

DATE: December 19, 2013

TO: Carrie Hessler-Radelet, Acting Director

FROM: Kathy A. Buller, Inspector General

SUBJECT: Increased Use of Premium Class Travel by Agency Senior-Level Officials

The purpose of this memorandum is to alert you of the agency's increased usage of premium class travel over the last three fiscal years. We received complaints from several anonymous sources claiming abuse of premium class travel privileges by Peace Corps employees and initiated an investigation. The investigation did not disclose violations of federal regulation or Peace Corps policy, but did identify a significant increase in premium class travel among agency senior-level officials since fiscal year (FY) 2011, despite the agency's own travel-related memorandums, which stated that travel would be restricted to essential travel only in an effort to avoid sequester-related budgets cut in FY 2014.

Background on the Peace Corps' Travel Policy

On January 7, 2013, the Peace Corps revised the *Peace Corps Manual* Section (MS) 812, "Peace Corps Staff Travel and Transportation." On March 14, 2013, you sent a memorandum to all Peace Corps employees concerning the impact of spending cuts, known as sequestration. This memorandum outlined restrictions on travel as a way of reducing costs and the possibility of furloughs in FY 2014. It requested that all domestic and international travel be restricted to essential travel only, as determined by you and the chief of staff. It also called for headquarters staff to provide a financial justification, detailing alternatives that were considered in lieu of travel, which was also required to be approved by yourself or the chief of staff prior to initiating travel orders.

On March 22, 2013, Deputy Associate Director Garry Stanberry sent a memorandum detailing procedures for domestic, international, and invitational travel to all headquarters employees. This memorandum established that a "Travel Justification Memo" must first be submitted to the chief of staff for approval, and then to the Transportation Office for a cost-effectiveness review.

On June 6, 2013, Deputy Associate Director Garry Stanberry sent another memorandum updating the procedures issued March 22, 2013. This new procedure excluded domestic and PCMO travel from the earlier list of proposed essential travel requiring a Travel Justification Memo and chief of staff approval.

Premium Class Travel Costs

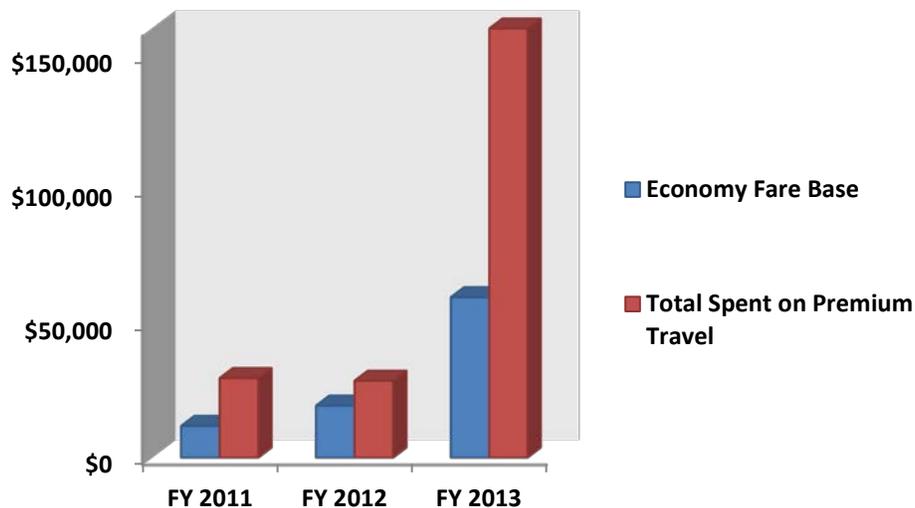
Although sequestration went into effect on March 1, 2013, the more restrictive travel policy failed to curb premium class travel expenses. We reviewed premium class travel during FYs 2011, 2012, and 2013 excluding emergency situations such as Volunteer medical evacuations. The number of premium class trips increased from eight in FY 2011, to 10 in FY 2012, and 19 in FY 2013 (double the amount of trips in FY 2011). In

addition to an increase in the number of trips, FY 2013 also included more international trips. Premium class on international trips almost tripled the price of the economy fare. These factors caused the premium class travel costs to rise exponentially. The FY 2013 total cost of premium class travel was five times more than in either FY 2011 or FY 2012. See the table and figure below for illustrations of the increase in premium class travel costs.

The Peace Corps' Increase in Premium Class Travel Trips FYs 2011-13

| | FY 2011 | FY 2012 | FY 2013 |
|--------------------------------------|----------|----------|-----------|
| Number of Premium Class Trips | 8 | 10 | 19 |
| Total Spent on Premium Travel | \$29,575 | \$28,578 | \$159,921 |
| Economy Fare | \$11,740 | \$19,308 | \$59,775 |

The Peace Corps Premium Class Travel vs. Economy Fare FYs 2011-13



Federal transportation expense policies and procedures pertaining to premium class travel are included in 41 CFR §§301-10.121-125. MS 812 states that employees and their families are not entitled to premium-class travel. Such travel is only authorized in limited situations set out in the [Travel Procedures](#). The procedures define premium class travel as business-class, first-class, and when ticketed as business or first-class, single-class as described in paragraph 14.1. MS 812 procedures section 14.4 and 14.5 specify the cases in which premium class accommodations may be authorized.

The OIG investigation found that Peace Corps senior-level officials provided the necessary documentation supporting the use of premium class travel. In total 19 premium class travel trips were taken this fiscal year, 13 were granted premium class travel due to health-related concerns. The remaining premium class travel resulted from your travel and one instance where coach was unavailable. The individuals utilizing premium class

travel are almost entirely senior officials with the agency. OIG did not investigate the legitimacy of the health claims presented by the Peace Corps senior-level officials.

Management Consideration

Although the investigation did not disclose violations of Federal regulation or Peace Corps policy, the purpose of this memorandum is to alert you of the agency's increased use of premium class travel, at a time when the agency has issued policies with the aim of reducing travel costs and restricting travel to only essential business. The agency's practice with regards to authorizing premium class travel has been more restrictive than what is allowable under the Federal Travel regulations or permissible under agency policy. While that custom continues to be the practice overall, there has been a noticeable increase use of premium travel at senior levels.