

**UNITED STATES DEPARTMENT OF THE INTERIOR
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Information Bulletin No. BC-2002-045

To: All Washington Office and Field Officials
From: Director, National Business Center
Subject: New Frequent Flier Mile Policy

President Bush signed the Fiscal Year 2002 Defense Authorization bill on December 28, 2001, which included a new frequent flier mile benefit awarded to federal employees. Upon the President signing the bill, GSA issued Travel Advisory 5 (see attachments) providing guidance. The benefit gives civil service, military, and Foreign Service employees the authority to use frequent flier miles obtained on government travel for personal use.

General Services Administration (GSA) is revising and amending the Federal Travel Regulation and Federal Property Management Regulations to reflect the change in law. The changes are expected to be published in the Federal Register by March 1, 2002.

Some key points about this new benefit, per the GSA Travel Advisory 5, are:

- 1) The new benefit is available immediately to federal employees.
- 2) Employees must open their own frequent flier accounts in order to take advantage of the new benefit, and pay any costs associated with establishing such accounts.
- 3) The benefit is retroactive, allowing federal employees to use miles earned prior to the bill's enactment.
- 4) Although federal travelers are generally restricted to coach class, they are now able to use frequent flier miles to upgrade service. However, agencies will not pay for upgrades if fees are assessed.

It is important to note that the Internal Revenue Service could declare the frequent flier miles are a taxable benefit, but has not yet made the decision to do so. We will keep you informed regarding the IRS decision.

If you have any questions, contact Vickie Smith, National Business Center Travel Team (BC-6223), at 303-236-6276.

Signed by:
Dennis Sykes, Director
National Business Center

Authenticated by:
Babette Larson, Staff Assistant

2 Attachments:

- 1 - Financial Administration Memorandum 2002-001 - Use of Frequent Traveler Benefits, dated January 8, 2002 (2 pp)
- 2 - U.S. General Services Administration's Travel Advisory Number 5 – Using Frequent Traveler Benefits (3 pages)

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