do. And I have my own visual. Thank you very much, Mr. Chairman. We're having a hearing today on political travel in the executive branch. I believe that speaks that we're in a campaign year.

I trust that this hearing has nothing to do with the now infamous memo from the Republican leadership asking committee and subcommittee chairmen to dig up "dirt on the Clinton administration." I'd like to look at this myself. Bring it over.

I am also somewhat surprised by that, that this subcommittee would choose to examine travel issues given the fact that if current trends continue, the Government Reform and Oversight Committee's travel budget in the 104th Congress will be more than twice what was spent by the Government Operations Committee in the 103d Congress, when the Democrats were in the majority.

Further, press reports indicate that last week, the chairman requested a GAO report on travel issues at the Interior Department. I would have thought that any hearings on those issues would more properly be held after the completion of such a report.

I'd just like to put in the record this memo and I would like it to be part of the permanent record. And it starts with a statement and then it goes on that the subjects that the leadership is asking each committee chair and subcommittee chair to look into. And it says, "The subjects are waste, fraud, and abuse in the Clinton administration."

No. 2, "Influence of Washington labor union bosses, corruption."

No. 3, "Examples of dishonesty or ethical lapses in the Clinton administration."

Then it goes on. This is a memorandum from Bob Walker and Jim Nussell. It goes on and it says, "Please have your staff review pertinent GAO reports, inspector general reports, committee investigative materials and newspaper articles on Departments and agencies within your jurisdiction that expose anecdotes that amplify these areas."

I mean, I think this—

Mr. HORN. I'd be delighted to put it in the record at this point.

Mrs. MALONEY. I think this is an absolute—

Mr. HORN. I'd like to read the date, if I might, on this. It's April 23, 1996. Perhaps the ranking member was not here when I went over the background of this investigation. On December 29, 1995, the subcommittee held a hearing on travel abuse.

Mrs. MALONEY. Excuse me. I thought I was recognized for my own—

Mr. HORN. No, I just want to get the date straight. This memo has nothing to do with anything, but I'm delighted to put it in the record just as a historical oddity. But it has not affected this subcommittee, and I think the ranking member knows it. And should she ever be chairman and I be ranking member and I had an investigation like this, you would not have some partisan fish dragged across the trail type of thing. I would be after a Dole administration the same as I'm after abuses in the Clinton administration.

And the reason we didn't spend any money in the 103d is there were no real investigations of the Democratic administration.

So, go ahead.

Mrs. MALONEY. I object. We had very serious investigations on expenditures in Department of Defense, in procurement, in environmental, in contracts to maintain defense facilities, all types of very serious investigative reports.

I would just like the rest of my statement to be put in the record, and just say that I'll reserve final judgment about this hearing. But having read through the material, I didn't see anything that showed any willful attempt not to follow the rules and regulations of the Federal Government. And I can't help but express my own belief that I think that this is politically motivated.

I hope I'm wrong. I hope you have a huge scandal that shows us—or maybe you have a huge scandal—that millions and multi-millions of dollars of the taxpayers' money is being abused. But I think we could use our time better in implementing the GAO report on travel and looking at their report, and which we are moving forward to implement by regulation and legislation 25 recommendations of the recent report by a large interagency team established by the Joint Financial Management Improvement Program.

Estimated savings from these recommendations are over \$800 million.

These savings will be added to those caused by President Clinton's directives prohibiting first-class travel and restricting the use of military aircraft for official travel. The philosophy of the Joint Financial Management Improvement Program team is to encourage the use of common sense and the development of guidelines that embody simplicity and integrity. And I hope this philosophy can be applied across the board.

Finally, I would like to note for the record that subsequent to the chairman's request, the full committee ranking member, Cardiss Collins, asked each Cabinet agency to provide us with comparable information for the 3-year period from 1990 to 1993 in an effort to provide a context for comparison. Unfortunately, many of the agencies have been unable to provide this information, because it disappeared with the previous Secretaries.

Mr. Chairman, these records were created by public officials at the expense of the American taxpayers and should, therefore, I believe, at least, remain available for public inspection. Perhaps we should ask for a GAO report likewise on these cases. And I'd like that to put in the record as a formal request that if you are looking at the past year, that we also look at the years from 1990 to 1993.

I would like to add that I think this committee has done some serious work this year, most notably the work on the procurement reform bill and our joint work on the collections bill. As you know, we documented that \$117 billion is owed the Federal Government. And in comparison, the dollars are very small. I would like to request that we have a hearing on all of the agencies that are collecting this. If we could bring in the \$55 billion in delinquent nontax revenue, we would be able to do a lot to help the various agencies provide the services that are needed to the American people.

But I sincerely hope that in this hearing, I learned something that justifies calling for this hearing in the first place, using taxpayers' dollars for it. And I don't see anything in the material that

I read last night that shows any willful use or not following the respective guidelines that are put forward to the various agencies.
[The prepared statement of Hon. Carolyn B. Maloney follows:]

CAROLYN B. MALONEY
14TH DISTRICT NEW YORK
COMMITTEE ON BANKING, FINANCE
AND URBAN AFFAIRS

COMMITTEE ON
GOVERNMENT OPERATIONS

CONGRESSIONAL CAUCUS
ON WOMEN'S ISSUES
EXECUTIVE COMMITTEE

CONGRESSIONAL ARTS CAUCUS
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STATEMENT OF THE HON. CAROLYN B. MALONEY
HEARING ON: "SENIOR EXECUTIVE BRANCH OFFICIALS COMPLIANCE WITH
FEDERAL TRAVEL GUIDELINES"

Thank you Mr. Chairman. Well, we're having a hearing on political travel in the executive branch. It must be a campaign year. I trust that this hearing has nothing to do with the no-infamous memo from the Republican leadership asking Committee and Subcommittee Chairman to dig up dirt on the Clinton Administration. I am also somewhat surprised by that this Subcommittee would choose to examine travel issues, given the fact that if current trends continue, the Government Reform and Oversight Committee's travel budget in the 104th Congress will be more than twice what was spent by the Government Operations Committee in the 103rd Congress, when the Democrats were in the majority. Further, press reports indicate that last week the Chairman requested a GAO report on travel issues at the Interior Department. I would have thought that any hearings on those issues would more properly be held after the completion of such a report.

But be that as it may, this hearing has been called to examine the compliance with Federal travel guidelines by Cabinet officers in the Clinton Administration. Specifically, we will be looking at the political and person travel of the Secretaries of Interior, Veterans Affairs and Labor, and the procedures used by those agencies to reimburse the government for such travel. This hearing apparently results from two letters sent by the Chairman to all Cabinet Secretaries requesting detailed information on travel by the Secretary and the procedures used to ensure proper accounting. The six-inch stack of paper I have beside me is the response of the Department of Labor -- Lord knows what this investigation has cost the American taxpayer.

The Majority contends that serious problems with political travel are present at each of the Agencies called to testify today. I must say that after reviewing the background material, while some procedural problems may exist there is nothing at these agencies which would indicate a serious or willful attempt to circumvent Federal travel guidelines. I will reserve final judgement until after I have heard from our witnesses, and had a chance to question them.

Over many years, our Committee has focused concern and oversight over executive branch travel and transportation. This year sees us moving toward implementation by regulation and legislation 25 recommendations of the recent report by a large interagency team established by the Joint Financial Management Improvement Program. Estimated savings from these recommendations are over \$800 million. These savings will be added to those caused by President Clinton's directives prohibiting first-class travel and restricting the use of military aircraft for official travel. The philosophy of the JFMIP team is to encourage the use of

common sense and the development of guidelines that embody simplicity and integrity. I hope this philosophy can be applied across the board.

Finally, I would like to note for the record that subsequent the Chairman's request, Full Committee Ranking Member Cardiss Collins asked each Cabinet agency to provide us with comparable information for the three year period 1990 to 1993, in an effort to provide a context for comparison. Unfortunately, many of the agencies have been unable to provide this information because it disappeared with the previous Secretaries. Mr. Chairman, these records were created by public officials at the expense of the American taxpayer and should therefore, I believe, at least remain available for public inspection. Perhaps we should ask for a GAO report on these cases.

Thank you Mr. Chairman.

Mr. HORN. The ranking member has done her partisan duty. Does the gentleman from Virginia have any comments?

Mr. DAVIS. No, thank you, Mr. Chairman. First of all, let me just note that the letters calling for this hearing to the Cabinet agencies went out in January, well before any April memorandum from anybody else. This is an ongoing part of oversight. I don't see what the big deal is.

To compare this committee's responsibilities and expenditures with the committee in the last Congress is ludicrous. We've taken over two full committees that have been merged into this committee since that time. In a fair comparison, you would take Post Office and Civil Service, you would take the District of Columbia full committees, look at their schedules and compare it.

So, when we hear those kind of really misrepresentations, the gentelady is entitled to her own opinion, but not to her own facts. And the fact of the matter is that we ought to be comparing apples to apples. This should not be partisan. I don't know if anybody did anything willful or not. I don't see anything to indicate that. But we have a right, I think, as was indicated in January, to review these things. One of the problems we have up here many times is that we don't ask questions. We don't ask enough questions.

That's where in the District of Columbia Subcommittee, one of the problems the city has had is that Congress has not exercised its oversight over the time period. We're trying to do it in a bipartisan, constructive way. I hope we can do that today.

But when I see Cabinet officers taking 26 percent of their trips back to their hometowns, we have a right to ask a question just to get the facts on that. That's not an allegation. I just think that reasonable oversight would say, what are the reasons for this? And to make them justified. If nothing else, it would make Cabinet members, whether they're Republican or Democrat or whatever administration they're from, stop to think about these before they proceed in the future. And I'd love to see those records from 1990 to 1993 for a comparison. I think that would put it in appropriate context. And maybe things are better than they were before, maybe they're worse. Maybe if they're the same, they ought to be changed. I don't know the answer to that, but I think we certainly have that oversight responsibility.

So once again, I'm happy to be here today to listen to some of the testimony on this and try to work in a constructive way with the administration and with our colleagues on the other side to bring this to some rightful conclusion and oversight responsibility.

Mr. HORN. I agree with the gentleman. I think the hearings I recall the most and admire the most under the predecessor party were the hearings investigating the HUD situation. And the most vigorous questioner in that hearing was the ranking Republican, Mr. Shays, of Connecticut. It didn't matter to him and it shouldn't matter to us whether they're Republicans or Democrats before us. The question is, What are they doing? And you will not find me defending a Republican administration that is not obeying that law.

So with that having been said, we're going to proceed with the witness list.

Mrs. MALONEY. May I respond, since my name was mentioned?

Mr. HORN. Your name wasn't mentioned, but your attitude was mentioned, I will say.

Mrs. MALONEY. I'm glad that you agree that we should have a bipartisan effort and compare the travel records of the Bush and Reagan administration as we likewise look at the Clinton administration. I think that that's a very good bipartisan way to begin, to look at the three prior administrations.

And I will say that the memorandum that I'm putting in the record was one that was given to us by a Republican who was outraged at the efforts by the Republican leadership to use all of their time and talents to try to embarrass the sitting administration. And this was one that was given to us in April. Who knows how many were out there in January or December?

But be that as it may, the hearing has been called, and I am here to listen.

Mr. HORN. Well, again, let's get the dates in the record, December 29, 1995, this subcommittee looked at the travel abuse of the Secretary of Energy. January 24, we sent to all Department heads the first of two letters requesting specific information. The memorandum, the fish across the trail you have, has nothing to do with this committee. It might have something to do with some other committee. It isn't this one.

So we will now proceed with the first witness. And the hearing is limited to current practices, period. Not past Clinton administration practices, current practices of current members.

Now, Mr. Walden, if you will rise and raise your right hand, we have a tradition of swearing in witnesses before all of our subcommittees.

[Witness sworn.]

Mr. HORN. Thank you. The witness has affirmed, the clerk will note. And we proceed with Mr. Gregory Walden, the counsel for Mayer, Brown & Platt, who is an expert on this type of problem. Mr. Walden, please proceed. Your statement, as all witnesses who are here, the statement automatically goes in the record, the full text of it, after I've introduced you. And what we'd like you to do is summarize it. But since this situation is an important one, we're going to probably give you some leeway. But try to summarize the high points, because we'd like to have time for questions.

STATEMENT OF GREGORY S. WALDEN, COUNSEL, MAYER, BROWN & PLATT

Mr. WALDEN. Thank you, Mr. Chairman, members of the subcommittee. My name is Greg Walden, with the law firm of Mayer, Brown & Platt. The views that I am expressing here today are my own.

I did serve in a number of positions in the Reagan and Bush administrations. And perhaps my most relevant experience to this hearing was as day-to-day ethics advisor to the White House staff. I am also author of a book entitled, "On Best Behavior," about the ethics in the Clinton administration, which was published earlier this year by the Hudson Institute and which includes a chapter on Government travel.

I applaud the subcommittee's interest in Government travel because it is an area regularly prone to abuse by every administra-

tion, whether Republican or Democratic. This abuse contributes to the decline of the public's trust in the integrity of Government. Although it is often considered simply a matter of waste, abuse of travel privileges also implicates ethics standards, including two general principles that have been in place for a very, very long time; that employees shall not use public office for private gain and employees shall protect and conserve Federal property and shall not use it for other than authorized activities.

Importantly, there is a third principle. And that is that the Federal employees should avoid taking actions that give the appearance that they are violating the law or ethical standards. Here is where intent or willfulness does not come into play. It's very important to Federal employees to avoid the appearance of their violating ethical standards, because appearance often is the only face the public sees.

Concerns about the misuse of Government aircraft usually relate to whether a Government conveyance, because of its expense, is truly necessary; or whether the size of the entourage or the duration of the trip is excessive.

Concerns that travel funds are being used for other than official purposes arise in three settings. One, there is a concern that Government funds may subsidize political travel. Second, there are occasional reports that a Government official has made a disproportionate amount of trips to visit his or her hometown, raising the question of whether official events are scheduled merely to justify a trip home or to a personal event.

And, third, there are reports of improper use of Government cars. For instance, portal-to-portal privileges, which are granted to a small number of very senior officials, authorize a Government car and driver to go from home to work and back, but for nothing more. Thus, this privilege may be abused when an official uses it for other purposes.

Concerning the use of Government aircraft, President Clinton's 1993 policy marginally tightened OMB Circular A-126. President Clinton did not write on a clean slate, however. President Bush issued two policies following the revelation that Governor Sununu had used military aircraft on 60 occasions in the Bush administration. I was part of the review that the White House Counsel's Office did of Governor Sununu's travel. I was also part of the review and revision of OMB Circular A-126.

A-126 basically broke official travel into three areas: Mission requirements—that's where, say, the Custom Service has an airplane that is flying over the sea to check a drug interdiction; required use travel—that's travel for very high senior officials who need Government aircraft for security purposes, such as the Secretary of State or the Attorney General; and third, Government travel—just for the conduct of agency business.

And OMB Circular A-126 was tightened up very seriously when it said, for this sort of travel, Government aircraft could be authorized only if you could establish that it is cost effective, that it is not as costly as commercial travel. And I submit that is a very rare circumstance. Or where the agency can establish that commercial aircraft service is not reasonably available to fill the agency's requirements.

The President amended A-126 effectively by tightening it in several respects. And he does deserve credit for marginally tightening the standard. But it's one thing to issue strict guidance and it's another thing to have that strict guidance observed strictly.

Notwithstanding A-126, there have been regular reports of inappropriate use of Government aircraft in the Clinton administration. And I think this subcommittee is well aware of those reports.

Concerning the use of official travel funds for other than official purposes, there is no rule or policy or law that prohibits a disproportionate amount of trips to one's hometown. And yet it would be improper to arrange for an official event solely to attend a personal event. This would be using public office for private gain. And that's exactly what the public sees when there is a report that a certain official has traveled a disproportionate amount of time to his hometown.

I want to again emphasize this is not a problem unique to the Clinton administration. In the Bush administration, Chief of Staff Sununu, Paul Coverdale, who was Director of the Peace Corps, and FBI Director William Sessions, to name a few, were revealed to have traveled home disproportionate amounts of times. And it was a factor in President Clinton's decision to fire the FBI Director.

Given the notoriety of such abuse, the Clinton administration should have assiduously avoided this travel trap, but it did not. And although the subcommittee is not focussing on departed members of the Clinton administration, I would like to emphasize that both Secretary Espy and GSA Administrator Roger Johnson—I believe he has departed or is departing—traveled a disproportionate amount of time to home. In fact, GSA Administrator Johnson, although he protested that he had never structured or contrived a trip to go through Orange County, his home, acknowledged that he did take every opportunity to get home.

The extent of the abuse in the Clinton administration is unknown, but I would assume that if a full investigation was done, it would reveal that these reports are simply representative of conduct that is more widespread and is not limited to political appointees, but includes career officials.

The last area I want to address is political travel. And the general rule, of course, is that political travel cannot be subsidized by taxpayer dollars. This often requires a judgment as to whether a particular event is official or personal. This principle also requires an allocation of expenses incurred by a Federal official who participates in both political and official activities.

In a Federal election year dealing with the Presidential campaign, the FEC presumes that a political activity is campaign-related, triggering the hypothetical trip formula. Also, for House and Senate candidate travel, the hypothetical formula applies.

The hard-time formula is used to apportion costs when the political activity is not in support of a Presidential campaign or by a House and Senate candidate. So for House and Senate Federal campaigns, the hard-time formula applies to individuals. And my written statement may be imprecise or incorrect on that point.

These policies are not new. They're not difficult to understand or to execute. But they do require the use of judgment, because many official activities have political overtones. And official policies are

often discussed at political events. So several factors must be considered, such as the identity of the sponsor, the group being addressed, other participants, and the content of the speech.

Moreover—and this is important—the final decision on whether an event is characterized as official or political should wait until the event is over. You can structure events so there will be no political posters. And when the Federal official arrives there, there are Bush-Quayle 1992 posters all around, the decision might be to change that to a political trip to avoid the appearance that a political activity is being subsidized.

Now, this is what the White House should have done following the President's trip in February 1994, to make several appearances with Chairman Dan Rostenkowski just 15 days before the Democratic primary. The media reports were unanimous in concluding that this was an intentional boost to Mr. Rostenkowski's campaign. And even Chairman Rostenkowski recognized that the President had explicitly offered to make the trip to help him in the primary. On the night of the primary election victory, he credited the President's visit as a pivotal moment in his campaign.

The White House insisted, even after being asked, that the trip was official.

One last point about political travel. It should go without saying that the Government should promptly bill a campaign or political organization and also obtain proper reimbursement in a timely manner. Failing to do so may be seen as tantamount to giving a Federal interest-free loan to a candidate or party organization. And this was a definite concern dealing with Governor Sununu's travel, because there were occasions when reimbursement was not sought for months and perhaps more than a year, again until the public spotlight was shown on that travel.

I have a few recommendations, but I would not recommend that OMB Circular A-126 be revised. I don't think it needs tightening. As amended effectively by President Clinton, it's tight enough. If it's conscientiously followed, abuse of Government aircraft should be held to a minimum. What is needed is not another policy statement or a rule, but stricter enforcement of the current rules backed up with the promise of discipline and the threat of dismissal.

With regard to travel home, unfortunately I do recommend that the President issue a policy statement to discourage this abuse. He could issue a memorandum prohibiting all political appointees from engaging in official travel to one's hometown or a town in which relatives live or personal events are scheduled, except where there is a clear and substantive official purpose in the travel and where the official's visit has not been scheduled to coincide with a previously scheduled personal event. And all such trips should be viewed by the agency ethics official in advance.

Now, some might say this is the height of Presidential micromanagement, displaying a lack of trust in his appointee's sound judgment, but history proves that such micromanagement is necessary and such distrust is well founded.

Abuse of travel privileges, when revealed, strikes a chord of resentment and anger in most Americans because it confirms a stereotype of public appointees misusing their office.

In addition, greater public disclosure of the travels of senior Government officials also would serve to deter both types of abuse. It may be appropriate for Congress, working with the executive branch, to fashion a reporting obligation that is timely, accurate, informative, yet not overly burdensome.

I thank the subcommittee for this opportunity to testify and remain available to answer your questions.

[The prepared statement of Mr. Walden follows:]

Mr. Chairman, Members of the Subcommittee. My name is Greg Walden. I am currently counsel with the law firm of Mayer, Brown & Platt in Washington, D.C. Before entering private practice, I served in a number of positions in the Reagan and Bush Administrations. Perhaps the experience most relevant to this hearing was my service as Associate Counsel to President Bush, from 1991 to 1993, where I functioned as the day-to-day ethics adviser to White House staff. I am also author of a book entitled On Best Behavior -- The Clinton Administration and Ethics in Government, published earlier this year by the Hudson Institute. My book includes a chapter on travel, from which this prepared statement is adapted.

I applaud the Subcommittee's interest in Government travel matters, because it is an area that is regularly prone to abuse by Government officials in every Administration, whether Republican or Democratic. Reports of abuse of travel privileges, including the improper or excessive use of Government aircraft, continue to plague Administrations, confirming the image of political appointees abusing their office and contributing to the decline in the public's trust in the integrity of Government.

Although travel abuse is often considered as simply a matter of Government waste, rather than a matter of Government ethics, abuse of travel funds and privileges by Government officials does implicate several ethics provisions in the comprehensive standards of conduct for Executive Branch employees, 5 C.F.R. Part 2635, including two of the general principles of ethical conduct:

Employees shall not use public office for private gain.

Employees shall protect and conserve Federal property and shall not use it for other than authorized activities.

5 CFR 2635.101(b)(7),(9). These principles are also found in Executive Order 12674, as amended, which served as the basis for the OGE standards of conduct.

Similarly, a separate standard of conduct provides:

An employee has a duty to protect and conserve Government property and shall not use such property, or allow its use, for other than authorized purposes.

5 CFR 2635.704(a). "Authorized purposes" are "those purposes authorized in accordance with law or regulation." 5 CFR 2635.704(b)(2). Another general principle exhorts Federal employees to "avoid any actions creating the appearance that they are violating the law or the ethical standards set forth in [the standards of conduct]." 5 CFR 2635.101(b)(14).

These are the standards used by the Office of Government Ethics in evaluating the White House Counsel's Office's review of Governor Sununu's use of military aircraft.

A Federal statute also provides that Government passenger vehicles may be used only for official purposes. 31 U.S.C. 1344 (defining as an official purpose the portal-to-portal transportation for certain designated officials).

Travel abuses by Government officials fall into three general areas: (1) misuse of Government aircraft or ground vehicles, (2) use of official travel funds for other than official purposes, and (3) improper acceptance of payment for travel and related expenses incurred in either official or personal travel.

Concerns about the misuse of Government aircraft usually relate to whether a Government conveyance -- almost always more expensive than a commercial carrier -- is truly necessary, and whether the size of the entourage or the duration of the trip is excessive.

Occasionally, there are reports that Government aircraft or motor vehicles are being used for other than official purposes.

Concerns that official travel funds are being used for other than official purposes arise in three settings. First, there is the concern that official travel funds are sometimes used to subsidize political travel, where an official attends both official and political events in the course of a trip paid for by Government funds. Second, there are occasional reports that a Government official has made a disproportionate amount of official visits to his or her hometown, raising the question whether official events were scheduled merely to justify a trip home or to a personal event using Federal dollars. Third, there are also reports of abuse of Government cars. Portal-to-portal privileges, which are granted to a small number of very senior officials, authorize use of a Government car and drive for home-to-work and back transportation, but nothing more. Thus, this privilege may be abused when an official uses it for personal or political purposes. Also, the Government's fleet of cars is available for official purposes only. Yet, these vehicles may be similarly misused by Government officials.

The third general area of concern relates to whether the agency or employee has improperly accepted payment of official or personal travel expenses from an outside source. The Ethics Reform Act of 1989 authorized agency acceptance of payment by non-Federal sources of travel and related expenses incurred by Federal employees in connection with their official attendance at meetings or similar functions, subject to an appearance of impropriety review in advance of the travel. 31 U.S.C. 1353 (implemented by the General Services Administration in 5 C.F.R. Part 304). An Executive Branch employee's acceptance of

payment by outside sources of travel expenses incurred in connection with personal travel is analyzed under the gift standards in the Standards of Conduct. 5 C.F.R. 2635, Subpart B.

In my testimony today, I will focus on the first two general areas of potential for travel abuse: use of Government aircraft, and use of official funds for other than official purposes.

USE OF GOVERNMENT AIRCRAFT

As part of his campaign against perks and misuse of Government resources, President Clinton issued a memorandum dated February 10, 1993, strictly limiting the use of Government aircraft by Executive Branch officials. 29 Wkly Comp. Pres. Doc. 168. This was followed up by implementing guidance from the Office of Management and Budget. Bulletin No. 93-11 (Apr. 19, 1993). President Clinton did not write on a clean slate, however. Previously, the Bush Administration had issued two policies on the use of Government aircraft, in response to the notoriety of travel abuses by a few Bush Administration officials and in the general climate to crack down on Government perquisites.

The Bush Administration's policy was instituted in two steps. First, on May 9, 1991, President Bush directed that any use of military aircraft by the Chief of Staff or National Security Adviser (the only two White House officials previously authorized to use military aircraft other than the President and Vice President) required approval in advance in writing

by the White House Counsel's office, pursuant to specific written criteria.¹ This policy was established following the Counsel's office's review of the Chief of Staff's use of military aircraft, which was directed by the President after news reports the previous month that Governor Sununu had used military aircraft for over 60 trips over a two-year period. As Associate Counsel to President Bush, I participated in the review conducted by the White House Counsel's office, as well as the drafting of the President's policy statement.

Second, on May 22, 1992, the OMB issued a revised OMB Circular A-126, entitled "Improving the Management and Use of Government Aircraft." 57 Fed. Reg. 22150 (May 26, 1992). I also participated in this effort. The Bush Administration revised OMB Circular A-126 in order to:

to restrict the operation of government aircraft to defined official purposes; restrict travel on such aircraft; require special review of such travel on government aircraft by senior officials or non-Federal travelers . . .; and codify policies for reimbursement for the use of government aircraft.

¹ Under the policy, military aircraft would be authorized for *official travel* only "where security, communications or scheduling needs require the use of military aircraft." For *personal travel*, an "immediate and compelling need" would be required, such as "to attend to the serious illness of a close relative when security, communications or scheduling needs would prevent travel on commercial aircraft." Travel on military aircraft for *political purposes* was prohibited unless the official purpose of the trip was predominant or unless the President personally authorized the trip. Travel for *mixed purposes* would be allowed on the same terms as official travel provided the Counsel's Office determined in advance that the official purpose was the predominant purpose.

The policy did not apply to the Secretaries of State and Defense and Attorney General, "who, pursuant to longstanding policies, regularly use government aircraft for official and unofficial travel." The policy statement explained that use of Government aircraft for these officials was necessary for communications and security reasons, and to prepare for exigencies.

As revised, the OMB Circular A-126 provided that "Agencies shall operate government aircraft only for official purposes. Official purposes include the operation of government aircraft for (i) mission requirements, and (ii) other official travel."²

Official travel that is not also required use travel or to meet mission requirements shall be authorized only when:

(i) no commercial airline or aircraft (including charter) service is reasonably available (i.e., able to meet the traveler's departure and/or arrival requirements within a 24 hour period, unless the traveler demonstrates that extraordinary circumstances require a shorter period) to fulfill effectively the agency requirement; or

(ii) the actual cost of using a government aircraft is not more than the cost of using commercial airline or aircraft (including charter) service.³

OMB Circular A-126 also provided for special approval requirements (e.g., trip-by-trip for non-required use or mission requirements travel by senior officials) and required each agency to report semiannually to GSA all use of Government aircraft by senior officials and all non-Federal travelers.⁴

President Clinton's February 1993 memorandum provided that only five officials -- the Secretaries of State and Defense, the Attorney General, and the Directors of the FBI and CIA -- may use Government aircraft for nongovernmental purposes, only upon

² OMB Circular A-126, ¶ 7. "Mission requirements" do not include official travel to conferences, meetings or site visits. Id. at ¶ 5(b). "*Official travel* means (i) travel to meet mission requirements, (ii) required use travel, and (iii) other travel for the conduct of agency business." Id. ¶ 5(c). "*Required use* means use of government aircraft for the travel of an Executive Agency officer or employee, where the use of the government aircraft is required because of bona fide communications or security needs of the agency or exceptional scheduling requirements." Id. ¶ 5(d).

³ Id. ¶ 8(a).

⁴ Id. ¶¶ 11, 10(c).

reimbursement at "full coach fare," and only upon White House authorization that a security threat exists or "when continuous 24-hour secure communication is required." In the argot of OMB Circular A-126, their travel is considered "required use" travel. The only apparent difference from the Bush policy is that express White House authorization is required on a trip-by-trip basis.⁵ For all other senior officials, President Clinton prohibited the use of Government aircraft for "[u]ses other than those that constitute the discharge of an agency's official responsibilities[.]"⁶ And he restricted the use of Government aircraft further:

When travel is necessary for governmental purposes, Government aircraft shall not be used if commercial airline or aircraft (including charter) service is reasonably available, i.e., able to meet the traveler's departure and/or arrival requirements within a 24-hour period, unless highly unusual circumstances present a clear and present danger, an emergency exists, use of Government aircraft is more cost-effective than commercial air, or other compelling operational considerations make commercial transportation unacceptable. Such authorization must be in accordance with [OMB Circular A-126].

Thus, it appears that President Clinton prohibited senior officials from using Government aircraft, even if consistent with the criteria above, unless the travel was also to meet mission requirements. In other words, Presidential appointees and White House staff could not use Government aircraft to give speeches or attend conferences, meetings or site visits.

⁵ OMB Circular A-126 required trip-by-trip approval for required use travel by an official's deputy or senior legal official unless the President determined "that all travel, or travel in specified categories, by the agency head qualifies for required use travel." *Id.* ¶ 11(b). Thus, OMB Circular A-126 was internally consistent with President Bush's policy statement.

⁶ This language is identical to the definition of mission requirements travel in OMB Circular A-126.

President Clinton deserves credit for marginally tightening the Government's policies concerning the use of Government aircraft. But it is one thing to issue strict guidance; it is quite another thing for that guidance to be observed strictly throughout the Executive Branch. Notwithstanding OMB Circular A-126 and President Clinton's policy statement, there have been regular reports of high-level officials' inappropriate use of Government aircraft in the Clinton Administration.

One of the most publicized abuses of military aircraft was by General Joseph Ashy, head of the U.S. Space Command, who on September 9, 1994, traveled from Naples, Italy nonstop to Colorado on an Air Force C-141 with his Air Force valet, his cat, and the crew. Otherwise, the plane with a capacity for 200 passengers was empty, even though requests from other military personnel for seats on the flight were turned down. The C-141 was flown empty to Naples from New Jersey for the sole purpose of picking up Ashy. Ashy considered but rejected returning on board a commercial aircraft the next day because it might not have given him enough time to take an official training course "on procedures for alerting the President in event of an air attack." But General Ashy's plans in Italy and the United States easily could have been adjusted to facilitate commercial travel. General Ashy's trip cost \$116,232, compared to a commercial fare of \$650. Although the Pentagon's Inspector General concluded that the General's return to the U.S. did not violate DOD travel rules, in my view, this trip is in conflict with President Clinton's policy memorandum and with OMB Circular A-126. The Air Force subsequently pledged to review its travel rules, but it is difficult to see how continual policy revisions would be expected to accomplish anything; OMB Circular A-126 and President Clinton's memorandum should suffice,

provided they are faithfully followed. The only way to deter this conduct -- other than to shine the media or Congressional oversight spotlight on it -- may well be to impose stricter discipline for violations of these policies.

Civilian agencies with a fleet of aircraft also came under scrutiny and criticism. In the Reagan and Bush Administrations, use of the FAA's extensive fleet of aircraft by the Secretary of Transportation and Administrator of the FAA was regularly scrutinized by GAO and others. In the first year of the Clinton Administration, an audit performed by NASA's Inspector General found that travel by NASA officials on NASA aircraft in Fiscal Year 1993 cost \$5.9 million more than the cost of travelling on commercial flights.

The misuse of Government aircraft was not limited to fixed-wing aircraft. Helicopters, too, were often used where less expensive ground transportation would suffice. The Washington Post found that in 1993 Pentagon generals and admirals took 238 helicopter trips between Andrews Air Force Base and the Pentagon, costing about \$1000 to \$3000 per trip, instead of taking a 14-mile cab rider for about \$22.⁷ Regardless of the Air Force's attempted justification of this use of Government helicopters, it appears that helicopter travel is used because it is readily available, and simply more convenient. It is hard to understand how most of these trips could be squared with OMB Circular A-126 and President Clinton's policy.

More celebrated than any of these stories was a single use of a military helicopter by David Watkins, Assistant to the President for Management and Administration. On May 24,

⁷ Lancaster, "Defense Brass Flying High -- But Not Far," Washington Post, A1 (May 1, 1994).

1994, just three weeks after the page one Washington Post report on the abuse of military helicopters by Pentagon officials, Watkins and Alphonso Maldon, the Director of the White House Military Office, took a military helicopter for an afternoon golf outing at Holly Hills Country Club in Ijamsville, Maryland, an hour's drive from the White House. The helicopter costs about \$2400 per hour to operate; it made two round trips in transporting Watkins, and was accompanied by a second helicopter. The President promptly asked for Watkins's resignation, and Watkins eventually agreed to reimburse the Government for the cost of the trip. The White House issued a new policy regarding the use of military aircraft (not just helicopters) by White House staff and Cabinet officials for "White House Support Missions," requiring trip-by-trip approval by the Chief of Staff or his Deputy (or White House Counsel or his Deputy, in the case of a request involving the Chief of Staff as passenger). So, in 1994 the Clinton White House put in place what essentially was the same review and approval process the Bush White House issued three years earlier in response to the notoriety of Governor Sununu's travels.

USE OF OFFICIAL TRAVEL FUNDS FOR OTHER THAN OFFICIAL PURPOSES

Official travel home or to attend a personal event. There is no law, rule or policy that prohibits a Federal official from using Government funds to take a trip to one's hometown, provided the trip is made to attend one or more official events. Nor is there any provision discouraging the frequency of official trips taken to one's hometown. Partly because there is no such law or policy, many Federal officials for years have been making a

disproportionate amount of official trips to their hometown or other locations where personal events are also scheduled. Of course, it would be improper to arrange for an official event in one's hometown or other location solely to permit the official to use Government funds to attend a personal event (like a child's wedding, birthday, or graduation) or simply to go home. This would be using public office for private gain. But rare is the Government official who will concede that an official trip was scheduled to get the Government to cover the travel expenses to allow him to attend to a personal matter.

Yet, this is exactly what the public sees when it is reported that a certain Federal official travelled a disproportionate amount of time to his hometown, primarily on weekends, with only a light schedule of official events. These officials are contributing to the disgust in which many Americans hold public officials, for it appears that these officials are using taxpayer funds to underwrite personal or political travel.

This is not a new problem. Several Bush Administration officials made frequent official trips to their hometown, with itineraries thin on official events and thick with time with family and friends. Chief of Staff Sununu traveled on military aircraft regularly to New England for speaking engagements that allowed him to spend time with family, friends, and former colleagues, as well as to visit his dentist (for which he reimbursed the Government at a coach fare rate). While Director of the Peace Corps, Paul Coverdell made 26 of his first 45 official visits (covering an 18-month period) to his home State of Georgia, where his wife and home were. On the vast majority of his trips, he left Washington on a Thursday evening or Friday and left Atlanta to return to Washington on Monday.

And one of the reasons for President Clinton's dismissal of FBI Director William Sessions in July 1993 was a finding by the outgoing Bush Administration Attorney General that Judge Sessions engaged in a pattern of using Government aircraft and cars for clearly personal travel.

Given the tremendous notoriety of both the Sununu and Sessions travel stories, Clinton Administration appointees should have assiduously avoided this travel trap. On the contrary, the Clinton Administration appears no better, or perhaps even worse. Former Agriculture Secretary Mike Espy took 18 official trips to his hometown of Jackson, Mississippi during his first 18 months in office. While in Mississippi, he used a Government-leased jeep for personal travel. No one doubts the presence of agriculture interests in the State of Mississippi, but many of the Secretary's trips were transparently personal, yet they were paid for by the Government, because he also attended one or more putative official events. One weekend trip consisted of just one "official" event: a 30 minute talk to his children's school about pursuing a career with the Department of Agriculture.

Secretary of Veterans Affairs Jesse Brown traveled to his hometown of Chicago on official business 20 times in his first 20 months, amounting to 40% of all his official travel during this time. Many of the visits included weekends or involved lengthy stays with only a light schedule of official activity. The VA defended the Secretary's proclivity to visit Chicago because he is frequently invited there and because of the VA's "tremendous presence" there. But the Los Angeles Times noted that "no official events were listed on

Brown's schedule for 35 of the weekdays he was in his hometown[.]"⁸ Secretary Brown even counted as an official visit a five-day stay in Chicago in 1994 where the only official event listed was a speech to his nephew's 8th grade graduation ceremony.

GSA Administrator Roger Johnson also came under fire for taking five of his first nine official trips to the Los Angeles area, where his wife and home are. Generally, Mr. Johnson conducted official business in southern California on Fridays and Mondays. He also visited his other home in Utah on two weekends during official trips. The Administrator protested that "I have not ever contrived or structured trips to go through Orange County." But he acknowledged, "Did I take every opportunity to get home? I certainly did." The Administrator took the preemptive steps of asking GSA's Inspector General to review his travel and reimbursing the Government for certain expenses.

These stories are only some of the *reported* abuses of travel privileges. Undoubtedly, a comprehensive investigation of the travel of Cabinet and sub-Cabinet officials would reveal additional abuses. Despite initial efforts by the President, the Clinton Administration has not been immune from a significant number of embarrassing stories, although they have not attracted nearly the same amount of media attention as did the travels of Governor Sununu. The extent of such abuse is unknown, but the likelihood is that the public reports of abuse are simply representative of improper conduct that is committed throughout the Federal Government, by career officials as well as political appointees.

⁸ Miller & Morris, "VA Chief Logs Frequent Trips to Hometown," Los Angeles Times, A1 (Feb. 12, 1995).

Political travel. The last area I wish to address relates to official travel by a political appointee which includes attendance at one or more political functions. The main principle is that appropriated funds may not be used to subsidize political activity. See 31 U.S.C. 1301, 52 Comp. Gen. 504 (1972); 50 Comp. Gen. 534 (1971). (The term "political" means partisan efforts relating to an election. An event is not political simply because a political appointee makes a speech in support of the President's program.) Conversely, official activities must be paid for by appropriated funds, unless there is statutory gift acceptance authority. This principle prevents an unauthorized augmentation of appropriations, in violation of 31 U.S.C. 1341.

These principles require an allocation of expenses incurred by a Federal official who participates in both political and official activities on a single trip. In a Federal election year, the FEC presumes that political activity is campaign-related, triggering the hypothetical trip formula for allocating costs. 11 CFR 106.3 (Federal campaign other than for President); 11 CFR 9004.7(b)(2); 9034.7 (Presidential campaigns). Under the hypothetical trip formula costs are calculated using a hypothetical trip from point of origin to the first campaign-related stop, and from that stop to each subsequent campaign-related stop, back to point of origin, excluding non-campaign related stops. The costs of such a hypothetical trip must be borne by the campaign. The remainder are assumed by the Government (unless other activity is political, not campaign-related).⁹

⁹ The cost of travel on Government aircraft is the cost of a first class ticket for such hypothetical trip.

The hard time formula is used to apportion costs when the political activity is not in support of a Federal campaign, such as a campaign for State and local candidate or in support of a State party organization. Under the hard time formula, for each traveller, the total number of hours of activity are first calculated, including only the official and political. The percentage of these hours spent on political activity is then multiplied by the total travel costs to determine the amount that must be reimbursed to the Government by the political organization.¹⁰

These policies are not new; approximately each two years since at least the Carter Administration the White House Counsel has disseminated a memorandum throughout the White House and to all Executive agencies spelling out the rules and allocation formulas. The rules are not difficult to understand, or to execute, so failures to comply with them should not be readily tolerated. These policies, however, do require the use of judgment, because many official activities by a political appointee have political overtones, and official policies are often discussed at political events. The line between what is official and political or campaign-related is not always bright. Discretion is required, examining several factors, such as the identity of the event sponsor, the group being addressed, other participants, and the content of the speech and other speeches (is it partisan or just a factual presentation or defense of the Administration's position on an issue?). Moreover, the final decision on

¹⁰ The cost of such travel is the fraction of the cost of a coach fare ticket for such trip.

There are also some so-called "official travellers" even on political or campaign-related events, whose costs are covered by the Government, because their presence is necessary solely to attend to Governmental duties. Official travellers include security or military aides; on a mixed trip the list could include a public affairs official. The number of official travellers should be kept small.

whether an event is considered official or political or campaign-related should not be made until after the event is held, given the fact-dependent nature of many of the considerations enumerated above. Also, the public reporting of the event may cause the Government to consider the event political or campaign-related simply to avoid the appearance of subsidizing political activity.

This is what the Clinton White House should have done following the President's travel to Chicago in February 1994 to make several appearances with Dan Rostenkowski, then Chairman of the House Ways and Means Committee. The President appeared with the Chairman just 15 days before he faced the voters in a hotly contested primary. President Clinton did not: explicitly urge Mr. Rostenkowski's reelection; exhort the audience in so many words to "vote for Rostenkowski;" use the word "endorsement;" or refer to the March 15 primary. But the character of a Presidential trip does not turn solely on whether certain buzz words are used. The media reports of the President's trip were unanimous in the conclusion that this trip was a intentional boost to Mr. Rostenkowski's campaign. The White House responded that the media had misstated the nature of this trip. But even Mr. Rostenkowski was quoted as saying that the President "explicitly offered to make the trip to help in his primary campaign."¹¹ Later, on the night of his primary election victory, Mr.

¹¹ Murray, "President campaigns for Rostenkowski," Washington Times, A4 (Mar. 1, 1994)(according to Chicago Sun-Times). White House officials agreed that "Clinton had offered to campaign for Rostenkowski[.]" Isikoff & Devroy, "Clinton Chicago Trip Gives Reno Pause," Washington Post, A3 (Feb. 25, 1994) ("[O]fficials said Rostenkowski is key to a group of major White House legislative initiatives and that Clinton offered to help him by coming to his district.).

Rostenkowski credited the President's visit as "a pivotal moment in the campaign."¹²

Third, the President delivered a strong message that Mr. Rostenkowski's presence in Congress was needed in the future to help push the President's agenda.

One last point about political travel. It should go without saying that the Government should promptly bill the campaign or political organization and obtain proper reimbursement in a timely manner. Failing to do so may be seen as tantamount to a Federal interest-free loan to a candidate or party organization. But it was my experience in reviewing Governor Sununu's travels that there were no written policies in place to ensure that reimbursements were accomplished without delay. And Governor Sununu and the White House paid dearly in public criticism following reports that reimbursements were made months and in a few cases more than a year after the event. Similarly, it has been reported that reimbursements were not sought or obtained in a timely manner by the Interior Department for Secretary Babbitt's mixed trips.

CONCLUSIONS AND RECOMMENDATIONS

Use of Government aircraft. In my view, OMB Circular A-126, as tightened by President Clinton's February 1993 policy memorandum, does not need any further tightening. If it were conscientiously followed throughout the Executive Branch, misuse of Government aircraft would be held to a minimum. However, it appears that spirit of the

¹² Walsh, "Rostenkowski Triumphs Easily," Washington Post, A1, A16 (Mar. 16, 1994); Calmes, "Rostenkowski Wins Democratic Race For Renomination," Wall Street Journal, A20 (Mar. 16, 1994).

Circular, if not its letter, is not consistently observed by the Pentagon, and perhaps other agencies. What is needed is not another rule or policy statement, but stricter enforcement of the current rules, backed up with the promise of discipline and the threat of dismissal. The White House should focus attention on this issue, holding Cabinet officials personally accountable for their agency officials' travels as well as their own. The President should make it clear that any report of abuse of the terms of the OMB Circular will not be tolerated and could result in dismissal.

Use of Government funds to make official trips to one's hometown. Travel home at Government expense, even to attend a bona fide official event, should be expressly discouraged by the President. The President should inform his appointees that he will not tolerate any report of disproportionate travel to one's hometown, or any other official trip that serves to cover a personal or political purpose behind the travel. He could issue a memorandum prohibiting all political appointees from engaging in official travel to one's hometown or a town in which relatives live or personal events are scheduled, except where there is a clear and substantive official purpose in the travel, and where the official visit has not been scheduled to coincide with a previously scheduled personal activity or event. All official trips home or to destinations where a personal or political event is also planned could be reviewed by an agency ethics official in advance, to ensure that the official purpose is bona fide and predominates over any personal or political purpose. As a check on this policy, agency heads could be required to report to the White House once every six months

all official trips taken by political appointees to destinations involving any personal or political event or purpose, such as visiting friends or relatives at home.

Some may object to this recommendation as the height of Presidential micromanagement of the conduct of his appointees, displaying a lack of trust in their sound judgment. But history proves that such micromanagement is necessary and such distrust is well-founded. Abuse of travel privileges, when revealed, strikes a chord of resentment and anger in most Americans, because the message it sends of an official using public office for private gain is so clear and confirms a stereotype of public officials misusing their office.

Greater public disclosure of the travels of senior Government officials also would serve to deter both types of abuse. There are a number of reporting requirements now in place. It may be appropriate for Congress, working with the Executive Branch, to fashion a reporting obligation that is timely, accurate, informative, yet not overly burdensome.

I thank the Subcommittee for this opportunity to testify and remain available to answer your questions.

Mr. HORN. Well, we thank you. That's a very thorough statement. I have not had an opportunity to read your book yet, but I intend to. Is it in hardcover or only in paperback?

Mr. WALDEN. It's in paperback, and I apologize for the print size. It's 600 pages. It's about 200 pages of end notes.

Mr. HORN. A lot of small print. Let me ask you, based on your experience in previous administrations, who should administer this policy at the departmental level and who that carries over between administrations would be knowledgeable about both the OMB Circular A-126 and the particular practices, so they could advise political appointees as to the proper approach? What's your experience on that?

Mr. WALDEN. Well, all agencies have a designated agency ethics official. Often, that is a political appointee. But the alternate designated agency ethics official is generally a career official, who is there throughout—from administration to administration. I think it naturally falls to the lawyers' office, the counsel's office, to give this advice as part of the ethics briefing that goes to the high level officials before they arrive or on their first day.

I think it's naturally the counsel who is called upon to say "no" when other officials don't. I think that's one lesson that was learned from Governor Sununu's travels. His travel authorizations were reviewed within the Chief of Staff's Office. And there was no independent review by the counsel's office.

I think the duty should be discharged by the counsel's office, even though there are travel offices independent of the counsel's office in every agency. I think it should be the counsel's office that does that.

Mr. HORN. One of the things that concerns me—and I mentioned it in passing earlier and I mentioned it to the press—is that the spin the Department of the Interior puts on all of this is, gee, we didn't know, fellows. There was no infrastructure for this when we took over and nobody told us sort of thing. Now, I regard that as utter nonsense, because you've got career officials, usually the deputy general counsel, that's been there for 20 or 30 years that certainly do know these things. And I can't believe that even though Cabinet Secretaries in the last 30 years have more and more people surrounding them, that that bit of important information couldn't get through all of those political aides to the boss.

Is that your experience?

Mr. WALDEN. Well, it ought to be part of the briefings that the counsel's office gives to the incoming Secretary and incoming political appointees. The counsel's office ought to ensure that there is a system set up, if there is any chance that the Cabinet member or the Presidential appointees are going to engage in political travel.

Mr. HORN. As I recall, some administrations have had this type of thorough briefing for Presidential appointees as to the conflict of interest statutes, the ethics situation, so forth and so on. Are you aware of the practices under both the Bush and the Clinton administration in terms of educating their appointees prior to them assuming office? Do you have any knowledge on that one way or the other? Were there planned programs? We will be asking both transitions.

Mr. WALDEN. Well, this is part and parcel of the duties of an agency ethics office, to provide yearly briefings. It's required by Executive order. And it makes sense that these briefings should take place before the—or at the time the Presidential appointee assumes office. I do not have personal knowledge whether any agency did that or did not do that. I assume that all agencies, all cabinet level agencies, have done that both in the Bush and Clinton administrations.

But I need to emphasize that the ethics code is very lengthy. There are any number of requirements. And it's not simply the case that a counsel can go and meet with the incoming Secretary, spend an hour or two explaining the ethics requirements, walk away and that will be it. A lot more training and a lot more briefing needs to be done with both the Cabinet Secretary and the people in the Cabinet Secretary's immediate office, who will be reviewing matters such as that.

Mr. HORN. Let me ask you about the formula. We have a chart here. I wonder if that could be sent down to the witness. I'd like your best judgment as to whether the current formula really makes sense. And, if not, what would you do and recommend that we ought to have as the formula for apportioning the political, personal, nonofficial, however described travel, and what it is we should be reimbursing?

Mr. WALDEN. This is the hard-time formula that's listed on the chart. I want to first describe briefly the hypothetical trip formula, because there is a difference between the two and it may answer the question. For Presidential campaigns and for campaigns by House and Senate candidates, the hypothetical trip formula imagines a trip that otherwise consists of both political and official events, as if it's just political events.

So you take the point of origin and go to the first campaign stop and then to the next campaign stop, excluding all noncampaign stops, and then back to the point of origin.

And you determine what the first-class ticket would be for that event. And that is the reimbursement.

Now, the hard time formula, as discussed, which applies in other situations, looks at the total amount of time that's used on political events and the total amount of time that's used on official events, adds it together and then determines a percentage of the time spent on political activity.

And taking a full coach fare, perhaps at \$400, if 25 percent of the time spent is political, then \$100 must be reimbursed by the campaign or party organization to the Government.

Now, as you can see, in certain situations, the hard-time formula would have less reimbursement than the hypothetical trip formula. And if the principle is to avoid subsidization of political activity, there may be some subsidization when the hard-time formula is applied.

Mr. HORN. You, I think, heard us give the example of Secretary Reich, comparing it to Mr. Dinkins' function and noted \$5.80. Is that a reasonable position for the Secretary to take under that formula?

Mr. WALDEN. Under the formula, I'm not going to second-guess their calculation. If they're applying the hard-time formula in good

faith and making the correct call, I have nothing to second-guess that. However, where there is only a \$5 reimbursement, that really focuses the question of whether the hard-time formula is adequate, because if it would take a \$125 ticket to get to New York or whatever, to attend a political event, and yet the campaign is only shelling out \$5 instead of \$125, then an argument could be made that the campaign has been subsidized or given a gift of \$120.

Now, one other thing that the chairman mentioned in his opening statement about whether reimbursements that are not timely constitute in-kind contributions. Well, if a reimbursement is required, then it would be illegal not to make that reimbursement. And I think as the remedy would be reimbursement and the remedy would not be an amended FEC report, showing an in-kind contribution would not be appropriate.

Mr. HORN. I yield 5 minutes to the ranking minority member.

Mrs. MALONEY. First, I'd like to put in the record another memo, I believe, from Republican leadership dated May 19, 1995. And I'd just like to read one section out of, Lessons Learned, Observations and Suggestions. And then I have some very serious questions.

Do not be put off by the administration. They are often our foe. Demand documents. Draft tough letters. And recall Dingell and others who forced Republican administrations to spend a lot of time on their requests. Philosophy. The more time employees of the administration have to respond to legitimate congressional requests, the less time they have to carry out their agenda.

And I'd like the whole document to go into the record.

Mr. HORN. The whole document we'll put in the record. If we learn something from our distinguished former chairman of Commerce, Mr. Dingell, it's a great public record to have.

[The material has been requested, however, it has not been received at the time of printing.]

Mrs. MALONEY. But we're here to improve Government, not to play games and partisan politics. You mentioned the Circular A-126. In reading your testimony, it seems pretty adequate. How would you change this circular to be more beneficial? I mean, it says it restricts the use of Government aircraft. In other words, from the way I read it, it says you can use only Government travel when you need it for governmental purposes. It even goes in, you can't use it for attending conferences or this, that and the other. So that, I think, is a pretty strict standard.

Mr. WALDEN. Yes, it is. And President Clinton made it even stricter. I have no suggestions for tightening it up. It really comes down to enforcing violations of the letter of A-126 or its spirit.

Mrs. MALONEY. So you think A-126 is OK?

Mr. WALDEN. Yes, as amended by President Clinton's policy statement, it might make more sense to collapse the two into one document. But that's a housekeeping matter.

Mr. HORN. I'll just interject. Mrs. Maloney will continue her questioning. I'm going to leave to vote. We have a vote on. She will also have to vote. But when she feels she wants to close and still make the vote, we will then recess until we reassemble about 15 or 20 minutes from now. Thank you.

Mrs. MALONEY. Well, how are they enforced now? How does the administration enforce A-126 now?

Mr. WALDEN. There is a reporting obligation that's in A-126. I believe it's to the General Services Administration on a regular basis. And then it would be incumbent upon, I would say—suggest the White House counsel's office to review those reports and determine whether any—and OMB, excuse me, from the fiscal standpoint. The White House from an ethics standpoint. To review those reports to see if there is any concern.

Mrs. MALONEY. I think that we should have the General Services Administration also testify. Are they among the people testifying on how they're implementing the travel? GSA, are they going to be here?

Mr. NEDD. GSA is not going to be here today.

Mrs. MALONEY. Well, I'd like to make a request from the minority that the GSA be invited to talk about how they implement it.

I think a lot of times when you look at policy, it's easier to look at an example than to the broad policy. And I would suggest that we take the one trip that you mentioned, that the President took to see Mr. Rostenkowski. And the President said he did not do anything political, that it was official. I would like us to look at the records. Did you look at the records of that particular flight that you mentioned?

Mr. WALDEN. Yes. Yes, I did. And it is true that the President did not exhort in the speech or the appearances Chairman Rostenkowski's re-election. He did say, though, that he was looking forward to working with him on his legislative agenda in the future, which might be construed as saying that he wanted him to be re-elected.

But it's not simply—when you look at these factors, it's not—

Mrs. MALONEY. But my point is I'd like the minority staff to look at it. I'm going to be called to vote pretty soon. I'd like a copy of what was turned into the General Services Administration. You know, I personally look forward to working with Mr. Horn. I look forward to working with Mr. Gingrich. I look forward to working with everybody. I wouldn't consider that such a partisan endorsement. In other words, he did some official things on that trip, right, are you saying that?

Mr. WALDEN. Yes. Well, the White House considered that trip entirely official.

Mrs. MALONEY. Entirely official. And what did he do on that trip?

Mr. WALDEN. Well, he made several appearances with Chairman Rostenkowski to talk about several of the President's initiatives. I would say that I don't believe there was any report to the General Services Administration. Now, this is my recollection here—I cannot swear to it—that I think the Presidential travel on Air Force One and the Vice President's travel on Air Force Two is not covered by the reporting obligation. I'm not sure about that. But if that is the case, there would be no report to GSA.

Mrs. MALONEY. Well, I request—whether or not Presidential travel is reported or whatever—but I'd like to review this particular trip. I'm a junior Member. I just got elected. But when the President came to my district and when he comes to my district, or when the First Lady comes, they let me know just as a courtesy. And I'm very honored. If he's making a policy statement, he'll say,

and I thank Congresswoman Maloney for working with me. I mean, it's a stretch, because I'm not in the Oval Office, and it's a compliment for him to publicly say that.

But in a sense, I just say that that's almost the way you conduct business. Usually, when he comes to my district, he will also invite every other surrounding district, Republican and Democrat, to come to whatever it is. Announcing a trade policy or announcing import/export.

I've got to go vote. But if I could get a copy of exactly what happened in that trip, maybe we could take that as a test case. Now, during that trip, did he go to any fundraisers or political rallies or anything like that?

Mr. WALDEN. I don't believe he went to any fundraisers, and political rally only if these events were considered that. And the White House did not. The White House was asked to account for this trip and its classification at an Appropriations Committee hearing. So there should be a public record of the White House's response. And I can supply a number of the press articles, which I think are important because, again, it's how an event appears. It's not simply the words used by the President or the Federal appointee.

Mrs. MALONEY. Then maybe we shouldn't have the President travel at all, because the press may have an interpretation of the appearance. You see what I'm saying? In other words, I would have loved it if the press had read, "Carolyn Maloney has the President in her district and he credits her for creating the International Trade Office that the Government is bringing to New York City." But they didn't say that. You understand what I'm saying.

Mr. WALDEN. Yes.

Mrs. MALONEY. But maybe if we want to be totally pure, maybe we should just say that the President of the United States cannot travel because it may be interpreted as a political thing. Or maybe we should just say that no other public official elected, city, local, State, Federal, should be allowed to attend in case the press interprets it as—maybe this is where we're going. Do you understand what I'm saying?

Mr. WALDEN. Yes, but I would say we should not prohibit the President from going out and doing whatever he wants to do on Air Force One. The President is always the President. The only question is whether there ought to be adequate reimbursement because of the nature of the trip.

Mrs. MALONEY. Were these official duties? Were they policy statements that he went to?

Mr. WALDEN. Well, the President thought that they were and the White House thought that they were.

Mrs. MALONEY. Could you describe for the record the official duties that he attended on this trip? I've got to go vote. Thank you.

Mr. WALDEN. Yes, I'll be happy to do so.

[Recess.]

Mr. HORN. We are ready to resume with the second panel coming up. Mr. Walden will stay with this panel, so you might want to take the end seat, because I think we'll need your expertise on occasion. I want to get a dialog going here. So if the second panel will

come up, namely, Ms. Cohen, Mr. Elliot, Mr. Gracey, and Ms. Lattimore.

If those who have not been sworn will stand and raise your right hand.

[Witnesses sworn.]

Mr. HORN. All four have affirmed. We'll begin with Ms. Cohen, who is the Assistant Secretary for Policy, Management and Budget, and the Chief Financial Officer of the Department of the Interior. Ms. Cohen.

STATEMENTS OF BONNIE R. COHEN, ASSISTANT SECRETARY FOR POLICY, MANAGEMENT AND BUDGET/CHIEF FINANCIAL OFFICER, DEPARTMENT OF THE INTERIOR, ACCOMPANIED BY TIMOTHY ELLIOT, ASSISTANT SOLICITOR, DEPARTMENT OF THE INTERIOR

Ms. COHEN. Thank you, Mr. Chairman. I'm accompanied by Tim Elliot, who is our Deputy Associate Solicitor.

Mr. HORN. Could I get the spelling on the name?

Mr. ELLIOT. My name, sir?

Mr. HORN. OK. In other words, this is on here. Fine. I just wanted to make sure you were on our witness list. I thought it was somebody extra.

Ms. COHEN. We understand from staff that your interest is primarily in political or mixed travel. Before I begin, I'd like to lay out for the subcommittee a list of the materials that have been submitted to you with respect to Secretary Babbitt's travel.

To date, we've provided a detailed chart showing each trip Secretary Babbitt has taken since he became a Cabinet officer, the type of aircraft on which he traveled, the cost of his airfare, the cost of the airfare of any staff that traveled with him on the aircraft. And in the event of mixed trips in which the Secretary conducted both Government and political business, the apportionment to and current status of recovery of costs from political organizations, as well as a detailed itinerary for each trip the Secretary has taken during his tenure.

Those itineraries include the names of all individuals traveling with the Secretary and the names of all individuals that have advanced those trips. The itineraries also include details of the activities in which he participated during the trips. The travel vouchers for all of the Secretary's trips and a complete description of the reimbursement formula used for mixed trips and the legal and policy guidance and directives upon which we relied in developing the formula.

Interior has adopted the required Federal travel regulations, 41 CFR Subtitle (f) as the departmental travel policy for all employees traveling on official business. Thus, departmental senior officials on official travel who travel at Government expense are subject to the same rules and regulations as all other departmental employees.

Second, as you're aware, certain special guidelines apply only to senior officials. In particular, OMB Circular A-126, which has been discussed here in OMB Bulletin 9311 derived from the Presidential Memorandum of February 10, 1993, which is cited in your letter, sets forth guidelines for the use of Government-owned or contracted chartered aircraft. We abide by this. And our office of air-

craft services initially issued Operational Procedures Memorandum 95-7 some 5 years ago and updates the guidance periodically.

Third, and I think this is the focus of your interest, for Presidential appointees, the Department has in place a formula for the allocation of expenses between the Government and a political organization when those appointees mix both official and political travel referred to as mix trips. Our formula follows the basic guidance for this travel issued by the White House counsel.

Essentially, it calls for calculating the time spent by the official on official events during a trip and the time spent on political events and apportioning the cost of the trip accordingly.

When we arrived in Interior in 1993, we based our procedure for calculating mixed trips on the Bush White House counsel's February 1992 memorandum on political travel. This memo set forth the formula for calculating official and political travel, defined what political travel was, and served as guidance on billing.

In February 1994, the Clinton White House revised and improved this procedure to adhere to the Hatch Act provisions passed by Congress.

The Department has held several briefings for scheduling officials and subcabinet officials and incorporated this policy for the Secretary's mixed trip. Interior welcomed this improvement over past practices and began to follow the new policy with their 1994 trips. Because the Department now receives payment in advance, this greatly reduces the amounts billed to political organizations.

When Secretary Babbitt began his tenure as Secretary of the Interior, we immediately addressed the task of setting up a system for handling reimbursements stemming from mixed travel. However, we were handicapped by the fact that no records were available to us from the previous administration. We did learn that the relevant accounting and reimbursement had been handled in Secretary Lujan's immediate office.

We decided that it was more appropriate for reimbursement billing to be done by the Office of Fiscal Service Billing, which did the other billing for the Office of the Secretary. We developed a procedure for a special assistant to the Secretary to prepare both the calculations for reimbursement and the Secretary's travel voucher, and have them reviewed by the Office of the Solicitor; and then send both the reimbursement and the calculation and voucher to the fiscal office for processing.

And I'd like to just stop here for the testimony for a minute. This is an important point. When we came in, we recognized the importance of keeping travel records and handling these mixed trips appropriately. We had no procedures that we could identify in the previous administration to fall back on. So we developed what we thought at the time would be adequate administrative procedures. So we were from day one intent on billing for mixed trips.

In addition, during his first month, the Secretary received an audit from the Office of Inspector General entitled, "Travel Activity of Principal Officials, U.S. Department of Interior," covering the period from October 1, 1989, through September 30, 1992. I won't quote from that report, because I understand that you want to focus on Secretary Babbitt's travel. However, that report did dis-

cover a number of weaknesses and made a series of recommendations which we have addressed and implemented.

While preparing the charts, as you know for your subcommittee, Mr. Chairman, we decided that while we had made the calculations of reimbursement, the fiscal office had not sent out bills to a number of campaigns for their portion of the Secretary's mixed trips. In spite of the fact that the calculations had been made, the bills had not been sent out in every instance.

At the same time, we discovered that eight political organizations had overpaid, but had not yet been reimbursed the amounts they were owed. When we looked into how this lapse occurred, we found that in 1993, 6 of 11 payments were done correctly. And the remaining five were calculated on a timely basis, but not billed.

We had a change in personnel and that contributed some to this problem. But based on your inquiry, we did realize that we had a weakness in the system. That is, we were doing the calculations, creating the bills, but we did not have a check system to be sure that the bills were sent out. I honestly feel that this arose from the fact that it was a new system that we put in place and we couldn't anticipate all of the problems we would have.

Upon making the discovery, late February, we took a number of steps to rectify the situation and prevent its recurrence, including notifying the subcommittee of our findings by phone. We've conducted extensive reviews. We've sent out all of the outstanding bills, which at one point totaled about \$4,000. And we received payment for all bills with two exceptions, those two unpaid invoices totaled just \$200.

And we owed refunds to political organizations of \$785 with all but \$65 refunded.

We have, as I've said, reexamined our system, having found that weakness. And we found that each part of the system carried out its own work, but we didn't have a process to check that things were being done in a timely manner. We've instituted that process, as well as prepayment. And we're confident that we are preventing any further problems.

This concludes my prepared statement. And I thank you for the opportunity. I would like Mr. Elliot to go through just two examples of what the calculation is in two of Secretary Babbitt's trips.

[The prepared statement of Ms. Cohen follows:]

**Statement of Bonnie R. Cohen,
Assistant Secretary - Policy, Management, and Budget
Department of the Interior before the
Subcommittee on Government Management, Information and Technology
on Travel Policy for Senior Officials on Official Travel**

May 16, 1996

Mr. Chairman: I am Bonnie Cohen, Assistant Secretary - Policy, Management and Budget at the Department of the Interior (DOI). I am accompanied by Mr. Tim Elliott, Deputy Associate Solicitor, a career civil servant who has guided the interpretation of travel laws and regulations within the Department for many years. I am pleased to appear before the Subcommittee today. Before I begin I would like to lay out for the Subcommittee a list of material that has been submitted to you with respect to Secretary Babbitt's travel. To date, we have provided:

- o a detailed chart showing each trip Secretary Babbitt has taken since he became a Cabinet officer; the type of aircraft on which he traveled; the cost of his airfare; the cost of the airfare of any staff that traveled with him on that aircraft; and, in the event of "mixed" trips in which the Secretary conducted both government and political business, the apportionment to and current status of recovery of, costs of political organizations;

- o a detailed itinerary for each trip the Secretary has taken during his tenure; those itineraries include the names of all individuals traveling with the Secretary and the names of all individuals that advanced those trips; the itineraries also include details of the activities in which he participated during the trips;

- o the travel vouchers for all of the Secretary's trips; and

- o a complete description of the reimbursement formula used for mixed trips and the legal and policy guidance and directives upon which we relied in developing that formula.

Let me describe how DOI handles travel costs of senior officials (employees above GS-15 pay levels).

First, Interior has adopted the required Federal Travel Regulation (41 CFR Subtitle F) as the Departmental Travel Policy for all employees traveling on official business. Thus, Departmental senior officials on official travel at Government expense are subject to the same rules and regulations as all other Departmental employees. In general, all Departmental personnel traveling on official business are required to incur only those expenses necessary to accomplish the purpose of the travel assignment.

In addition, senior officials are entitled to, and reimbursed for, expenses using the same per diem rates and methods of calculation as are used for other employees. Likewise, most senior officials are holders of the Government-sponsored, contractor-issued charge card and are not entitled to large cash advances.

Second, as you are aware, certain special guidelines apply only to senior officials. In particular,

OMB Circular A-126 and OMB Bulletin 93-11, derived from the Presidential Memorandum of February 10, 1993 which you cited in your letter, set forth guidance for the use of government-owned or contract (chartered) aircraft. This includes approval by the chief legal officer of non-mission, official air travel by other than commercially-scheduled air carriers, and reporting of all such travel (including mission travel) to the General Services Administration

To insure understanding and compliance with the rules governing the use of Departmental aircraft by senior executive branch officials, our Office of Aircraft Services initially issued Operational Procedures Memorandum 95-7 some five years ago and updates the guidance periodically. The memorandum describes the decision-making process for use of chartered or Government aircraft. It contains all the relevant OMB and GSA regulations, the necessary reporting forms, and guidance from our Solicitor's office.

To emphasize the requirements of OMB Circular A-126, Solicitor John Leshy and I issued a Memorandum on March 28, 1994 on "Use of Government Aircraft by Employees Above Grade 15, 41 CFR Subpart 101-37.4". Each DOI employee above Grade 15 was sent this memorandum with the appropriate guidance documents, by certified mail, return receipt requested. They were required to read and certify by their signature that they understood and would comply with all Federal travel guidelines. The signed documents were filed with the Solicitor's office. One week later, the Director of Operations transmitted a memorandum to all DOI bureau administrative officers and aviation managers emphasizing adherence to these guidelines and to the reporting requirements for senior Executive Branch officials.

Third, for Presidential appointees, the Department has in place a formula for allocation of expenses between the government and a political organization when those appointees mix both official and political travel (referred to as "mixed" trips). Our formula follows the basic guidance for this travel issued by the White House Counsel. Essentially, it calls for calculating the time spent by the official on official events during a trip and the time spent on political events, and apportioning the costs of the trip accordingly.

When we arrived at Interior in 1993, we based our procedure for calculating "mixed" trips on the Bush White House Counsel's February, 1992 memorandum on political travel. This memo set forth the formula for calculating official and political travel, defined what "political" travel was, and served as guidance on billing.

In February, 1994, the Clinton White House Counsel revised and improved this procedure to adhere to the Hatch Act revisions passed by Congress. In a meeting to follow up that guidance, OMB asked agencies to assure that political organizations paid up front for the airfare and accommodations for a political event, even in the case of "mixed" trips. The Department held several briefings for scheduling officials of our sub-cabinet officials and incorporated the policy for the Secretary's "mixed" trips.

Interior welcomed this improvement over past practices and began to follow the new policy with our 1994 trips. Because the Department now receives payment in advance, this greatly reduces the amounts billed to such organizations. Typically, the prepayment of airline and hotel costs

covers nearly all of the political organization's share of the expenses of the trip. The policy has been fully implemented in 1995. We found for 1995 that we refunded money to political organizations for four trips and billed organizations for amounts due after the calculation of all expenses for three trips.

While this policy requires detailed accounting for each trip and each component of the trip, it insures that two legal and policy principles are strictly followed. First, it insures that appropriated funds are not used to pay costs for a political organization. Second, it insures that, under the White House guidelines, political organizations do not augment our appropriations. While there have been lapses in the timeliness of our billings, I believe the Department has faithfully attempted to carry out these two principles.

I would now like to address the issue of reimbursements for political activities conducted by Secretary Babbitt. Last week, Mr. Chairman, you and Chairmen Young and Livingston asked the Government Accounting Office to investigate whether any wrongdoing has occurred at the Department of the Interior with respect to these reimbursements. Let me first say, we wholeheartedly welcome the opportunity this will provide to make all the relevant facts available to the public.

When Secretary Babbitt began his tenure as Secretary of the Interior, we immediately addressed the task of setting up a system for handling reimbursements stemming from "mixed" travel. To improve billing and ensure that the complex calculations were accurate, we developed a process

based on the Bush White House Counsel's 1992 memorandum, as I noted earlier, then the most current guidance for mixed political and official travel. We were handicapped by the fact that no records were available to us from the Lujan Administration.

We learned that the relevant accounting and reimbursement billing had been handled in Secretary Lujan's immediate office. The Departmental office that handles regular Office of the Secretary travel accounts, the Office of Fiscal Services, played no role in the billing process, except that it would receive in the mail or be forwarded reimbursement checks provided by political groups once they were received by the Secretary's Office. Not playing any role in the accounting or billing, and not seeing who was billed for what amounts, the Office of Fiscal Services had no way to insure that all bills were, in fact, sent or paid.

We therefore decided that it was more appropriate for reimbursement billing to be done by the Office of Fiscal Service's billing unit where other billing for the Office of the Secretary is handled. We developed a procedure for a Special Assistant to the Secretary to prepare both the calculations for reimbursement and the Secretary's travel voucher, have them reviewed by the Office of the Solicitor, and then send both the reimbursement calculation and voucher to the Fiscal Office for processing.

In addition, during his first month at the Department, the Secretary received an audit report from our Office of Inspector General entitled "Travel Activity of Principal Officials, U. S. Department of the Interior," covering travel from October 1, 1989, through September 30, 1991. I quote

from that report:

We found that Departmental officials, at times, did not comply with dual-purpose travel regulations. Of the 31 trips we reviewed that were reported as having joint political and Government business-related purposes, we found that tickets were purchased at the Government discount rate for the dual-purpose travel, and sponsoring political organizations benefited by paying their proportional share of the low-cost Government airfares. For example, 30 of the 31 reported dual-purpose trips involving 27 states and 71 congressional districts were taken by the Secretary and, besides official business, included such political activities as receptions and fund raisers. The political sponsors reimbursed the Government for the 30 trips at the low cost Government airfares.....In addition, the process of reimbursement for dual-purpose travel lacked a method that accounted for repayments on a trip-by-trip basis (for example, subsidiary accounting), and we could not determine whether the Government was fully reimbursed for dual-purpose travel at the Government rates. [Page 7, Report No. 93-I-450, February 1993]

In developing our process, we addressed the recommendations arising from the Inspector General's report on the previous administration's travel accounting, including billing political organizations at their share of the commercial rate and having the billing and collection

handled within the Fiscal Services office.

While preparing the charts requested by your subcommittee, Mr. Chairman, we discovered that the Fiscal Office had not billed a number of political campaigns for their portion of the Secretary's "mixed" trips even though the amounts owed by the campaigns had been calculated and sent to that Office, along with the Secretary's travel vouchers. At the same time, we discovered that eight political organizations had overpaid, but had not yet been reimbursed the amounts they were owed.

When we looked into how this lapse in billing occurred, we found that in 1993 six of eleven payments were done correctly and the remaining five were calculated on a timely basis, but not billed. This obviously was an error on our part as we instituted the new system. During this time period, the practice of the Special Assistant was to send the Secretary's travel vouchers to the travel payments section and the reimbursement calculations separately to the billing unit.

Moreover, sometime in 1994, following a change in Special Assistants, both the Secretary's travel vouchers and the reimbursement calculations began to be sent together in a single folder to Fiscal's document entry and control. Here an unfortunate, if understandable, additional bureaucratic breakdown occurred. Document control gave the entire folder to the travel section. The travel section thought the billing calculations were merely informational copies, and did not pass them on to the billing office. Thus, unbeknownst to the Special Assistant or

anyone else in the Secretary's Office, including Secretary Babbitt, out of a total of twenty trips in 1994 and 1995, twelve were not billed to political organizations and five were not refunded to political organizations until 1996, despite the fact that the calculations and vouchers were prepared within a reasonable time after each trip.

Promptly upon making this discovery in late February, we took a number of steps to rectify the billing situation and prevent its recurrence, including notifying the committee staff of our finding by phone. First, we conducted an extensive in-house review of each "mixed" trip. We have sent out all outstanding bills and all but two refunds. We have received payment for all bills with two exceptions; those two unpaid invoices total \$210. Total refunds owed to political organizations equaled \$785, with all but \$65 refunded to the organizations. The net amount billed late as a result of this problem was less than \$4,400 for the entire three year period.

Second, we have reexamined our system. We found that each part of the system carried out its own work, but that no tickler files and checklist links integrated one step with the next to create a warning signal for late actions, and a single end-product file of actions. We have assigned the responsibility for a completed file to the billing office within Fiscal Services and prepared a flowchart of the process and a tickler system and instituted the management controls to assure all the steps are integrated. The change in process coupled with the prepayment will, we are confident, prevent any further problems, and we are happy to report that no dollar loss to the treasury has resulted.

Mr. Chairman, that concludes my prepared statement. I thank you for this opportunity to review our processes. With your permission, I want now to ask Tim Elliott to walk you through one "mixed" trip correctly billed and one where the time lapse occurred.

Mr. HORN. Proceed, Mr. Elliot. I'd like to have it in the record.

Mr. ELLIOT. Thank you, sir.

Mr. Chairman, we have hard copies of this.

Mr. HORN. Could we get copies of them? If I can't see them, I don't want to hear about it. Do you have some copies to pass out?

Mr. ELLIOT. Yes; we do.

Mr. HORN. Because I think staff and members here ought to have it.

Ms. COHEN. I should say we've noticed from your own charts that Secretary Babbitt is listed as, I think, the second frequent flyer of Cabinet members. And that would be fairly natural since most of our activity and responsibility occurs out West. So, as a result, as Mr. Elliot goes through these calculations, you'll keep in mind the number of times we do it in connection with the many trips that the Secretary makes dealing with the issues the Interior has out West.

Mr. ELLIOT. This is a trip in April 1994. And the reason that we've picked this trip is it is a trip that we prepared the vouchers and the calculations in 1994.

Mr. HORN. You say April 1994?

Mr. ELLIOT. Yes.

Mr. HORN. I'm looking at a work sheet, Portland, ME.

Mr. ELLIOT. Don't look at that one. There should be another one that says, "Event," at the top.

Mr. HORN. Now we're on the same line.

Mr. ELLIOT. Yes, sir. What we do when we make these calculations is we go through the Secretary's detailed itinerary. We take each event that he attends, calculate the time that is spent. We do it afterward because times change, events get canceled.

We assign to each of those events an official or political component, depending on what was done at the event and in accordance with the White House guidance.

On the next chart, we show that we complete the timing. We then do the estimates of percentages based on that. And in this trip, which was a 1994 trip, as I say, there were four political sponsors we called them for whom we had to make calculations of time and therefore, their associated costs of the trip.

At that time, we were also calculating the portion of the trip that took place the day or days of the political events, because there might be a change in percentage. And we resolved all questions of doubt in favor of the United States. And if the percentage is changed, we would assess a higher percentage to the political sponsor.

So you'll see down at the bottom of that second chart, it says, "Total time without Houston." There were no political events in Houston. And adding Houston to the trip did not measurably raise the cost, but did decrease the percentages of the political sponsors.

The next chart shows our expenses. We then go over all of the expenses of the trip. Because there is not always a ground transportation—

Mr. HORN. Now, I want to make sure that you and I are in sync. Which chart are you on now, because I can't see that from here and you can. So where are we?

Mr. ELLIOT. The next set that started with "Event." Go to the third page.

Mr. HORN. Are we still on the one that starts April 4?

Mr. ELLIOT. It will be the third page.

Mr. HORN. Third page.

Mr. ELLIOT. At the bottom, it will say, page 4.

Mr. HORN. This is the Monday, April 4 Expense.

Mr. ELLIOT. Yes.

Mr. HORN. All right. Go ahead.

Mr. ELLIOT. Those go through the expenses each day and event, if there are any events. But we include the normal per diem, hotels, meals, and incidental expenses. We also include transportation at the location, depending on whether we provide it or the campaign provides it.

The next sheet, it's 5 at the bottom, but at the top, it says, "Travel Expense Worksheet."

Mr. HORN. Right.

Mr. ELLIOT. Those are our calculations taking the percentages and going against the air fare, going against the ground transportation. At the bottom, we start the meals and incidental expenses.

Mr. HORN. Now, let me ask you at this point.

Mr. ELLIOT. Yes, sir.

Mr. HORN. When were these worksheets made up?

Mr. ELLIOT. These worksheets were done June 16, 1994.

Mr. HORN. June 16.

Mr. ELLIOT. Yes, sir.

Mr. HORN. You're saying they were done 2 months after the event.

Mr. ELLIOT. Approximately; yes, sir.

Mr. HORN. Why is it we've had such a lag in repayment of Secretary Babbitt's travel if these are done within 2 months after? I mean, we seem to have a lot of 1993 items that weren't billed until 1996 when the committee started asking questions.

Mr. ELLIOT. I think, Mr. Chairman, most of the 1993 items were actually billed in 1994. Most of the 1994 items were indeed billed in 1996.

The travel calculations were made. The vouchers were prepared. And they were all sent down to the fiscal office. And neither of the reimbursements from the political campaigns in this trip were paid to us, because the bills weren't sent out and the Secretary was also not paid on his voucher.

Mr. HORN. Well, I have attached to Secretary Cohen's testimony a Secretarial Travel-Mixed Official/Political Calendar Year 1993. Now, was that prepared by our staff or their staff? Their staff. And it's dated by your staff April 24, 1996. And as I go down the comment line, I have money received, no date. But on the first item, May 31, June 3, 1993, Los Angeles-San Francisco. For the candidate for mayor of Los Angeles, Mr. Woo, it says, \$120.15. Then billed April 22, 1996.

Mr. ELLIOT. Yes, sir.

Mr. HORN. So that wasn't figured within 2 months?

Mr. ELLIOT. That trip, the next trip, which is Ms. English's trip, the third trip, Studs Lieberman.

Mr. HORN. Yes.

Mr. ELLIOT. I'm not 100 percent sure on the calculations on that third trip. Those three trips indeed were not billed until 1996, even though the calculations at least on the first two are institutional memory from the former special assistant, is that that trip also was—the Studds Lieberman trip was calculated in 1993.

Mr. HORN. So was the one on October 19–20, New York City, New York Democrats.

Mr. ELLIOT. That was billed, Mr. Chairman, on February 7, 1994.

Mr. HORN. It says here on your own chart, March 7, 1996, rebill. So you're saying initially.

Mr. ELLIOT. There were two campaigns, two events in there. The New York Democrats paid \$134.76 on February 25, 1994. The Dinkins Lawyers for Dinkins Campaign did not pay. And that is one of the two that is still outstanding.

Ms. COHEN. If I could respond in general, I think that we are in agreement with you and your staff that we had a problem. The problem was not that we were not calculating the mixed trips costs, nor was the problem that we had any intention of not billing. We were doing the calculations in a timely manner. We were preparing the bills in a timely manner.

We had a mixup in the sending out of the bills, so that some of the bills didn't get sent out. And then when your staff made the inquiry to us and we went through the entire analysis, we realized that. We then sent out bills that inadvertently hadn't been sent out and set up a new system to ensure that this wouldn't happen again.

Mr. HORN. Well, let me just note. As I understand it, the other departments represented today, Labor and Veterans Affairs, both had procedures for handling reimbursements for campaign trips, as have other departments we've contacted. The Labor and Veterans Affairs, career civil servants provided the institutional memory on mixed official and campaign travel that continued from previous administrations. When the new administration came into office, career people explained the rules and the process to those at Veterans and Labor.

Didn't anyone at Interior come forward to say, hey, mistakes were being made in handling reimbursements? You head a primarily career staff, don't you?

Ms. COHEN. When we came into office, we had briefings on the policy. The Solicitors Office did the briefings. We did not have a procedure in place that we could identify from the Lujan administration. We had no records. We had only one secretary who said she had done it, but she had no written procedures.

So, in order to try to do this in the way that complied with this relevant circular and as well as a way that was fully documented, so that if there were inquiries, subsequently we would have the full records. We developed the system you see that, in fact, has generated very comprehensive records.

We made a mistake in not having what I would call a tickler file, so that if the clerk who got the reimbursement bill didn't send it out, we would know about that. And that is really where the problem occurred. We did not have the career memory you're talking about. There was not a system in place when we came into office.

Mr. HORN. Mr. Elliot, how many years have you been with the Department of the Interior?

Mr. ELLIOT. Twenty-one-and-a-half, sir.

Mr. HORN. Twenty-one-and-a-half. What's your exact role as it relates to reimbursements for political travel?

Mr. ELLIOT. I provide the legal advice from the White House, as an interface from the White House Counsel's Office. So that when memoranda come from White House counsel to the head of the Department, they come to me. I meet with the people who schedule the travel for the Secretary, the people who do the travel vouchers for the Secretary and for the subcabinet officials. We do that on at least an annual basis, and we have done so in this administration.

Mr. HORN. When Secretary Babbitt came into office, did you brief him personally on the travel rules?

Mr. ELLIOT. I cannot remember, sir, whether he was at that meeting.

Mr. HORN. What meeting did you conduct?

Mr. ELLIOT. A meeting of the officials who were then appointed or to be appointed to positions in the Secretary's conference room.

Mr. HORN. In other words, you did what usually most administrations have done, whether required or not: simply bring the top people that are career civil servants to say, hey, What do we have to know about your area? So you arranged a briefing or you were on a briefing that was arranged for the top political appointees of the Clinton administration as they moved into Interior. That would be very normal.

And I assume you and other colleagues from the career service went over a number of areas. Is that correct?

Mr. ELLIOT. The deputy agency ethics official was there, yes.

Mr. HORN. What were some of the areas that you briefed new Presidential nominees on?

Mr. ELLIOT. On 18 USC 207, 18 USC 203.

Mr. HORN. Put that into English now.

Mr. ELLIOT. I'm sorry. Those are the Criminal Codes affecting conflicts of interest.

Mr. HORN. Could you get that microphone a little closer to you?

Mr. ELLIOT. I'm sorry. That's the Criminal Code affecting conflicts of interest for current employees, the regulations of the Office of Government Ethics. Those are done primarily by the deputy agency ethics official, although I work with him, also. Travel, Hatch Act, that kind of thing.

Mr. HORN. The sticky things that are tough ones that have political problems if you don't follow them, I take it.

Mr. ELLIOT. Or can have political problems.

Mr. HORN. Or can be a problem.

Mr. ELLIOT. Yes, sir.

Mr. HORN. When was that briefing held?

Mr. ELLIOT. I can't give you a precise date.

Mr. HORN. Month? Was it January 1993 before they were sworn in?

Mr. ELLIOT. I think it may have been in—no; I don't—no; it was not before people were sworn in.

Mr. HORN. It was after people were sworn in.

Mr. ELLIOT. Yes, sir.

Mr. HORN. So they didn't go down to briefings prior to confirmation by the Senate.

Mr. ELLIOT. Not with me. I can't tell you that there were no briefings.

Mr. HORN. But you did mention the travel regulations.

Mr. ELLIOT. Yes, sir.

Mr. HORN. Was the chief of staff to the Secretary in the room?

Mr. ELLIOT. I can't recall.

Mr. HORN. If I were a career appointee and the Secretary came into the meeting, I would sure remember it. You say you can't remember whether he was there or not there?

Mr. ELLIOT. I was also the acting Solicitor for 4 months at that time, sir.

Mr. HORN. So you had a chance to brief the Secretary personally on his travel regulations.

Mr. ELLIOT. We had periodic—we had weekly meetings with the chief of staff.

Mr. HORN. Did you brief the Secretary on travel regulations?

Mr. ELLIOT. I know I briefed the chief of staff. I cannot tell you whether I briefed the Secretary personally on that.

Mr. HORN. What was the name of the chief of staff?

Mr. ELLIOT. Tom Collier.

Mr. HORN. What's the name?

Mr. ELLIOT. Thomas Collier.

Mr. HORN. Thomas Collier. Is he still the chief of staff?

Mr. ELLIOT. No, sir.

Mr. HORN. When did he leave?

Mr. ELLIOT. Late June 1995.

Mr. HORN. But he served at least a couple of years.

Mr. ELLIOT. Yes.

Mr. HORN. So was there any awareness in your office that they weren't following the travel regulations in the sense of billing out, dividing the trips, and so forth?

Mr. ELLIOT. No, sir. What we did is, I met on a more detailed basis with the schedulers for the Secretary, the people who keep his schedule; the special assistant to the Secretary who was going to be responsible for most advancing of trips and if necessary, accompanying of the Secretary, and therefore keeping of records after the schedule was set.

We met with, I believe, the deputy chief of staff or her assistant to go over the processes that were available for processing the allocation of travel when there was mixed travel and the rules that cover political only travel, also.

The decision was made that, rather than have somebody in the Secretary's immediate office continue as in the past administration in our memory they had done—one person was doing it—it ought to go into the normal billing process in the Secretary's fiscal office.

Thereupon, the special assistant and I went down to meet with Director or the chief of the Office of Fiscal Services, where we explained to him what we had discussed and whether he thought, as in his office, he could fold in billing where there were reimbursements due to the United States from political sponsors, could he fold that into his normal billing process and billing processes, so that, instead of in the past as he was, he would receive checks from

a political sponsor and know not what it was associated with, he would now get the voucher to pay the Secretary.

If there were bills to go to a political sponsor, the billing information to go to the political sponsor. He could send the bills out when the checks came in. He knew that they were coming in. He agreed that he could do that.

I cannot tell you after that why the system for those first three trips fell apart. I can't tell you why there was some delay in 1993 to get to February 1994.

Mr. HORN. But they were briefed.

Mr. ELLIOT. Yes.

Mr. HORN. They did have a process. The question is, Were they followed? And if not followed, by whom was it not followed? Is that correct?

Mr. ELLIOT. That's the question I've asked myself, yes, sir; and we've asked ourselves.

Mr. HORN. These things happen in large organizations. I understand that. I've run large organizations. But the problem is, do you feel you have a process that now works down there?

Mr. ELLIOT. Yes, sir.

Mr. HORN. And that satisfies what you know the law to be and the regulations as a career civil servant?

Mr. ELLIOT. Yes, sir.

Mr. HORN. I'll be glad to yield 5 minutes. What we are doing here, we've got three different panels, three different agencies. We'll have at least one round following up immediate testimony. And then we'd like everybody to stay. We've kept Mr. Walden. We want a dialog here. But if you have some particular questions on this testimony, which is what started this round, please ask them. We'll give everybody 5 minutes to ask Interior and we'll move to the next witness.

Mrs. MALONEY. Since I had to vote and I didn't have a chance to follow up with some questions with Mr. Walden on the A-126 circular, I would like to begin a few questions with him.

Mr. HORN. Fine.

Mrs. MALONEY. As we were talking about earlier, the A-126—and, Mr. Chairman, he made a statement that I thought was interesting. He thought that the circular is strong enough as it is. It's an enforcement problem.

But there are semiannual reports to the GSA by the senior Federal officials and maybe we should get the GSA in to also testify. And maybe the GAO on their travel overview.

What I'd really like to ask you about and really you made mention of it in your testimony, the military departments reports to GSA do not list military personnel. And I am told that uniformed military personnel were written out of OMB circular back in 1992. Is that correct?

Mr. WALDEN. I don't recall. I was privy to the process, but I don't recall what was done with uniformed military personnel.

Mrs. MALONEY. Well, I would like to ask the minority staff and the majority staff to look into that, because I was told that it was written out. And the President's February memorandum also excludes military personnel. Yet, as was in your testimony, your written testimony, you made reference to the infamous well-known

flight of General Ashy, which he flew across the country with a cat and wouldn't let other military people fly with him.

So my question is: Do you think that the military personnel should be part of A-126?

Mr. WALDEN. I do. And I may have a failure of recollection here, but I think the A-126 does apply to the Pentagon. But the exemption that you're talking about may deal with uniform military personnel that accompany an otherwise proper use of military aircraft. Now, that's just my recollection. And I'll be happy to supplement the record with my understanding of A-126 and the process of coming out with that in 1992.

But I would say, yes; there is abuse and the abuse of military aircraft happens more often by Pentagon admirals and generals than perhaps by civilian agencies. So, yes, they ought to be covered by A-126.

Mrs. MALONEY. Do you know of any other reporting requirement for the military in any other form? You know, they may be covered by another reporting requirement and not A-126.

Mr. WALDEN. Well, for payments made by outside sources to enable Department of Defense employees to attend meetings for official functions in their official capacity, payments by non-Federal sources, there is a reporting requirement that all agencies, including DOD, have a semiannual report. But that does not cover use of Government aircraft.

Mrs. MALONEY. GSA has detailed regulations concerning use, documentation, and reporting to GSA of travel by Government-owned and -operated aircraft. The military departments, I am told, are the only agencies that do not report to GSA using the structure of an automated system called a Federal aviation management information system.

Instead, their reports are not provided in an automated framework. Each department has a different form and all of the reports omit certain of the elements required to be reported. And I just wondered if you would like to comment on apparently DOD's failure to conform its reporting requirements to the system that's required under A-126.

Mr. WALDEN. Well, I have no comment, other than to say that I would expect the Department of Defense would be asked about its compliance with A-126 and the applicability to DOD. I don't have personal knowledge of that.

Mrs. MALONEY. Thank you very much. If you have any ideas of how to improve enforcement, since you think the circular is fine, if any of the representatives of the agencies, how can we improve the enforcement of A-126, I would like to hear about it.

Mr. WALDEN. If I may respond to something that you said earlier? With regard to the General Accounting Office's review of the travel in the Bush administration, you expressed an interest in knowing more about that. The General Accounting Office did review the use of the 89th Air Wing and did review the travels of selected Cabinet officials, covering, I believe, 1989 through 1991. Those reports came out almost simultaneously in April 1992. And those are available.

And that should give you a good review of the travel in the Bush administration.

Mrs. MALONEY. I would just like to mention this Cabinet trips home charts that are up here. And I believe there are 17 so-called trips home. And this chart lists Secretary Babbitt as making 17 trips home. And then they have him all over the State.

Does the Secretary have a residence in Arizona, do you know?

Ms. COHEN. I don't believe he does any longer. And I think you may have been out of the room when I mentioned that the Secretary's responsibility is primarily out West. And as a matter of fact, Arizona receives, I think, approximately 10 percent of our annual budget. And he is frequently out there on the Navajo reservation dealing with the Central Arizona project, which is a major reclamation project. We can certainly provide information on his trips to Arizona.

Mrs. MALONEY. Where does he reside? Maybe we should have an investigation of his trips to wherever he resides now? Where is his official home residence now?

Ms. COHEN. Northwest.

Mrs. MALONEY. Where?

Ms. COHEN. Northwest Washington.

Mrs. MALONEY. Northwest Washington. I was out of the room for a while. Can you tell me again, the total amount that was billed late?

Ms. COHEN. I think it was approximately—well, it was between \$4,000 and \$5,000.

Mrs. MALONEY. How much of that is still outstanding?

Ms. COHEN. Approximately \$200.

Mrs. MALONEY. Approximately \$200. Well, I think it's very important to get the \$200 in. And I'd like to know the steps you're taking to get that \$200 in. That's taxpayers' money. That's \$200 that's outstanding. Let's get it in.

Ms. COHEN. We're following up with the people who haven't reimbursed us.

Mrs. MALONEY. How many dunning letters have you sent them?

Ms. COHEN. I'm not quite sure.

Mr. ELLIOT. We have sent an original letter to the Dinkins campaign, a dunning letter and one phone call has been made to establish that the lawyers for Dinkins are apparently out of business, even though we billed them originally back in 1994.

Mrs. MALONEY. I can assure you that if you'll give me copies of your bills and the events, I will personally go back to New York City, which I have the great honor of representing, and contact the appropriate people and see if I can get that money in. And I appreciate your efforts.

Now, are the dunning efforts the same throughout all agencies? Do you think we need to centralize the dunning to get this in and say, OMB or CPO, or maybe Treasury, do you think they would be able to do a better job in bringing in this \$5,000 that was owed?

Mr. ELLIOT. Mrs. Maloney, I think there is something called the Debt Collection Act. And I'm not sure whether all agencies have the same sequence.

Mrs. MALONEY. That was our bill.

Mr. HORN. Yes, we got it enacted, and Mrs. Maloney was most helpful as a bipartisan cosponsor of our bill.

Mr. ELLIOT. Well, by doing our—unfortunately, as we explained earlier, the reimbursements got lost, in effect, down in the fiscal office. But in the normal fiscal billing process, indeed we follow the Debt Collection Act with the dunning letters and then eventually to a collection agency.

Mr. HORN. I might say to the gentlewoman from New York, you won't really have to go far to try to collect that money since Mr. Dinkins' key person or one of his two key people is just down as Deputy White House Chief of Staff, Harold Ickes. So you might give him a ring. Maybe he could come up with the 200 bucks.

Mr. ELLIOT. I wish I had called Mrs. Maloney last week when I was trying to find their office.

Mr. HORN. Let me just say GSA did testify, as the ranking member mentioned, at our December 29 hearing. And the Department of Defense does file senior Federal travel reports. As I said in my opening statement, by tradition since the Truman administration, on a bipartisan basis, neither officials in Defense or officials in State get themselves involved in trips for partisan political candidates in either party. To my knowledge, that's never been violated. It might be at some time, but I'm not aware of it.

Well, let us proceed then.

Mrs. MALONEY. Point of information, Mr. Chairman, if I could very, very respectfully.

Mr. HORN. Sure.

Mrs. MALONEY. Since Mr. Babbitt does not live in Arizona, could I respectfully request that this chart that's been made part of the record be corrected? In other words, he didn't have 17 trips home since he doesn't live in Arizona.

Mr. HORN. We'll ask him to furnish this. Where does he vote? Where is his voting residence, et cetera? And when did he leave the State of Arizona? The staff will follow up and we'll make appropriate adjustments. But last I knew, his Cabinet source as a Cabinet officer, he comes from the State of Arizona.

Now, I yield 5 minutes to the gentleman from Virginia, Mr. Davis.

Mr. DAVIS. Thank you. Let me just ask a few questions. The other Departments represented today, Labor, Veterans Affairs, both have procedures for handling reimbursements for campaign trips, as have the other Departments that we've contacted. Labor and Veterans Affairs career civil servants provided an institutional memory on mixed, official and campaign travel, but continued through previous administrations.

When the new administration came to office, career people explained the rules and the process.

Did anyone at Interior come forward to say that mistakes might have been made in handling the reimbursements?

Ms. COHEN. Mr. Elliot—and maybe when you were not in the room—talked about briefing the political people when we first came in on the rules. And I mentioned that when we first came in and went to look for the procedures that were in place, there were no records from the previous administration. There is a secretary who said she did the billing. But we had no documentation. And we didn't have an established procedure. And that we attempt to set

up a procedure in the fiscal office that would do this collection of the funds.

Mr. DAVIS. So there wasn't a procedure in the last administration, or if there was, you couldn't find it?

Ms. COHEN. That's right.

Mr. DAVIS. You don't know if there was or wasn't at this point. We'd have to ask somebody from there. But there was nobody with any institutional knowledge that you could find?

Ms. COHEN. There was a secretary who had been involved in it.

Mr. HORN. Well, Mr. Elliot knows the answer. He's been there two decades.

Mr. ELLIOT. Mr. Davis, there were no written procedures at the time. There was indeed a secretary in the Secretary's immediate office who handled checking the itinerary, essentially doing the same thing we do now. She sent out the bills. The checks came back. If there were bills to be sent out, the checks came back, either to the fiscal office to her, depending on what she was told.

Under the Lujan administration, although—and I don't think so totally under the Watt, Clark, or Hodell administrations—the Republican National Committee served as a focal point for most of the political events that were done by the Secretary. And they paid. The bills went to them and they paid on behalf of the campaigns or collected from the campaigns and then paid us.

That's my recollection of that. But there were no written procedures on that.

Mr. HORN. If the gentleman would yield a minute, I would like to follow up on this.

Mr. DAVIS. Go ahead.

Mr. HORN. When the Babbitt administration came in, was that secretary that handled the travel in the Secretary's office removed and somebody else came in to replace the secretary?

Ms. COHEN. No.

Mr. HORN. The secretary was still there.

Ms. COHEN. Yes.

Mr. HORN. So there was a known process in the Secretary's office?

Ms. COHEN. Well, we had the process that she said that she followed. We had no records and no written procedures. We thought that travel was an important issue because there were these circulars and we should develop procedures that could be documented in the fiscal office that handled all of the Secretary's expenses at that point, and that that would be a better way in the future to handle it.

Mr. HORN. Well, it sounds to me like in the search for perfection, you knocked aside a system that was working under the previous administration. And you developed the search for perfection which didn't work for several years until this committee started asking questions.

Ms. COHEN. We had no evidence that the process from the previous administration was either working or not working. We didn't have any records.

Mr. HORN. Well, but obviously she took the bills and billed to the National Committee is what I understand Mr. Elliot is saying.

Mr. ELLIOT. In most cases.

Mr. HORN. In most cases. And if she didn't, she'd have probably heard from the Government Operations Committee at the time.

Ms. COHEN. Well, we took the bills and sent out bills in many cases. And we have a system that allows all of us to see the instances where we did not send out the bill. To my knowledge, there was no system that she had that we could find that would let us know whether the bills were sent out and the money was collected.

Mr. HORN. I've been through this myself, so I'm sort of smiling a little bit. It's when the old guard knows how the system works and the system does work. And then we change it and the system doesn't work. So this is just another day in the life of an administrator. Go ahead, the gentleman from Virginia.

Mr. DAVIS. It's been going on for years, administrations of both parties as you make these transitions. I mean, to put it in perspective. Let me ask, was the Secretary notified of the problem when it was discovered? And if he was—I hope he was—how has he been involved since it was discovered?

Ms. COHEN. Well, Mr. Elliot says in March 1996 or immediately after it was discovered, he was notified. And he has been informed of the steps that we have taken since then. And I think you can see from his travel records, as well as the frequency of his trips and the fact that he does not travel with an entourage. At most, he travels with one person, often not with that person. He's not traveling first class. Often, he's in a van. He has been quite focused on travel expenses and not overspending or violating any of these rules.

Mr. DAVIS. I bet if it was up to him, there wouldn't be any problem. I mean, I believe that. I think he's sensitive to this on a personal basis. But what happens is you get people underneath you sometimes that start making decisions and he doesn't get involved. But he is, I think, someone who has that kind of sensitivity, the utmost integrity on a personal basis. So it's not meant personally, but you have people underneath you sometimes that you rely on for details. And when that system fails, you've got to come back and fix it. When mistakes are made, I think you acknowledge it, go on and fix it and move on and go on to the next issue.

But based on the testimony I've heard, the Interior Department, it sounds like they missed a couple of opportunities to put a political reimbursement process in place. First, an inspector general report identified weaknesses in the process in the 1993 report. Second, in 1994, the Office of Management and Budget directed the Department to begin collecting the campaign reimbursements in advance. But it seems that both times, no one followed up afterwards to make sure the Department was in compliance with the new rules.

Do you know who at the Office of the Secretary had the job to ask those questions about compliance? Is that a fair comment?

Ms. COHEN. Well, I think it's not unfair. And I think that there are two things. One is that it—our mistake from the very beginning was not having a check on that system. And if we had had a check on that system, we would have routinely discovered these problems. We have now instituted that check. And we have taken steps to—we are now prepaid for everything.

Mr. HORN. Let me followup and add to that. You bear the title of both Chief Financial Officer, as I note here, and the Assistant Secretary for Policy, Management, and Budget. Has that been your title from the beginning?

Ms. COHEN. Yes.

Mr. HORN. When did you start?

Ms. COHEN. April, May 1993.

Mr. HORN. In essence, you came in with Secretary Babbitt.

Ms. COHEN. Yes.

Mr. HORN. Well, in a way, this whole incident, crazy as it is, but it proves my point. That I have gone after other Assistant Secretaries. I think it is completely misreading the law when Secretaries make the Assistant Secretary for Policy, Management, and Budget the chief financial officer. The whole purpose that Congress put a chief financial officer in these agencies on a bipartisan basis in a Democratic Congress joined by the Republicans, was that we wanted these agencies to have somebody that is watching the fiscal procedures, who can protect the Secretary, if you will—and I'm very sensitive to that point—and make sure the processes are being followed.

And, personally—and Treasury has exactly your situation. I've objected to it. You're all wonderful talented people, but you're doing two jobs. And the result is one job isn't being done right, because a chief financial officer could have caught that if he or she is spending their full time on the financing of the agency. And you aren't spending your full time. Neither is the Assistant Secretary of the Treasury spending his full time. You can't.

Your time is a tremendous job as Assistant Secretary and so is the Chief Financial Officer's job. Now, you will probably be in conformity with the law in terms of a balance sheet in 1997, as you know, is due. Defense won't be. IRS won't be. They're sort of in chaos in their systems.

But it seems to me that's one of the problems here. Nobody is paying attention to just the money and the processes. That's the whole reason Congress created the position of chief financial officer. It's like having the inspector general also be the business manager of the agency or something. It makes no sense. So I think that's one of the real flaws of why things like this go on. And if I were the Secretary, I'd be real mad, I will tell you. If my staff had done something like this—and I had a member of my staff once do this in my university situation—and I hit the ceiling.

I think that's one of our problems. We've got too much political control in the financial side when we ought to have a real professional on the financial side worrying about it every day, 24 hours a day. I know the long hours you all put in. I have no doubt about that. The problem is we aren't focused on this aspect. And if we had been, the Secretary would not have been blindsided by this, unless somebody in the Secretary's office said, we don't have to pay attention to that. I mean, we see those egos come out of campaigns regardless of party, also. They wind me up, so I hit the ceiling.

But I think the Secretary has been ill-served by this whole incident personally. I agree with Mr. Davis. I have no reason to question the Secretary's integrity in any way. But I think he's been let down by staff. And I think one place he's let down he might be re-

sponsible for, if he combined the CFO and the Assistant Secretary. Or did you inherit that?

Ms. COHEN. Did I inherit it?

Mr. HORN. Did your predecessor have this? Did Lujan have it this way?

Ms. COHEN. Yes, my predecessor did.

Mr. HORN. Well, he's wrong, too. So he's just lucky he got out in time then. But I just think it's something you ought to completely rethink in the executive branch. That's why we created an extra position. It wasn't to give somebody two hats and show they're working hard.

Ms. COHEN. Could I just respond briefly to that?

Mr. HORN. Fine.

Ms. COHEN. Because I testified before you actually on a panel on that a year or a year and a half ago. We have a very active group of chief financial officers. And that is often debated. And I would say one of the benefits—and I think that you're right. It's very hard to do both well.

One of the benefits of having both is that you have the budget under you, also. So you do have the opportunity to have more impact during the year on the financial well-being. It's not just an audit after the fact. And it's not simply setting up the appropriate procedures. It is really getting into how people are spending the money.

So I think there is a tension there that is not easy to resolve.

Mr. HORN. Well, I think the tension is good for an organization. It tunes everybody up. But I've cited before the instructions I gave my controller the day I became president of the university was, I called him in. I said, there're are two layers between you and me. A business manager, a vice president for administration. I don't care about them. When you see something pass your desk on a voucher and ask yourself, what would that look like on page 1 of the Los Angeles Times, you walk into my office. He did 2 weeks later. It saved me from a lot of embarrassment. And you've got to have that person really focusing on the job.

I saw another university president wreck his career from private university before a committee of this chamber long before I got here, not too long—a few years before—simply because he hadn't given those instructions and didn't know what was going on in the bowels and had no one to tell him, because they've had too much hierarchy.

Anyway, we will now proceed to the next witness. All of you can stay. We're not done, yet.

Mr. KANJORSKI. May I inquire, Mr. Chairman?

Mr. HORN. Sure. I'm sorry. I didn't see you come in. Mr. Kanjorski, 5 minutes.

Mr. KANJORSKI. Thank you, Mr. Chairman. May I inquire, because I missed part of the hearing? As I understand, we're arguing over \$5,000 here and we can't account for \$200? Is that the problem?

Mr. HORN. Is that what your staff told you the problem was? I'll let them worry about it and you can ask them. We're not arguing. We're talking about process. As I said, I think the Secretary was ill-served by a lack of process down there by his own staff. And

we've got a career official here who did brief them on the process. And they knew the preceding administration handled it in a certain way. But they didn't want to handle it in that way. They're handling it in another way.

And all I'm saying is in the desire for perfection, the Secretary has been ill-served.

Mr. KANJORSKI. Maybe I can inquire of you, Mr. Chairman. I have a copy of a memorandum from the Department of Interior regarding the inspector general's report made at the end of the last administration, where there was \$116,000 of unaccounted for travel expenses made by the officials of the Department of the Interior. And at the end of that administration, all vouchers and records were destroyed. Has this committee intended to inquire into that?

Mr. HORN. What we're doing is trying to solve current problems, but we'd be glad to look at past problems. You have a bill in, I mentioned favorably as I recall at the beginning, in my opening statement when you weren't here. Does that help address some of this?

Mr. KANJORSKI. Well, I believe it helps address some of it, Mr. Chairman. I'm just wondering. I have a lot of regard for you, Mr. Chairman. I know you're a man estudious and I want to get to the bottom of things. And I hope this hearing is not predicated by the memorandum that I saw this morning that was circulated with the intention from the House leadership.

Mr. HORN. Well, I think we disposed of that, at least on my part. No. 1, I never saw the memorandum until I read about it in the papers. No. 2, we started this in December. That memorandum has an April date, I believe. And we started our inquiries in January, of all Cabinet officers. And we followed up with a second one. All three events predate that memorandum, which is, as I said earlier, I guess the Truman term would be a red herring thrown across the tracks.

Mr. KANJORSKI. I see. So I assume that we can take this as a serious hearing, and I hope to. Let me examine some of the witnesses, if I may. Ms. Cohen, could you tell us, this \$116,000 that was unaccounted for from the Bush administration in the Interior Department, has anyone proceeded to do any more study or has anyone contacted the Justice Department for a more thorough examination? Have any activities been taken on that?

Ms. COHEN. We carried out the recommendations of the IG, but we had no additional—we had no documentation, and that was as far as we could carry it.

Mr. KANJORSKI. So we can assume that the U.S. Government lost \$116,000 as a result of activities of the prior administration in improper travel, using official travel for personal means because they succeeded in destroying all of the records.

Mr. ELLIOT. May I answer?

Ms. COHEN. Yes.

Mr. KANJORSKI. Surely.

Mr. ELLIOT. Mr. Kanjorski, there were several recommendations in there. Some of them were reimbursements by individuals who had taken personal trips or not taken the least costly method of transportation. And many, if not all, of those persons paid back to

the Government the money that they should not have assessed against the Government on their travel vouchers.

Mr. KANJORSKI. Was that made after the IG report for were those reimbursements?

Mr. ELLIOT. Some of them—there was a draft inspector general's report that was dated around January 13. And the final, I think, came out in February.

Mr. KANJORSKI. Yes.

Mr. ELLIOT. Some of those reimbursements may have been made in the interim period.

Mr. KANJORSKI. Do you see an abuse, a purposeful abuse of appointed officials, whether it goes as high as the Cabinet officer or the assistants? I mean, is there something here that tests the integrity of these individuals? Or is it an accounting problem generally and somewhat sloppiness as a result of the massive amount of time and activity that people are carrying on?

Mr. ELLIOT. It's certainly not former, not at all the former. It is partially—it's a process problem, as the chairman stated. The documents going into the fiscal office, there are several ways to potentially figure out what happened. But some documents—all of the documents went down to the fiscal office, but not all of it came out as bills when they were supposed to come out as bills. Some did. And if you look at the record, a number of those came out on early February 1994. And I cannot tell you exactly why somebody down in the fiscal office woke up and said, we haven't billed the 1993 trips, and then went to sleep again. And then billed nothing until 1996.

But it is a process problem which, as Ms. Cohen has stated, we think we have now got in place a new procedure sparked mainly by the committee's interest.

Mr. KANJORSKI. As I understand, though, the Government why we do not have a singular system, particularly in the executive branch, of accounting for travel, every department and every bureau and every agency puts their own program into effect. And in previous Congresses—the chairman may be interested—we tried to find some methodology of having a uniform accounting system, so there would be simplicity, understanding and sometimes all sides—I'm not picking on the chairman. When we were in power, we used it, because it sometimes is a juicy thing to talk about travel.

But I even notice now in the House, we're using it among Members' accounts. And it's probably one of the most difficult things to account for, because there is no set formula or regularity. Everybody is required to do their own accounting situation. And, depending on how expensive it is, whether it warrants putting a full-time personnel in charge of it or sufficient personnel.

Is there any way it would be worthwhile for us to get back to having a central accounting system, particularly in areas like travel that everybody shares across the board? And it is a multi-billion-dollar expenditure in the Government as a whole. I think it's somewhere around \$7 billion a year in the executive branch.

Mr. HORN. Let me get the right figure in there. As I remember, it's in our opening statement. Because what we're talking about are really—we started in on the secretaries because there had been complaints. That's how congressional committees get into things.

And then we decided, let's not just ask one, let's ask everybody. And we did. And we're now into Deputy Secretaries and Assistant Secretaries. The usual normal political appointees.

And Mr. Kanjorski is right. On all Government travel, you're talking about \$7.5 billion. But I think he and I would both agree that, regardless of who is in charge of the White House, you'd like to be protected from these things blindsiding you. And what really is needed here is the White House Cabinet Office, Secretary to the Cabinet, somebody should be worrying about the process for all of the President's top officials.

And it really is a separate issue, because of the politics. Career servants aren't usually going out making political speeches. Some might, but it's rare. But that's the role of a political official, is to go out and make a political speech.

But the role of the Government, this committee, and the taxpayers is to get the money back into the Treasury for what part of it was truly political versus what was official business.

Mr. KANJORSKI. Mr. Chairman, if we could just have a little bit of this dialog? Because I recently had an experience in traveling with the President, where he had to come into my district for the funeral of his wife's father. And while we were coming down, we were aware of the fact that good friends of his and mine were having a breakfast within 100 yards of the airport. And it was impossible for him to go to that breakfast without having to reimburse the Government something like \$88,000. So even the President of the United States.

I know you and I and Davis as Members of Congress, if you're traveling in an official vehicle, whether you could stop off and pick up a loaf of bread on your way to a function or if you could stop off at a friend's house and deliver something or just pay a visit. We're getting to the point, it seems to me, that we're disconnecting real life, and particularly real political life and real administration life from reality.

Mr. DAVIS. Will the gentleman yield? I mean, an \$88,000 reimbursement is a ridiculous outcome. I think we can agree on that. And the point we're trying to make here is no one, I don't think, has alleged that certainly Secretary Babbitt has anything but the highest integrity. But people below him have got to protect him, because what we use in our office is, do you want to see it on the front page of the Washington Post. Because, invariably, when something happens, you get embarrassed by it. You want to stop that. We don't like it.

We think our oversight will help that situation in the future and protect the Secretary and future Secretaries and everything else.

I don't know of any allegation here today that anybody tried to gain this thing for themselves. But there are some embarrassing accounts and some violations and it's happened throughout time.

Mr. KANJORSKI. If I could point out, though. I really wish I could bring—I think he is now a general, but he was a full colonel. He came to me about 3 years ago. And he had developed a computer system using the military aircraft, that he could save the U.S. Government almost half a billion dollars by landing and taking off and moving officials and employees of the U.S. Government around as they move these aircraft around.

Of course, nobody, particularly on the Hill was able to get into that. But there are actual savings of hundreds of millions of dollars that could be had if we looked at it in a holistic view without getting our political seasons up or our timeframe up.

Mr. DAVIS. Correct.

Mr. KANJORSKI. And I think travel is something. I've seen it destroy careers. I've seen it injure people. I perhaps held hearings where I know that certainly the President thought I was injuring. But it wasn't. I think we have to get to something.

On the other hand, we have to recognize that to move people around in security or to move them around timely is very important. For instance, you can't come into my district on commercial flight, simply because it doesn't exist. So if you're coming to my district as a head of the Government, you're either going to come in on a military aircraft or—

Mr. DAVIS. It's \$600 round-trip, as I recall.

Mr. KANJORSKI. It cost me more to fly to my district on a weekend, which is less than 200 miles away air flight than it costs me to fly to Frankfurt, Germany, if there were flights. And there aren't many direct flights.

So, I mean, we have some real problems in transportation in the country that affect Members of Congress, affect the executive branch, affect certainly the bureaucracy. And I would like to join the chairman at some point.

Mr. HORN. Let's get your friend out of retirement and have him come in as a witness. Maybe we'll save a half-billion here, a half-billion there.

Mr. KANJORSKI. Very good.

Mr. HORN. I'll be glad to proceed on that. But this one, what we're talking about is, A, do we have a system? Does the system work? Is there a pattern and practice of abuse? That's the kind of questions we're interested simply on this.

Mr. DAVIS. Mr. Chairman, can I just make one comment?

Mr. HORN. Yes.

Mr. DAVIS. I know this hearing today got off in a way with a partisan spar. I think that's unfortunate. We really do have an oversight role. And we hope to make your jobs—keep you on your toes, but hopefully help you do a better job of what you're doing and try not to get into what's not business.

When we can sit down and can talk about these things realistically without trying to point fingers, but get the problem solved, I think we can serve a constructive purpose. And that's really the purpose of why we're here today. And knowing for people in the civil service and in the Cabinet agency secretaries, knowing that if they make a mistake, they may be held up in front of a committee, that's a pretty chilling effect. So that will, I think, help bring in better management practices for these, for whatever party.

Mr. HORN. If we might, then, we're going to proceed now to Mr. Harold Gracey, the Chief of Staff to the Secretary of the Department of Veterans Affairs. Mr. Gracey, thank you for your patience.

**STATEMENT OF HAROLD GRACEY, CHIEF OF STAFF,
DEPARTMENT OF VETERANS AFFAIRS**

Mr. GRACEY. Good morning, Mr. Chairman. It's still morning. It's a pleasure to be here today. Thank you for the opportunity to discuss and clarify VA policies and practices regarding Secretary Brown's travel. I provided earlier, a formal written statement, which I would like incorporated into the record.

Mr. HORN. It is.

Mr. GRACEY. I would like to summarize it very briefly. Our records have been open to you, Mr. Chairman, and the other members of the subcommittee. And I am completely comfortable with that. The Secretary wants you to have any information that you want.

We have provided a large amount of material to the subcommittee in response to your requests. I believe that material clearly shows that Secretary Brown's travel is legitimate and reasonable. He has spent an average of only \$31,000 per year during his 3 years, significantly less than his predecessor.

We have been very conservative at the Department in our interpretation of the laws and regulations. And we have tried to apply common sense to these situations.

You may have noted that the Department under Secretary Brown's leadership has never leased, chartered, or rented aircraft for his or other employees' travel. Neither the Secretary nor his staff has ever flown premium or first class at Government expense. We have not used Government funds to travel for political purposes.

We reduced the number of our executive automobiles in compliance with White House and OMB directives, and we have not authorized home-to-work transportation for the Deputy Secretary. Further, the Secretary does not use home-to-work transportation himself.

We have made visible and successful efforts to cut our conference costs, and the Secretary, immediately upon assuming office, closed our executive dining room which provided subsidized meals to senior career and political officials.

Our Department is large and geographically dispersed, with over 1,000 facilities outside of Washington, from Manila in the Philippines to San Juan, Puerto Rico. We have 250,000 employees in those facilities. We provide benefits to millions of veterans and their families; 3 million patients in our hospitals; and 1 million veterans who come into our regional offices.

As a result, the Secretary has traveled widely, as did the previous Secretary; and before we were a Cabinet department, VA administrators. On his travels, the Secretary has spoken to thousands of employees, touched, visited, and left roses with thousands of patients and met with tens of thousands of veterans, from 100-year-old World War I veterans to 20-year-old Persian Gulf veterans.

The Secretary has received in his 3 years over 4,000 invitations, about 1,300 a year, the vast majority of which he must turn down. However, he has participated in 518 events in 46 States over the last 3½ years.

You specifically asked that I focus on the Secretary's travel to Chicago and we have provided supplemental material to you on

those trips. But for the record, let me state unequivocally that all of his Chicago trips were legitimate for the purpose of promoting VA and administration programs and policies.

It's unfortunate that in his written testimony, the first witness used as a basis for at least part of that testimony a factually incorrect 18-month-old newspaper article, which we had publicly corrected at the time. I would like to provide our response to that article for the record.

Mr. HORN. Please do. It will go at this point in the record, without objection.

[The information referred to follows:]

Los Angeles Times, 2/27/95

Letters to The Times

Brown on Visits to Chicago

■ In "VA Chief Logs Frequent Trips to Hometown" (Feb. 12), you discussed my travel schedule, and you questioned without substantiation my performance as secretary of the Department of Veterans Affairs. Performance can only be measured by results, and in the last two years we have accomplished much for the veterans of this nation. Results are a \$1.3-billion increase in the VA's fiscal year '96 budget. Results are landmark rules that allow VA to compensate chronically disabled Persian Gulf veterans with undiagnosed illnesses that have not yet been connected to their military service. Results are expanded outreach and services for homeless veterans and those suffering from post-traumatic stress. Results are enhanced health care services for women veterans. Results are expanded benefits for former prisoners of war and veterans with conditions related to exposure to Agent Orange. And, results are an unprecedented level of cooperation between this Administration and veterans service organizations.

One of my most important responsibilities as secretary is to provide a communications link between this Administration and the veterans of this great nation. I travel frequently at the request of veterans and other organizations for the purpose of updating them on VA benefits and services and responding to their concerns. I have visited 37 states—there are VA facilities in each one—and 144 cities, without neglecting any geographic region of the country.

All of my trips to Chicago were for official business. Chicago is a great city and a major convention site, and I was invited to many national conventions of organizations including the Elks convention (10,000 delegates), the Disabled American Veterans convention (3,000 delegates) the McCormick Foundation Tribute to the Tuskegee Airmen (1,000 delegates), the Armed Services and Veterans Affairs Department of the NAACP convention (1,000 delegates) and the Veterans of World War I 75th Anniversary convention (600 delegates). Events like these are important to me and to our veterans.

In addition, VA has a large presence in

metro Chicago (four medical centers, a regional benefits office for Illinois and a data processing center), and I have participated in many events on behalf of these facilities.

Though I am a resident of Virginia, I own the co-op apartment in which my mother resides in Chicago, and I stay with her when I am in town. I do not seek reimbursement for my lodging in Chicago. On 14 occasions, Chicago was the site of an event as part of a multi-state trip. In those instances when there was a day or so between events, it was momentarily advantageous to the government for me to remain in Chicago at \$38 per day rather than fly back to Washington for 24 to 48 hours and have the taxpayer pick up the tab for another flight to some other region of the country. On the rare occasion when I actually took personal time while in Chicago, I sought no per diem (\$38 per day) and received none.

The article also stated that during my March, 1994, trip to the Virgin Islands, I only participated in "two 30-minute banquet speeches" and a radio call-in show. In fact, my schedule included official business for the duration of the visit: two town meetings with veterans and local officials, each of which lasted several hours (excluding preparatory and travel time between islands); meetings with the governor and lieutenant governor; two meetings with local veterans, military, government and business leaders; tours of our Vet Center and clinic in St. Croix and the Vet Center in St. Thomas, and a number of news conferences and the radio program to which you referred.

JESSE BROWN
Washington

Mr. GRACEY. But let me say that clearly the Secretary's Chicago travel did not amount to 40 percent of his official travel at that time or now. At that time, he had been to 144 cities in 37 States and had done 330 events, of which 21 were in Chicago. As of today, he has traveled to 217 cities and 46 States and done 518 events.

Neither is it accurate to suggest that the Secretary's trip to speak to his nephew's eighth grade graduation was really a contrived vacation in Chicago. In fact, that event, to which he was invited in November 1993 as the commencement speaker, was part of an 11-day, 12,000-air-mile, four-city trip that included two weekends. I would be glad to go over that or any other trip to Chicago or any other trip to anywhere in detail now or with your staff at another time.

You should note that Chicago is a major convention city and that 12 of the Secretary's 26 trips there were for conventions of large organizations, like the Disabled American Veterans or the Paralyzed Veterans of America or the Elks. Similarly, Chicago is a major airline hub with many connecting flights. And on 16 of his 26 trips to Chicago, it was but one of several stops on a multi-city trip.

Further, while his home of more than 20 years is in Metropolitan Washington, so we would also like the chart corrected with regard to him, Secretary Brown grew up and went to school and college in Chicago and has many connections to people there. Therefore, he was a local success story when he became a member of the President's Cabinet. That is reflected in his over 150 invitations to participate in events in Chicago.

In fact, besides Washington and the metropolitan area, the Secretary receives more invitations to Chicago than any other city in the United States.

In summary, I believe we have operated in a reasonable and prudent manner while helping the Secretary to carry out his immense oversight responsibilities and trying to be responsive to the many demands of those who would like the Secretary to visit with them at their events.

Mr. Chairman, I would be glad to answer any questions that you or the other subcommittee members have.

[The prepared statement of Mr. Gracey follows:]

STATEMENT OF
HAROLD GRACEY
CHIEF OF STAFF
DEPARTMENT OF VETERANS AFFAIRS
BEFORE THE
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
INFORMATION AND TECHNOLOGY,
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT
HOUSE OF REPRESENTATIVES

MAY 16, 1996

Mr. Chairman and Members of the Subcommittee:

Thank you for this opportunity to discuss VA policies and practices regarding official travel.

On February 26, and April 2, 1996, VA provided the Subcommittee with information you had requested concerning travel by VA Secretary Jesse Brown. The materials VA has provided show that Secretary Brown's travel strictly complies with the laws and regulations governing official travel. Moreover, in some instances, VA has adopted policies more stringent than the Executive Branch policies. VA and its senior officials fully comply with these Executive Branch and VA policies in their official travel.

Aircraft

The VA, under Secretary Jesse Brown, has never owned, leased, chartered, or rented Government aircraft for employee travel. Thus, VA senior officials do not travel on VA aircraft. Secretary Brown's only use of Government aircraft occurred when the Secretary and Mrs. Brown accompanied the President on military aircraft to Europe for D-Day fiftieth anniversary activities. The Department of Defense coordinated this use of military aircraft.

Premium Class Travel

On February 16, 1993, the Secretary established a policy that only the Secretary or the Deputy Secretary may approve premium-class travel accommodations for any VA employee for which VA pays. The policy also provides that only the two Under Secretaries and major office heads may approve upgrades, and even then only for premium-class travel using "Frequent Flyer" points derived from previous Government travel. This tightening of premium-class travel approval levels has limited and clarified VA's policy regarding the use of premium-class travel.

This Secretary and his staff have never used premium-class travel accommodations. Indeed, these officials restrict their official travel to standard coach class. Except for any upgrades using "Frequent Flyer points," VA has authorized only employees who meet the policy's standards for exceptions to use first class travel (for example, handicapped employees needing special accommodations).

The Office of the Inspector General reports that it has initiated no audits, reviews, or the like, concerning improper use of premium-class travel by Office of the Secretary travelers.

Automobiles

A White House Memorandum dated February 17, 1993, concerning Use of Government Vehicles and OMB Bulletin 93-11 directed agencies and departments to reduce their owned or leased vehicles by fifty percent, and instructed that deputy agency and department heads not be authorized home-to-work transportation by Government vehicles. In compliance with these directives, VA has reduced the number of its executive automobiles, and has not authorized home-to-work transportation for the Deputy Secretary.

Conference Costs

Executive Branch directives (White House Memoranda dated February 10, 1993; OMB Bulletin 93-11; OMB Circular

A-126) further emphasize that agencies should limit conference costs to the minimum necessary to accomplish the agencies' missions.

VA makes every effort to minimize conference expenses. VA has tightened travel policy on agency-wide expenditures for travel and per diem to attend conferences and meetings by:

1. Requiring Under Secretaries, Assistant Secretaries, the Director, National Cemetery System, and other key officials to be informed in advance of all conferences and meetings planned in their organizations for which travel and per diem estimates exceed \$5,000, so they may determine that the number of attendees are necessary and justified.
2. Encouraging these officials to authorize reduced per diem rates when VA prearranges reduced cost lodging accommodations.
3. Requiring that conferences or training sessions involving more than 100 VA employees be approved by the Deputy Secretary.

Political Travel

At the request of the Subcommittee, VA has provided information concerning travel in which the Secretary engaged in "political" activity.

During all administrations in memory, the White House has issued guidance on political travel by senior officials. In this context, "political" travel means travel for events which advance the interests of a political party and its candidates for office. VA has made its senior officials aware of this guidance through briefings and written materials conducted and prepared by experts in the Office of General Counsel.

Generally, the White House guidance advises that appropriated funds may not be used for political events, and that political funds may not be used for official events.

The guidance additionally provides that travel for mixed official and political events requires an allocation between the official parts and the political parts of the event. The political campaign or organization involved must pay for the political part of the event, and Government funds must be used to pay for the official part of the event.

The information previously provided shows that Government funds have been used only for official activities. In those instances when an official trip has included political activity, the political campaign or organization has provided support. Also, the information shows that the Secretary minimizes travel costs by traveling with only one staffer on most occasions.

Chicago Travel

Your May 3, 1996, letter asked for information about the Secretary's travel to the Chicago area. In the last three years the Secretary has traveled on 112 trips and visited 46 states, 217 cities, and participated in more than 500 official events. He has visited the Chicago area 26 times, attending 53 official events.

Chicago is a major city and convention site, and the Secretary was invited to many national conventions, including the Elks Convention, the Disabled American Veterans National Convention, the McCormick Foundation Tribute to the Tuskegee Airmen, the Armed Services and Veterans Affairs Department of the NAACP Convention, and the Veterans of World War I 75th Anniversary Convention. Events like these are important to the Secretary and to our veterans.

In addition, VA has a large presence in the Chicago area, with four medical centers, five vet centers, a regional benefits office, a data processing center, and VA's National Acquisition Center. The Secretary has participated in many events on behalf of those facilities. Also, the Administration has asked the Secretary, as a native Chicagoan, to serve as its official representative to Chicago audiences. For instance, in April 1995, he attended the funeral of Bishop Henry Ford as the President's representative. The Secretary has spoken to school, civic

and church groups in Chicago as well as around the country. He believes it important that our young people and other citizens understand the sacrifices made by our veterans and the country's moral obligation to them, as well as keeping them informed about major issues affecting the country.

Although a resident of Virginia, the Secretary owns a co-op apartment where his mother resides in Chicago. The Secretary stays with her while in Chicago, rather than seeking Government reimbursement for lodging. On 16 occasions, Chicago was one site in a multi-state trip, and it was monetarily advantageous to the Government for him to remain in Chicago at reduced per diem between events, rather than return to Washington for 24 or 48 hours before departing for the next event.

Mr. Chairman, this concludes my formal testimony. I would be pleased to respond to any questions you and other members may have.

Mr. HORN. Let me ask the gentleman from Pennsylvania, can you stay for both witnesses? The next is Labor? Or would you like to question after each?

Mr. KANJORSKI. I'd like to comment.

Mr. HORN. Fine.

Mr. KANJORSKI. One of Secretary Brown's trips was to my district about a year ago or a year-and-a-half ago. And it points out the example that in that instance, I think—I don't know I would say I argued with him. But I was annoyed with him for using regular transport, because it necessitated that he arrive in my district 4 or 5 p.m., the day before to make an event the next morning. And it tied him up for 24 hours where, if he had used one of the executive aircraft, he could have flown up in 45 minutes, made the event, and then been back to his desk in 45 minutes without an exhausting occurrence on his part.

And it goes right to the issue that I think is so important. We're not comparing apples and apples and oranges and oranges. Some of the reasons these executives aren't using these executive aircraft is the fact the way they're built. It really doesn't cost to take a Lear jet from the Defense Department \$8,000. It only costs \$8,000 if you divide the number of hours flown into the total cost of the jet.

But once we buy the jet, whether you fly it or you sit it out at Andrews, it's still costing us the amount of money we paid for the jet. But it makes great headlines to say he flew in at \$8,000 an hour as opposed to a commercial rate of \$400. And it makes no sense to tie up the—what is it, 13 Cabinet officers, and the President and the Vice President by having them spend 15 to 20 hours on trips when otherwise they could touch down, be in, do their job, get back on the plane, and be back in Washington or on to the next site.

So in this instance, I've experienced both of that. And I've experienced the last Secretary's travel. He came to my district in a military aircraft with Members of Congress, not myself. And probably when you relate the two—and he was criticized for it, even by myself.

Mr. HORN. Substantially criticized.

Mr. KANJORSKI. But when you relate the two, he, at least, didn't have to spend as much downtime and deadtime by virtue of the fact of using military aircraft. So, I think the evidence here is clear. If we tie this all up, talk mileage, talk the \$8,000 an hour stuff, we're going to just drive these people into something, Mr. Chairman, that I think the Members of Congress reflect in the 104th Congress. I don't know about you, but I very seldom now accept speaking engagements outside of my district, just simply because I don't want to have to make the filings that are necessary and hear all of the noise that's necessary.

But I'll tell you something that I miss. I don't get the input from a lot of people across this country that should have a right to talk to a Member of Congress to tell them what their problems are out there. And it's bad enough for us. We've now contained ourselves. But I'm telling you, if we contain these Cabinet officers and they don't know what's happening out in the field and they aren't making the visits and the trips out there to find out what's happening, we're going to be a sorry site.

I had the pleasure of taking Secretary Brown into a dialysis section that was horrendous that had just had a \$4.7 million negligence verdict against because of how bad it was. And now as a result of that trip, they're going to correct that dialysis operation. We won't have as many deaths there that really were as a result of negligence and bad materials being used.

So, I just think we have to find some way to extricate ourselves in a bipartisan way. We don't want people to waste money. But on the other hand, we want them to utilize their time. And we want them out in the field. And we want them talking to people, because this is a representative government. And the more we contain this and the more we say, stay in beltway, we're only going to reinforce the beltway mentality. And I'm not sure that I want to live in a country that's governed with a beltway mentality. I'd much rather be talking to the people that really have problems and helping to solve those problems.

Mr. GRACEY. The Secretary agrees with you, sir.

Mr. KANJORSKI. Well, I can tell you with his experience and having tied up, not only himself but two or three of his people on that trip, I took him out to dinner the night before and I was the one that felt guilty about it because I know that he could have been at one or two other hospitals. He had to make a choice to come to mine and miss two or three others because of the mode of transportation. And that's really unfortunate.

Mr. HORN. Go ahead if you have some more questions. We're going to recess for a vote that you and I have to answer.

Mr. KANJORSKI. Yes.

Mr. HORN. So sit with us if you don't mind. Go ahead, if you have some more.

Mr. KANJORSKI. I was interested because I did not know the Secretary came from Chicago. And now I can understand the amount of invitations he had out there.

Mr. GRACEY. The Secretary grew up in Chicago and went to college there.

Mr. KANJORSKI. That's great. That's what we want, a role model getting up there, really encouraging other kids that know there is opportunity in this world and you can accomplish something by hard work. So I compliment the Secretary.

Mr. GRACEY. Thank you.

Mr. KANJORSKI. Mr. Chairman, I yield back.

Mr. HORN. We're going to recess for about 12 minutes. And the question is, how hungry are you, because we'll be glad to recess for lunch if there is that desire. Do you all want to just take another hour and a half or so, because that's what it's going to be probably? I'll be glad to recess, whatever you want?

Ms. COHEN. Let's keep going.

Mr. HORN. You want to keep going. We're sorry about these votes, but we're now in recess for at least 15 minutes.

[Recess.]

Mr. HORN. The hearing will resume. And I'll begin the questioning with Mr. Gracey. Mr. Gracey, Secretary Brown's response to the subcommittee's inquiry letter listed, as you've noted, some 26 trips to his hometown in Chicago, with six of these trips involving a total of 38 days. The Secretary claimed that, "It was monetarily

advantageous to the Government to stay in Chicago," rather than go back to Washington.

Now, let me understand this so I do understand it. Essentially, Secretary Brown is claiming that since he's already in Chicago and he's planning to come back to Chicago again in a few days, he might as well stay in Chicago at Government expense, rather than fly back to Washington.

Now, is that sort of how he rationalized that, or his staff rationalized it?

Mr. GRACEY. That is, in fact, how we computed his travel. He is not always going back to Chicago. But I think 16 of those 26 trips, they were mid-points on the way to someplace else. So, rather than bring him back to Washington at \$300 and fly him back out somewhere, it is, in fact, monetarily advantageous. And it's shown on the vouchers as that. And, in fact, although he may not have any scheduled events, he does, in fact, interact with us quite heavily and continues to work most of the time.

Mr. HORN. Now, the issue of a Tuesday-to-Sunday stay in Chicago that preceded a single event in Chicago—that was the eighth grade graduation speech—on another week has already been covered. In another instance, after the Secretary completed his speech in Chicago on Sunday, June 6, 1993, the Secretary stayed in Chicago until his next speech the following Sunday. The only listed events during the entire intervening week were 3 hours of visits to veterans centers, which could have been scheduled on any other of Secretary Brown's frequent visits to Chicago.

I note the Secretary claimed per diem expenses during the week he lived in his own home in Chicago, is that correct?

Mr. GRACEY. It's not his home. It's his mother's home. But, yes, he did claim the meal part of per diem during that time.

Mr. HORN. Does he own the home?

Mr. GRACEY. He owns the co-op apartment that his mother lives in.

Mr. HORN. So it's a facility he owns. And when he's serving the Government, his mother lives there. Or does she live there all of the time?

Mr. GRACEY. She lives there all of the time. He lives in Warrenton, VA, for the last many years.

Mr. HORN. But when he stays in Chicago, he stays in his own home. And he's claimed a per diem for it?

Mr. GRACEY. To cover his meals and incidental expenses; that's right. He has not claimed reimbursement for any lodging, which is about \$100 a day.

Mr. HORN. Well, that's a fascinating approach I've never seen before.

Mr. GRACEY. Well, we've computed it on the vouchers, Mr. Chairman, which your staff has. And it shows that, in fact, the direct comparison on that trip of him flying back versus staying there saved us \$184.50, I believe. I would also note that's a trip that was one of those mid-point trips. He had started on the 3rd, gone to Huntington, WV; Ocean City, MD; Atlanta; and Madison, WI, before he returned to Chicago. And then he was to do a commencement speech the next Sunday.

So then he has worked, in fact, on average—worked at events 41 weekends per year. Out of the 3 years, on average, 41 weekends a year where he had events, not travel time, but pure speaking or working events.

Mr. HORN. Mr. Walden, you're our expert that we've carried over from panel one. Do you have a reaction now on what we've heard on some of this as to the policies? Whether that's covered by the policy, whether there is an exception, whether it's being implemented properly, et cetera?

Mr. WALDEN. If I may speak from experience, and maybe not expertise. I was primarily responsible for doing damage control following the reports of Governor Sununu's misuse of Government aircraft. And I had a number of conversations with him concerning whether several ski trips were properly characterized as official events, because undoubtedly Governor Sununu spoke several times at each one of these weekend trips. Governor Sununu would not agree that those trips should be characterized as personal.

It was the Office of Government Ethics that reviewed the job of the White House counsel's office, which basically directed the White House counsel's office to go back to Governor Sununu and urge him to reimburse for those trips on the basis that they should be considered personal.

Now, I have no doubt that agencies can defend a public speech by a Cabinet member or a political appointee as being official. But I ask to look at the response from beyond the beltway, from the American people, when they see their Cabinet officials and senior White House officials claiming an official event for something that is basically personal and that the official cover is quite thin. I think judgment ought to be exercised in these cases, sometimes after the fact, and recharacterize events as personal.

I think I'm not prepared to analyze each individual trip made by the Cabinet members that are on that list on the chart there. But it is still my conclusion—it's in my book as well as in my introductory statement that a speech to an eighth grade graduation ceremony, similar to former Secretary Espy's speech to his children's class on a future at the Department of Agriculture should have been characterized as personal.

Mr. HORN. Well, we thank you for those comments. Now, getting back to Secretary Brown's other schedules, I notice that when his schedule indicates in several instances—and I think you might have mentioned this—the Secretary's traveling aide flew back to Washington and then returned to Chicago to rejoin the Secretary.

When you approve the cost for the Secretary's travel, did you consider the cost of flying department staff to and from Chicago while the Secretary was there?

Mr. GRACEY. Well, there is a considerable difference, Mr. Chairman. First of all, if his staff had stayed in Chicago, it would have cost on the order of \$140 a day because they have to stay in a hotel. So the balance tips when the Secretary is costing \$38 a day and the staff would cost you \$140 a day. The \$400 airfare doesn't offset it. It does in the case of the Secretary. It would have been wasteful to keep the Secretary's staff assistant in Chicago for those days.

Mr. HORN. When the Secretary has stayed in Chicago, where he has a condo that he owns and his mother is in there, are other departmental staff flown out from Washington to meet with him in Chicago and hold meetings?

Mr. GRACEY. No; they aren't.

Mr. HORN. So none of your records show any other staff flying out while he's there?

Mr. GRACEY. I don't believe so; no.

Mr. HORN. Does the Secretary have a personal office in the Chicago regional field office?

Mr. GRACEY. No; he doesn't.

Mr. HORN. So he simply drops by once in a while and he's working essentially out of his condo then?

Mr. GRACEY. That's correct. But we have four hospitals, a regional office, a computer center, and a procurement center also in Chicago, as well as five vet centers which you may be familiar with, where Vietnam and other veterans can drop in and receive nontraditional counseling. So, yes; we have a big operation in Chicago. He visits those facilities and those are shown in the vouchers as visits and events that are scheduled in advance. Other times, he visits the facilities and sometimes he doesn't.

He spends a significant amount of time on telephone conferences with me and other of his staff in Washington, however.

Mr. HORN. Now, were there any investigations, audits, review of travel practices of any other Veterans Administration officials? Have you had an internal review here?

Mr. GRACEY. There have been several. There was one of an Under Secretary for Benefits. There is an IG report. He was required to pay some money back.

Mr. HORN. Now, was that the IG doing these investigations or did your office do it?

Mr. GRACEY. Yes; the IG did them.

Mr. HORN. The IG did all of them. And you're saying this is Under Secretary for Benefits who was investigated?

Mr. GRACEY. Yes.

Mr. HORN. Were there any others?

Mr. GRACEY. An Assistant Secretary for Public Affairs and the Deputy Assistant Secretary for Intergovernmental Affairs were the others that I recall.

Mr. HORN. And that's Mr. Vogel, is it?

Mr. GRACEY. Mr. Vogel is the Under Secretary.

Mr. HORN. He's the Under Secretary. Now, the Deputy Secretary, what do we call him in Veterans, is it under or deputy?

Mr. GRACEY. Deputy.

Mr. HORN. Deputy. Has there been an investigation then of Mr. Vogel's travel at all?

Mr. GRACEY. Mr. Gober.

Mr. HORN. Yes.

Mr. GRACEY. I'm not aware of one. There may have been. We're not aware of one. We'll provide that for the record.

Mr. HORN. Was there any internal or external review of the Secretary's travel? Did the IG ever get into it? Did your office assign somebody to try and untangle it all?

Mr. GRACEY. I'm the Secretary's Chief of Staff and I keep fairly close tabs on what he does and sign his vouchers. And I'm a career civil servant. We have them reviewed, also, by the Office of the General Counsel when we think there is a question about whether an event is official or personal. They're here with me and you can speak to that, if you want, career officials from our General Counsel's Office.

We have done no broad overall review. We do remind people of the rules quite frequently.

Mr. HORN. So who is Audley Hendricks?

Mr. GRACEY. Audley Hendricks used to be an assistant general counsel and the designated agency ethics official. He was retained by the Secretary when he wanted to retire from the Office of the General Counsel as Counselor to the Secretary. He's a senior career senior executive.

Mr. HORN. What was his title with the Secretary? What is his title?

Mr. GRACEY. Counselor to the Secretary.

Mr. HORN. Counselor to the Secretary. Did Mr. Hendricks conduct an investigation or audit?

Mr. GRACEY. Not that I'm aware of. And I would be aware of it. But he has looked at many of the trips. However, if he does, we also clear those trips with the General Counsel's Office.

Mr. HORN. As you know, you're under oath here.

Mr. GRACEY. Yes.

Mr. HORN. So I assume these answers are the ones based on your knowledge of the situation.

Mr. GRACEY. It's to the best of my knowledge.

Mr. HORN. Who approves the hometown travel by top agency officials if they're going to their hometown for one reason or another? Be it official or whatever.

Mr. GRACEY. We treat that no differently than any other travel that I'm aware of.

Mr. HORN. Do you as Chief of Staff sign off on the political appointees, or does their Chief of Staff sign off?

Mr. GRACEY. They or their staff sign off themselves. I sign off only on the Secretary's and the deputy's.

Mr. HORN. Were any of the circumstances of hometown travel by your Deputy Secretary or Under Secretary, Assistant Secretaries, did any of those have circumstances similar to those of the Secretary in terms of staying in their hometown between lay-overs, arguing that it's cheaper for me to stay here than to go back to Washington and come out a week later?

Mr. GRACEY. Not that I'm aware of. Mr. Vogel's was focussed on his preappointment time when he was on detail for a year from Florida. He paid the Department back. The others, I believe were exonerated by IG investigations.

Mr. HORN. Did any of the other political officials or Schedule C staff, such as yourself—I assume you're a Schedule C.

Mr. GRACEY. No, I'm not. I'm a career senior executive.

Mr. HORN. Career senior executive. Now, are you in the SES then?

Mr. GRACEY. Yes.

Mr. HORN. And you're in there as a career executive or a political appointee?

Mr. GRACEY. A career executive.

Mr. HORN. When did you start with the Veterans Administration?

Mr. GRACEY. 1983.

Mr. HORN. 1983?

Mr. GRACEY. That's correct.

Mr. HORN. And you've held what jobs there?

Mr. GRACEY. I've held a series of jobs in our information resources management operation. Then I became executive assistant to the Chief Benefits Director, who has now become the Under Secretary for Benefits through two administrations.

Mr. HORN. So you've got a pretty good perspective then of how the system works within the agency, I would think, with that experience?

Mr. GRACEY. I think so.

Mr. HORN. To your knowledge, in terms of the general reviews, none of the political appointees are claiming the per diem on food when they stay in their hometown, only the Secretary is doing that? Or stay in their own residence.

Mr. GRACEY. I don't know what they're doing.

Mr. HORN. Do you think, given the political sensitivity that Mr. Kanjorski mentioned on this kind of thing, that it would be wise for a chief of staff, in order to protect the Cabinet officer, to know what they're doing?

Mr. GRACEY. I know what the Secretary is doing. I think it would be wise to know as much as I can know, yes, sir.

Mr. HORN. Have the Department policies for hometown travel been changed since Secretary Brown took office?

Mr. GRACEY. No; they haven't.

Mr. HORN. What is the departmental policy?

Mr. GRACEY. There is no explicit policy with regard to hometown travel.

Mr. HORN. In other words, you can stay there as long as you'd like and you can get the Government to pay your meals when you're in your own little bed?

Mr. GRACEY. No, you can travel only on official business and you can be compensated only when you're traveling on official business. And we can compensate you only when it's to the Government's financial advantage to compensate you, because we're leaving you there for our purposes.

Mr. HORN. I would think if that became a general rule, a lot of Cabinet officers might want a condo in Chicago to stay over between planes for a week and enjoy the Field Museum and all of the rest there. It just seems strange to me that when you have a home there, you own it—it's their condo—and you stay there for 6 days when the Government is down here being run. And I'll grant you, you can turn it over to your staff. I'm not that kind of guy, so I don't understand that.

But if you, to save \$10 on some plane ticket, you stay in Chicago and then you charge the Government for your meals. I find that just strange, if not weird. And you're saying that doesn't bother anybody.

Mr. GRACEY. Well, it evidently bothers you, sir.

Mr. HORN. It sure bothers me, I will tell you. I think it bothers the average taxpayer. I must say, Members of Congress who have to live on both coasts pay the exorbitant prices of Washington, DC, which costs us at least \$15,000 a year to have a minimal apartment around here and the food is another God-knows-what. And then we find Cabinet officers can stay in their home and charge it off as a Government per diem.

We don't even charge driving to the airport when we go home. And it's only when we don't have a car that we might occasionally rent one to cover your constituency duties.

But I realize to you, it's very little money. But I think to most of us, we say, good heavens, is this a pattern and practice in the Department and throughout the executive branch. What is it?

Mr. GRACEY. I think you'll find, and we would be glad to go over it trip by trip in some detail with your staff if you'd like or here if you'd like, that, first, it's legal. Second, we're within the rules and we're being prudent. There are times when the Secretary has taken a rest and a complete rest and has not claimed that.

Mr. HORN. Well, if he's taking vacation time, he shouldn't be claiming a per diem.

Mr. GRACEY. That's correct. He doesn't.

Mr. HORN. But he has taken a per diem, right?

Mr. GRACEY. He has taken a per diem when it's to our advantage to keep him there and he continues to work.

Mr. HORN. I would think politically one would have wiser advisors that tell you, hey, chief, this is crazy, don't do it. And if I were the Secretary, I'd be worried about if he's getting good advice.

Now, you say the hometown travel, there is no approval point at the VA. That doesn't come into you. That's strictly handled with the Deputy Secretary, the Under Secretary and the Assistant Secretaries, is that right, whether they want to stay over?

Mr. GRACEY. Hometown travel is like any other travel. There is no specific policy for hometown travel, except that personal business is to be done on personal expense and official business is to be done at the official expense. But we don't pay for people to go home to spend a weekend with their parents, no.

Mr. HORN. Well, Mr. Walden, what do you think? If you were making a recommendation, should the White House, regardless of administration, have some point where political appointees can't go out and embarrass the President? If I were President, I'd be right through the wall by now, frankly, on some of this. But, what do you think?

Mr. WALDEN. Well, I do recommend that the White House issue a policy with regard to hometown travel or travel to personal events. It would rest discretion with the individual agency. But it would put agencies on notice, Cabinet members on notice, that the President would not tolerate reports of disproportionate travel. Now, obviously, individual trips can be defended and explained. But clearly this is a recurring problem and not unique to the Clinton administration.

And it does give an improper appearance that public office and public funds are being used for other than official purposes.

Mr. HORN. We're going to go to the next witness now, but I'd like all of you to stay in case there are some general questions or in case some other Members come back. But we will be following up with staff questions to you, if you would be good to give us the best answer you can of your recollection. And the oath does apply to those questions. So you've taken an oath for all testimony you give before this subcommittee. And that will apply to the written submissions which will be included in the record.

Now, let me move on then, to Ms. Patricia Lattimore, the Deputy Assistant Secretary for Administration and Management in the Department of Labor. Thanks for your patience, Mrs. Lattimore. Please proceed. As you know, we include your statement in the record. If you'd like to summarize it, fine. Or if you'd like to read parts of it, fine. It's up to you.

STATEMENT OF PATRICIA LATTIMORE, DEPUTY ASSISTANT SECRETARY FOR ADMINISTRATION AND MANAGEMENT, DEPARTMENT OF LABOR

Ms. LATTIMORE. I'd like to go through a few of the pieces that are included in the written statement, mainly to speak to the procedures that we've used at the Department of Labor, principally focussing on the application of the procedures for the travel by the Secretary of Labor.

While a number of the circulars and White House guidance that you spoke to in your invitational letter did not apply directly to us because we don't own aircraft subject to those various documents, I would like to point out that we have achieved some significant savings through our implementation of the administration's cost-saving initiatives.

At the beginning of this administration, the Secretary directed that the Department's fleet of cars be reduced from six to three, resulting in our saving \$74,000 annually. At the same time for similar reasons, the Secretary closed our executive dining facility, which saved another \$95,000 in annual space and salary costs. And the Secretary has also discontinued to use the first-class travel on domestic flights, except in very rare instances.

Your staff has also asked us to discuss our compliance with the rules which allocate expenses between political and official travel. These rules for us are derived from two very simple principles. First, that public funds must be used only for public purposes. Therefore, political travel should not be financed with such funds. And, second, that official activities should ordinarily be financed only by appropriated funds.

Administrations of both parties have long recognized that specific political travel rules are necessary if these rules are to achieve their purposes. And in an area as sensitive as political travel, it is clearly necessary to minimize any ambiguity and uncertainty. Detailed rules are needed, but complexity poses a challenge. Complicated rules are clearly more difficult for affected officials to understand and apply. This difficulty is compounded by the fact that travel arrangements during any political season can often be bewildering complex.

Trips sometimes include a mixture of official, political, and personal travel; travel plans change and sometimes with little or no

notice. Applying intricate allocation formulas in this dynamic environment requires systems that can readily adapt to changing circumstances.

To deal with these challenges, the Department has adopted a two-prong strategy. First, we have a training and information program, which ensures that those engaged in political travel and a staff responsible for the administration of travel programs are fully informed.

Second, we've adopted and maintained a workable and efficient travel process to promote full compliance. The Department has long taken a comprehensive approach to its training and education. Most recently, October 10, 1995, our experts from the Office of the Solicitor gave extremely detailed presentations and briefings to the Deputy Secretary's senior staff meeting, which included all of our Assistant Secretaries and agency heads.

Our Deputy Secretary, following that, directed that the Office of the Solicitor schedule briefings for each of those Assistant Secretaries' immediate staffs, as well as a pertinent staff in the Office of the Secretary.

Our Solicitor's Office experts have also held several group training sessions and remain in regular contact with our Secretary's scheduling officials about any new developments or important issues impacting on how we handle travel.

I will now describe our policies for trips by the Secretary which include a political event. The political travel procedures we use build upon the mechanisms we have established to assure that routine official travel by the Secretary complies with the Government travel regulations and procedures.

For nonpolitical travel, our scheduling office and officials develop the proposed schedule, arrange for necessary transportation and accommodations in accordance with existing rules. During the trip, the Secretary's staff manages the schedule and keeps track of the actual time spent at each event. At the end of the event or the trip, a clerical employee in our Office of the Secretary receives a copy of this annotated schedule with the travel documents and prepares an appropriate travel voucher. If there are any questions, that draft voucher is reviewed by the Solicitor's Office prior to being transmitted to our financial management services staff for review, processing, and payment.

When trips involve any political travel, the Department has adopted a little more complex procedure. Invitations to attend political events are routinely transmitted to the Secretary's scheduling office once the invitation is accepted and the trip involves mixed official and political travel. The scheduling officials prepare a complete schedule for the trip, including and identifying all official, political, or personal segments.

That schedule is sent to the financial management services staff for review. The financial office carefully reviews a draft schedule, considers the nature of events and applies the proper cost allocation formula. The formulas that we follow are those contained in a White House memorandum of October 18, 1995, which covers Presidential events; or the memorandum of February 17, 1994, which covers non-Presidential events. The principles set forth in those memoranda are those by which we are governed.

After determining which formula is appropriate, our financial office calculates the amount due from the political organization, the schedule is returned with the calculations to the scheduling official. The Secretary's office then submits the schedule and the calculations to the Solicitor's Office for review. Once that review determines that the schedule and the calculations are consistent with legal requirements, our scheduling officials bill the political organization for its fair share of the trip's expenses in advance. Those checks covering political expenses are made payable to the Secretary personally and deposited in his personal account.

To avoid even temporary use of Government funds for political purposes, our Secretary has decided that he will purchase transportation and other accommodations with his own funds.

During the trips, the Secretary's advance person carefully tracks all of the Secretary's activities and marks revisions on the initial schedule to reflect the actual time spent. At the conclusion of the trip, the revised schedule is once again sent to the financial office which recalculates the amount due from the political organization based on any new numbers. If more money is due, the political organization is billed for the additional amount. If the political organization is overpaid, the Secretary rebates the amount due.

The clerical employee in the Secretary's office once again prepares a travel voucher. The voucher is based on trip records, receipts, and the Secretary's final annotated schedule.

The voucher contains a breakdown of the expenses to be paid by the political organization and those which are the responsibility of the Government. Those calculations are based on the hard time formula and the characterization of activities for official and political, as well as a formula, are included on the front of the vouchers.

This voucher is also reviewed by the Secretary and by the Solicitor's Office and ultimately submitted to our financial office for formal review and processing.

The procedure I've just described is used when a trip includes both official and political events. When the Secretary undertakes a purely political trip, things are a little simpler. The trip's expenses are solely the responsibility of the organization and not the Department's. And the paperwork and calculations needed for mixed trips are therefore not necessary.

That's essentially the system we use. I would be pleased to answer any questions that you may have.

[The prepared statement of Ms. Lattimore follows:]

STATEMENT OF PATRICIA LATTIMORE
DEPUTY ASSISTANT SECRETARY OF LABOR
FOR ADMINISTRATION AND MANAGEMENT
BEFORE THE
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
INFORMATION AND TECHNOLOGY,
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

May 16, 1996

Mr. Chairman and distinguished members of the Subcommittee:

This morning, I will describe the procedures which the Department of Labor has established to assure compliance with the rules and guidelines covering political travel by Federal officials. Our principal focus will be the application of these procedures to travel by the Secretary of Labor.

Before dealing with these matters, I want to turn briefly to some other areas mentioned in the subcommittee's letter of invitation. You have asked us to address the Department's implementation of OMB Circular A-126, the White House Memorandum (dated February 10, 1993), and OMB Bulletin 93-11. The Department of Labor does not own any aircraft subject to these various documents.

We have, however, achieved some significant savings through our implementation of the Administration's cost saving initiatives. At the beginning of this administration, the Secretary directed that the Department's fleet of cars be reduced from 6 to 3. This action resulted in a savings of \$74,000 annually. At the same time, and for similar reasons, the Secretary immediately closed the Department's executive dining facility, which has saved the

American taxpayer \$95,000 in annual salary and space costs. Additionally, the Secretary has discontinued the use of first class travel on domestic flights.

Your staff has also asked that we discuss our compliance with the rules which allocate expenses between political and official travel. These rules are derived from two very simple, principles. First, public funds must only be used for public purposes. Therefore, political travel should not be financed with public funds. Second, official activities should ordinarily be financed only by appropriated funds. While these principles are uncomplicated, the rules which implement them are specific and complex, and different rules apply to political and ordinary travel.

Administrations of both parties have long recognized that specific political travel rules are necessary if these rules are to achieve their purposes. In an area as sensitive as political travel, it is necessary to minimize the ambiguity and uncertainty. The citizens whom our government serves insist on total confidence that public funds must not be diverted to partisan political uses.

Detailed rules are needed, but the complexity poses challenges. Complicated rules are more difficult for affected officials to understand and apply. This difficulty is compounded by the fact that travel arrangements during a political season can often be bewilderingly complex. Trips sometimes include a mixture of official, political, and personal travel. Travel plans change, and sometimes with little or no advance notice. Applying

intricate allocation formulas in such a dynamic environment requires systems that can readily adapt to changing circumstances.

To deal with these challenges, the Department of Labor has adopted a two-pronged strategy. First, we have established a training and information program which assures that those engaged in political travel and the staff responsible for administration of travel programs are fully informed of applicable requirements. Second, we have adopted and maintained workable and efficient travel procedures to promote full compliance. These efforts have involved close cooperation among many parts of the Department of Labor.

The Department of Labor has long taken a comprehensive approach to its training and education efforts. A fully effective education and training program requires an ongoing effort. Our most recent education effort began on October 10, 1995 when experts from the Office of the Solicitor gave a detailed presentation on the political travel rules at the Deputy Secretary's senior staff meeting. The senior staff includes all of the Department's Assistant Secretaries and agency heads.

At the conclusion of this meeting, the Deputy Secretary directed that the Office of the Solicitor schedule briefings with the immediate staffs of each of the Assistant Secretaries and the staff of the Office of the Secretary. These initial meetings have been completed, but followup meetings have been and are continuing.

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Solicitor's Office experts have held several group training sessions with staff in the Secretary's Office and remain in regular contact with the Secretary's scheduling officials about new developments and other important issues. Close communication is maintained with the office of the Assistant Secretary for Administration and Management which handles travel matters. White House memoranda dealing with political travel have been distributed to the Executive Staff and those involved in the administration of the travel program. Questions from all Department officials are encouraged, and the Solicitor's Office responds regularly to travel-related inquiries. These initiatives have furthered the effectiveness of our compliance efforts.

I will now describe Department's policies for trips by the Secretary of Labor which include a political event. The political travel procedures build upon the mechanisms we have established to assure that routine official travel by the Secretary complies with government travel regulations and procedures.

In the case of non-political travel, the Secretary's scheduling officials develop the proposed schedule and arrange for necessary transportation and accommodations in accordance with the travel rules. During the trip, the Secretary's advance staff manages the Secretary's schedule and keeps track of the actual time spent at various events. At the end of the trip, a clerical employee in the Office of the Secretary receives a copy of the annotated schedule and travel documents and prepares an appropriate travel voucher. If there are significant questions, the draft voucher is sent to the Solicitor's Office for review, as

appropriate. The final voucher is then transmitted to the Financial Management Services Center in the Office of the Assistant Secretary for Administration and Management for review, processing, and payment.

When trips involve any political travel, the Department of Labor has adopted more complex procedures to insure that there is full compliance with rules governing the allocation of expenses. These procedures are employed because of the sensitivity of political travel and the complexity of the political travel rules.

Invitations to attend political events are routinely transmitted to the Secretary's scheduling office. When an invitation is accepted and the trip involves mixed official and political travel, scheduling officials prepare a complete schedule for the trip, including and identifying all official, political, or personal segments. They send it to the Financial Management Services Center for review.

The staff in the Financial Office carefully reviews the draft schedule, considers the nature of the planned political events, and applies the proper cost-allocation formula. These formulas are described in a White House Memoranda of October 18, 1995, which covers Presidential campaign events, and another White House Memorandum of February 17, 1994, which covers non-Presidential political events. The principles set forth in these memoranda have long governed the allocation of financial responsibility for trips which include political events.

After it determines which formula is appropriate, the Financial Office calculates the amount due from the political organization. It returns the schedule and calculations to the scheduling officials. The Secretary's Office then submits the proposed schedule and the Financial Office's calculations to the Solicitor's Office. Once the Solicitor's Office determines that the schedule and the calculations are consistent with legal requirements, scheduling officials bill the political organization for its share of the trip's expenses. Checks covering political expenses are made payable to the Secretary personally and are deposited in his account at the Department of Labor Credit Union.

In order to avoid even temporary use of government funds for political purposes, the Secretary has decided that he will purchase transportation and other accommodations with his own funds and then seek reimbursement for the Department's proper share of the trip's expenses. He makes the purchases using an official government credit card, but they are his own personal legal obligations and not those of the Department.

During the trip, the Secretary's advance person carefully tracks all of the Secretary's activities and marks revisions on the initial schedule to reflect the actual time spent. When the trip is concluded, the revised schedule is sent to the Financial Office which recalculates the amount due from the political organization based on the new numbers. If more money is due, the political organization is billed for the additional amount. If the political organization has overpaid, the Secretary rebates the amount due from his personal credit union account.

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A clerical employee in the Secretary's Office then prepares a travel voucher, which is used to seek reimbursement of official expenses from the government. The voucher is based on trip records, receipts, and the Secretary's final schedule. It contains a breakdown of the expenses to be paid by the political organization and those which are the responsibility of the government. The draft voucher is sent to the Solicitor's Office for review. If approved, it is submitted to the Financial Office for formal review, processing, and payment.

The procedure I have just described is used when a trip includes both official and political events. When the Secretary undertakes a purely political trip, things are much simpler. The trip's expenses are the responsibility of the political organization and not the Department of Labor. The paperwork and calculations needed for mixed trips are therefore unnecessary. Any obligations incurred by the Secretary are with his own personal credit card, and it is his personal responsibility to seek reimbursement for any sums due.

Mr. Chairman, maintaining public confidence in the integrity of the government's fiscal processes is a matter of urgent priority. The Department of Labor believes that the safeguards we have established to avoid the use of public funds for partisan political purposes are well worth the time and effort that they take. They work efficiently and effectively, and we are fully committed to assuring their success.

I would be pleased to answer any questions that you or the members of the Subcommittee may have.

Mr. HORN. Thank you very much, Ms. Lattimore. Could you tell me how long you have been with the Department of Labor? Just give me a feel for that.

Ms. LATTIMORE. In this most recent position, I've been there since October 1995. I previously worked for the Department for 12 years in the administration and management office starting in 1978.

Mr. HORN. So you essentially were a career employee of the Department of Labor?

Ms. LATTIMORE. Yes, and I still am.

Mr. HORN. And you still are as Assistant Secretary?

Ms. LATTIMORE. Yes.

Mr. HORN. So you're one of the last of what the Hoover Commission visualized that you'd be the top career servant in the Department.

Ms. LATTIMORE. I'm the deputy of that job.

Mr. HORN. I see. And is the person holding that job a political appointee or a career person who is a political appointment?

Ms. LATTIMORE. The Assistant Secretary is a political appointee.

Mr. HORN. Because in the 1950's, you still found the career person, like Jimmy Dotson, who started at GS-1 and ended up at GS-18, an Assistant Secretary, when I was working there. Anyhow, you know how the system works within the Department.

Ms. LATTIMORE. Yes, sir.

Mr. HORN. Let me ask all of you, because I've been on that receiving end as a Cabinet assistant 30 years ago. When a political invitation comes in and it looks pretty appealing and maybe the boss knows the person and would like to help them out, whatever, do you accept that first and then build official business around it? How does that work? Let's start with you, Ms. Lattimore. Do they build official business around the political invitation that they really want to go up and be helpful to an old crony or friend or whatever, the faithful?

Ms. LATTIMORE. No, sir. That is not how it is approached.

Mr. HORN. So you're saying there is an official schedule first and then there is a political opportunity? I'm trying to get the chicken-egg relationship.

Ms. LATTIMORE. The Secretary has a public schedule that's done on a regular basis. There are times that an event occurs, which is solely a political event. There are times that invitations come in that are in similar areas or in timeframes that comport with official events. But in no instances do we attempt to contrive official events to support the political event.

Mr. HORN. How about VA, Mr. Gracey?

Mr. GRACEY. I would agree with that general description. We have a longstanding schedule of responding to a bunch of invitations and seeing which ones we can hook together. Generally speaking, we see if a political invitation comes in—and not many do—whether we can fit it in. Often, we're asked while we're on a trip, you're going to be in, can you stop and do so while you're in town. That's by far the most likely. Also, we never arrange Government business around a political trip.

Mr. HORN. How about you, Ms. Cohen?

Ms. COHEN. I would echo what they say. We get in the political invitations. The Secretary, as your charts show, travels quite a bit. His schedule is usually established a couple of months in advance. So if there is a political invitation, we look at that against the schedule and see whether or not it can be fit into what is basically Government business. Otherwise, we have to turn it down.

Mr. HORN. Let me ask our expert on the OMB circular. Having heard that, that they line it up for official business and then maybe something pops up or it can work in either direction for the political side, what do you think our OMB circular is doing in terms of proper billing and apportioning? Should it be different when a political event is put in? Or should it be strictly on-the-minute accounting, which, in essence, is what Secretary Reich has done? He's divided how many minutes does he spend in this particular activity and bills accordingly.

What's your feeling on this?

Mr. WALDEN. Well, the OMB Circular A-126 deals with Government aircraft. And Government aircraft are not often used on mixed trips or political trips. That would occur more in the White House with the President and the Vice President than at the Cabinet agencies.

With regard to use of commercial aircraft, the allocation formula becomes—really emanates from appropriations principles. And I do not believe it has its source in a regulation or in a statute or a policy statement.

Mr. HORN. How do Presidential campaigns handle it, by the way? As I remember, they pretty much pay for the whole freight on Air Force One. Has that changed?

Mr. WALDEN. Well, they don't pay for the entire cost of Air Force One. What is done is for all travelers, other than official travelers, the campaign pays the equivalent of a first-class ticket for that event. Using the hypothetical trip formula, which again excludes all official stops and only looks at the trip as if the trip was only political stops, the first-class ticket covering that itinerary then is paid for by the Presidential campaign for all political travelers.

Now, this is in my written testimony, but I didn't discuss it today. There is a general proposition that when the President flies, even for a partisan political event, wholly political, there are people who have to be with the President at all times because the President is President at all times. And there is no charge to the campaign for their presence. They include military aides, Secret Service, and an occasional aide, such as the staff secretary who reviews every piece of paper that goes before the President.

Similarly, if there is a public affairs official that accompanies—such as Assistant Secretary—that accompanies a Cabinet official on a mixed trip, if the official secretary keeps his or her responsibilities to official responsibilities, then there would be no need to apportion that person's travel on a mixed trip. It would only be the officials who engaged in political activity.

Mr. HORN. In other words, if a Cabinet officer was in New York or San Francisco, it would not be unusual to have your Chief of Staff or your executive assistant or your administrative assistant, whoever, however described—there are all sorts of titles—with you to keep track of who you're seeing, get the address right, follow-up

on the thank you's and case or whatever it is. And if that person accompanied you to the political meeting, doing the same thing as they do at the official, then that would make that person, what, pay back a portion of the trip?

Mr. WALDEN. Yes; reimbursement would be sought for any traveler who engages in political activity.

Mr. HORN. And you agree that what I'm saying is political activity?

Mr. WALDEN. Excuse me. Who attends a political event. This has been the case, in my experience in the Bush administration, where a White House official or a Cabinet Secretary would attend a fundraising dinner. And the staff assistant would attend that fundraising dinner. They wouldn't speak. It was the Cabinet Secretary or the White House official who would be doing the speaking. But there would be reimbursement based on the official's attendance. That's a judgment call. Again, if an agency can explain that the person accompanying the Cabinet member refrained from engaging in any political activity or attending any political activity; or the attendance at such political activity was only in one's official capacity, then I think the agency can justify not seeking reimbursement for that official.

Mr. HORN. Mr. Walden, are there any other things you want to comment on, based on all of the testimony you've heard today? Where do you think we ought to go from here? Do we need any changes in that OMB circular, or is it simply a matter of enforcement and a process at the Department level?

Mr. WALDEN. I think on A-126, I do think it's a matter of enforcement. I think the President has taken some steps to reduce costs involving the use of Government aircraft. But another statement by this President and future Presidents, that they will not tolerate abuse of Government aircraft, would be welcome; as well as a similar statement with regard to hometown travel. I do believe that the White House ought to put out a policy that, although discretion is in each agency, makes it very apparent that abuse or reports of abuse will not be tolerated.

And then, finally, on political travel and reimbursement, I did not think it was necessary for the White House Counsel's Office, following Governor Sununu's problems, to put out a policy throughout the executive branch on billing timely and seeking reimbursement timely and providing dunning notices, if necessary. I thought that went without saying. And it should have gone without saying within the White House. But it didn't. And that produced a page 1 story in the Washington Post, where I was prominently featured. And it was not at all a welcome sight. But I thought that would be adequate notice to the world or at least this town that billing ought to be done in a timely manner and their checks ought to be in place.

Now, having said that and realizing that there have been some mistakes, albeit human error, I believe the White House ought to also include in its political activity or travel memoranda in the future a requirement that characterization of activity be done within a certain period of time; that billing be done within a certain period of time; and that dunning notices go out if there is any problem.

Mr. HORN. In other words, a 30-day period would be reasonable.

Mr. WALDEN. A 30-day period, yes.

Mr. HORN. Get back from the trip, send out the bills and try to collect it before Mr. Dinkins committee goes out of business and you've got the person in the White House.

Mr. WALDEN. And that's what happened—again, dealing with Governor Sununu's travel, some of the reimbursements were so late, that the political campaign committee went out of existence. And the Republican party of the State or the Republican National Committee had to assume the cost. And it gets really messy when that occurs.

Mr. HORN. In the White House, Is it the Cabinet secretary who ought to sort of supervise this top-level appointee travel to avoid the hometown problem, the billing problem?

Mr. WALDEN. I can't speak to this White House. I think the Bush White House did not have adequate policies and procedures in place. The travel authorizations for Governor Sununu's travels were basically executed within the Chief of Staff's office. There was no independent review of his use of Government aircraft until the story broke in the Washington Post in April 1991.

Mr. HORN. Now, do we know what the current White House policy is on that, on who reviews the Chief of Staff's travels?

Mr. WALDEN. Yes; following David Watkins' golf trip, the White House revised its policy with regard to trip-by-trip approval of the use of—I believe it's all Government aircraft, to require review by the—well, now, I don't know. It's in my book. I'm sorry. The review is independent of, I think the Chief of Staff's Office, or when the Chief of Staff is traveling, then it's in the counsel's office.

Mr. HORN. Would it be the general counsel's office?

Mr. WALDEN. Yes; it's the White House counsel's office in some respects, but I don't believe it's across the board. But there is an independent review done.

Mr. HORN. That solves the problem for government-owned aircraft, but it doesn't solve the problem on using a commercial flight, abusing the system by staying over in the hometown and all of the rest of the stuff.

Mr. WALDEN. And for that, I do recommend that agencies put systems in place whereby the counsel's office can review trips in advance where that question might come up. I'm not saying that a trip home necessarily is going to be deemed personal. But definitely there ought to be independent review of those trips in advance to avoid the controversy that several Cabinet members have found themselves embroiled.

Mr. HORN. Well, sometimes you have these overawing personalities appointed to the Cabinet. Maybe 1 out of 10 is an overawing personality. And I suspect the personal staff are reluctant to tell them, "Hey boss, this is crazy, it's wrong. I mean, it might be legal. But it's A, stupid; B, wrong; and maybe even slightly unethical." And the question is, You've been a Chief of Staff now as well as a person that's a career person there, do you think your fellow Chiefs of Staff in the administration or any administration you've seen, be it Bush, Reagan, however far you go back to Carter, do they have the guts to speak up to the great man or the great woman that's running that department?

Mr. GRACEY. Well, this one does and has. And I think that you'll find most people who get to those positions in big Cabinet departments, depending on the path they take, do. Whether they exercise it is another thing.

Mr. HORN. Well, after all of this ruckus, are you going to go back and rethink some of your advice?

Mr. GRACEY. I don't know whether rethink is the right word. I think I certainly will make sure that we continue to consult with our counsel's office and let the Secretary know how he's perceived.

Mr. HORN. Yes.

Mr. GRACEY. I still think you need to look in the large context, Mr. Chairman, and see what happened on some of those trips and where the Secretary had been and how they started on Sundays and ended on Sundays, and whether you change your mind when you look at the details.

Mr. HORN. Well, I'm sure that people can rationalize things, but the political world that we live in and the fact that we need accountability of public servants, be they legislative, executive, or judicial to the taxpayers that pay all of our bills, it just seems to me there is only one way to go on this in terms of giving proper advice to a Cabinet officer and to protect that officer from having their name on page 1 somewhere. And that's always the way I've always pursued it as an assistant to a Cabinet officer. I said, you might not like to hear this, chief, but this is the way it is; or assistant to a Senator, same thing.

Mr. GRACEY. I assure you we have those conversations, Mr. Chairman.

Mr. HORN. Well, if staff has no more questions here, we will then thank the staff that have been involved in this hearing.

The minority staff, Miles Romney, counsel, seated right there; Mark Stephenson and David McMillen, the professional staff members.

For the majority staff headed by Russell George, who is staff director and counsel. Mark Uncapher, sitting at my left now on the labor portion, professional staff member and counsel. And Council Nedd, professional staff member behind him, who is seated with the other two. And then we have Andrew Richardson, our clerk.

And we have our official reporter, Patricia Kueber.

We thank you all. Thank you very much. With that, the meeting is adjourned.

[Whereupon, at 1:25 p.m., the subcommittee was adjourned.]

ISBN 0-16-055485-3

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