

SECRET

OGC Has Reviewed

29 January 1948

MEMORANDUM FOR ADSO

From: CSFD

Subject: Travel Per Diem, Non-Designee Civilian Employees.

1. ADSO and the Executive, OSO, have been designated by the Director, CIA, as the proper authorities in OSO to direct and authorize travel. Inherent in such designation is the authority and responsibility of establishing proper travel per diem rates within the limits established in Standardized Government Travel Regulations and Bureau of Budget Circular A-7.

2. The present per diem rates established administratively are generally as follows:

- a. Travel in continental U.S.--\$6.00 per day;
- b. Air travel outside continental U.S.--\$7.00 per day less 20% for each meal;
- c. Shipboard travel--\$7.00 per day less 20% for each meal furnished.

3. Until 1 January, 1948, deduction of 20% was also made for each night aboard a plane, even though the traveler slept in his chair, and a like deduction was made for berth aboard ships and trains. At that time official interpretation of pertinent regulations indicated that deductions of 20% for lodgings should not be made during travel aboard trains, planes, and steamers. Accordingly, Special Funds ceased to make such deductions as of that date. Thus, OSO, which had been paying \$7.00 per day less 80% for meals and lodgings for a net of \$1.40 per day, is now only deducting 60% for meals for a net of \$2.80 per day.

25X1

4. Likewise, as of 1 January, 1948, the application of Foreign

[REDACTED] A study of such regulations immediately reveals the major difference that per diem payments are made to dependents of employees. In addition, the following per diem rates are authorized which are at variance with those in effect for non-designee OSO employees:

- a. Air travel outside continental U.S.--\$7.00 per day with no deductions for meals or lodging (aboard plane);
- b. Shipboard travel outside continental U.S.--\$5.00 per day with no deduction for meals or lodging.

SECRET

SECRET

5. These radical rate differentials indicated the advisability of a review of OSO per diem rates for two reasons:

- a. The probability that the OSO per diem rates under Standardized Government Travel Regulations are too low, resulting in unwarranted loss to the employee;
- b. The psychological effect of radical per diem differentials for two groups of employees identical in function

25X1

6. Offhand it would seem most desirable that all employees of OSO be subject to the same administrative regulations as to travel per diems. However, in the absence of specific authorizing legislation to apply other than Standardized Government Travel Regulations to OSO employees, it is understood that the Director, CIA, has authorized the application of Foreign Service Travel Regulations

25X1

7. Therefore, disregarding the basic desirability of standardization, a review has been made of the present OSO per diem rates as to their adequacy in terms of the expenses they are intended by law to cover. In this connection it seems desirable to review the basic principles of per diem. Without citing the lengthy statutes and regulations, the two most important factors are probably the following:

- a. Per diem is never to be a gratuity to the employee;
- b. Per diem in lieu of subsistence expenses is held to include all charges for meals; lodgings; all fees and tips to waiters, porters, baggage men, maids, dining room stewards, and others on vessels; laundry; cleaning and pressing; etc.

8. A review of shipboard expenses on the average 1st Class journey to Europe discloses the following normal tipping costs:

Head Waiter	\$ 2.00
Waiter	8.00
Room Steward	8.00
Maid	2.00
Boots	4.00
Deck Steward	4.00
	\$28.00
	\$28.00

Making a reasonable allowance for laundry and cleaning expense, together with tips to baggagemen and porters in embarking and disembarking, it is clear that the employee incurs expenses within the scope of the term subsistence in excess of \$30.00 during a six (6) day period.

SECRET

25X1

SECRET

- 3 -

9. A per diem of \$5.00 per day would accordingly not be a gratuity to the employee but only equitable reimbursement for necessary subsistence expenses.

10. Because per diems have considerable political significance in government, a check was made with the current policies of War and Navy. Both of those Departments ostensibly pay no per diem to civilian employees. However, attention is called to the fact that most civilian employees of these departments travel on government vessels on which tipping is prohibited. Secondly, War Department civilian employees draw 25% overseas pay effective with the date of sailing. A \$300/month employee accordingly draws approximately \$2.50 per day even though he has no accompanying expenses. Lastly, we are informed the civilian employees of Military Intelligence are granted a per diem of at least \$2.00 per day on commercial vessels in addition to their 25% overseas pay. A \$300/month employee would accordingly be drawing approximately \$4.50/day.

11. In view of the above, the suggested commercial shipboard per diem rate of \$5.00 per day would appear to be not only equitable but politically defensible. Add to this, the morale effect of extreme per diem differentials as between groups of employees and the desirability of increasing the OSO non-designee per diem rates is extremely great.

12. Should it be determined that per diem rates should be increased, it can be accomplished in the following two ways:

- a. By administrative determination of ADSO for OSO only;
- b. By administrative determination of the Director, CIA, for all or any part of CIA.

In this connection it might be desirable to establish a uniform policy in this respect throughout CIA since increased per diem rates in OSO only might create general dissatisfaction in the other offices of CIA.

13. If you concur with the suggestion that per diem rates be increased, it is suggested that the Office of the General Counsel prepare the necessary OSO or CIA authorization or directive depending upon whether all of CIA or only OSO is to be affected.

2/3/48 25X1

Concur for
all CIA



Chief, SFD

SECRET