



**Comptroller General
of the United States**

Washington, D.C. 20548

Decision

Matter of: Department of Transportation—Inspector General—Bonus Points for Use of Personal Credit Cards for Certain Official Travel Expenses

File: B-270423

Date: July 1, 1996

DIGEST

Government employees using personal credit cards to charge lodging and rental car expenses incident to official travel are not precluded under current regulations from retaining for personal use frequent flyer mileage points earned on the amounts charged to such credit cards, provided that the use of such cards for such expenses is consistent with agency guidance and does not increase the costs to the government. Under applicable federal regulation, individual agencies have discretion to place additional requirements for employee use of agency-furnished cards for official travel, and by implication may also place further limitations on employee use of personal credit cards for charging expenses of official travel.

DECISION

By letter of October 25, 1995, the Inspector General (IG), Department of Transportation, asks whether, and under what circumstances, a government employee may use a personal credit card to charge lodging and automobile rental costs incurred on official business and thereby accumulate bonus points for the employee's personal use. The IG states that her question arises because of an apparent conflict between our holding in Discover Charge Cards, B-236219, May 4, 1990, and a statement made in a footnote in Panama Canal Commission, B-257525, Nov. 30, 1994.

Although the IG did not specify the particular credit card involved, we assume it is one of the "affinity" cards now in wide use. Those involved here, as we understand it, are standard credit cards (e.g., MasterCard, VISA) issued by a bank under arrangement with an airline or hotel chain, which in turn awards bonus or mileage points under a frequent traveler program based on amounts charged using the card (e.g., an award of a bonus mile for each dollar charged). Points are awarded for any purchase charged on the card, and are not limited to purchases of the services of the particular airline or hotel affiliated with the card. Points or miles awarded in this manner, based on aggregate amounts charged on the affinity card, are separate from, and in addition to, any points or miles awarded for flying on an affiliated

airline or for using an affiliated hotel's services, the costs of which may be charged on the same affinity card.

The general rule is that a federal employee is required to account for any gift, gratuity, or benefit received from private sources incident to the performance of official duty, and any payments tendered to the employee are viewed as having been received on behalf of the government. See 63 Comp. Gen. 229 (1984), and decisions cited therein. Therefore, an employee may not retain any bonus or gift coupon or similar item of value received from a commercial air carrier on the basis of purchase of an airline ticket to be used for official travel. Id. Bonus travel entitlements received by an employee through accumulation of frequent flyer mileage credits earned on government travel are considered to be the property of the government and may not be retained by the employee. Id. See also, Johnny Clark, B-215826, Jan. 23, 1985, applying these rules to bonus lodging points received for using a motel while on government travel. The Federal Travel Regulation (FTR), 41 C.F.R. § 301-1.103, in essence, restates these rules.¹

As the IG recognizes, in Discover Charge Cards, supra, we held that the rules set out above do not apply to a cash or credit rebate an employee receives from a credit card company based on all purchases he or she makes during a year using the credit card, including official travel expenses charged to the card. The rebate in these circumstances is distinguishable from such promotional benefits as half-fare coupons and bonus points which are directly related to the official travel for which the benefits are received, i.e., awarded incident to the purchase of an airline ticket for official travel. The use of the personal credit card in the course of official travel is a matter of personal convenience not directly related to the official travel, and the choice of payment mechanism is purely personal on the part of the employee,

¹See also Federal Property Management Regulations, 41 C.F.R. § 101-25.103-2, to the same effect. In addition, regulations promulgated by the Office of Government Ethics state that frequent flyer benefits earned on the basis of government-financed travel belong to the agency rather than the employee. 5 C.F.R. § 2635.203(7), note. Also, section 6008, Public Law 103-355, Oct. 13, 1994, 108 Stat. 3367, directs the Administrator of the General Services Administration (GSA) to issue guidelines to ensure that agencies promote, encourage, and facilitate the use of frequent traveler programs offered by airlines, hotels, and car rental vendors by federal employees who engage in official air travel, for the purpose of realizing to the maximum extent practicable cost savings for official travel; and the act further provides that awards granted under such a frequent traveler program accrued through official travel shall be used only for official travel. However, neither the act nor GSA Bulletin FTR 17, Oct. 24, 1995, providing the required guidelines to agencies, makes reference to points awarded to the employee for the use of a personal affinity card.

consistent with applicable regulations governing official travel, provided for in the FTR. See Richard E. Stuart, 72 Comp. Gen. 251 (1993).

The Panama Canal Commission decision cited by the IG as in conflict with Discover Charge Cards dealt with the problem of establishing ownership of frequent flyer credits an employee receives incident to purchase of tickets for personal use when they are commingled in the same airline frequent flyer account with credits received for travel on official business. We held that, if adequate records clearly distinguish mileage credits earned on personal travel from those obtained from official travel, employees would be free to make use of those personal mileage credits. Footnote 3, which gives rise to the IG's concern, states:

"We also recognize that employees may earn mileage credits by using certain credit cards for personal purchases or by other means. The same rule applies to these credits, *i.e.*, the employee may keep those credits for personal use if he or she has adequate records to show that they were derived from personal funds."

This statement was not intended to conflict with the holding in the Discover Charge Cards case. It was intended as a recognition that frequent flyer credits earned as a direct result of purchase of an airline ticket for official business may be commingled in the same frequent flyer account with credits earned by use of an affinity credit card. For affinity credit card credits resulting from purchase of tickets for personal travel to be usable by the employee for personal travel, he or she must keep adequate records to distinguish them from the credits in the account that are earned as a direct result of tickets purchased for official business. The statement was not intended to imply anything about the general rule regarding benefits received by an employee from purchases incident to the conduct of official business.

In the circumstances presented here, where the employee on official business uses his or her credit card to charge lodging or rental car expenses and thereby earns frequent flyer bonus points, those points derive from the use of the personal credit card, regardless of the type of purchase charged to the card, as was the case with the rebate or credit in the Discover Charge Cards case.² As stated therein, if the use of a personal credit card for purchases on official business is not contrary to applicable travel regulations, the choice of this method of payment is purely personal on the employee's part, and the benefits and expenses that accrue to the

²The factor which distinguishes this case and the Discover Charge Cards case from others is the source of the benefit, here the general use of the personal credit card, as opposed to any particular purchase, whether or not directly related to official travel.

employee as a result of use of the personal credit card are the employee's, not the government's.

You also asked the extent to which an employee is permitted to use a personal charge card for official travel. As to regulatory provisions governing the use of personal credit cards for the expenses incurred on official travel, FTR Part 301-10 prescribes the various payment methods acceptable for procuring common carrier transportation (which is not at issue in this case), and other necessities (such as the lodging and automobile rental expenses in this case), including in various circumstances, government travel requests, agency-issued credit cards, cash, personal checks, and personal credit cards. FTR Part 301-10 states that as a general policy, employees traveling on official business are responsible for meeting their current travel expenses (and may later seek reimbursement of allowable expenses) but that an employee should not have to pay official travel expenses entirely from personal funds unless the employee has elected not to use government-provided access to funds, such as through an agency-issued credit card. While the regulations do not describe the circumstances permitting an employee to use his personal credit card for lodging, automobile rental, and various other travel expenses, they place strict limits on employee use of personal credit card for procuring common carrier transportation, including airfare (FTR Part 301-10 and the Federal Property Management Regulations, 41 C.F.R. Subpart 101-41.20). Note that subsection 101-41.203-2(c)(2) provides that travelers shall not be reimbursed for nonemergency use of cash (which includes personal credit cards) for procuring passenger transportation in most instances unless written approval is granted by the General Services Administration.

Further guidance on the question you pose is found in FTR Part 301-15, Subpart C, which prescribes policies and procedures governing the use of the General Services Administration's travel and transportation expense payment system, including the use of agency-furnished, contractor-issued charge cards for official travel. FTR § 301-15.44(b) provides that participating agencies shall determine and name employees who may be issued such charge cards. FTR § 301-15.44(c) provides that such charge cards shall be used only to charge expenses incurred in conjunction with official travel or to obtain authorized ATM cash withdrawals, and the employee "shall use the charge card to pay for official travel expenses to the maximum extent possible." However, these provisions offer no further guidance on when an employee may use a personal credit card rather than one furnished by the employing agency.

Within the parameters of these provisions, the individual agencies have discretion to place additional requirements on employees' use of such agency-issued cards and could require, for example, that they be used by those to whom they are issued to cover all official travel expenses. One reason for such a requirement is the fact that agencies may receive rebates from the credit card issuer based upon the total

amount charged by its employees. However, unless current agency regulation specifically precludes the use of a personal credit card to cover the expenditures for lodging or car rental in this case, we see no basis to withhold reimbursement to the employee for the expenditures in question, assuming they were otherwise appropriate.

Robert P. Murphy
General Counsel