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United States Senate

COMMITTEE ON SMALL BUSINESS
WASHINGTON, DC 20510-6350

June 4, 1999

Fax No. 202-436-4113

Mr. David Strauss
Executive Director
Pension Benefit Guaranty Corporation
1200 K Street, NW
Washington, DC 20005

Dear Mr. Strauss:

The Senate Special Committee on Aging and the Senate Committee on Small Business (Committees) are continuing their oversight of the activities and operation of the Pension Benefit Guaranty Corporation (PBGC), including Office Specialists, Inc., a contractor with the PBGC.

After a thorough review of materials earlier provided, the Committees have identified several concerns relating to the travel activities of a former Office Specialists, Inc. employee, Mr. John Butler. These concerns relate to the efficient, effective and economical use of agency funds, as well as the role played by Office Specialists in the day-to-day operation of the PBGC.

1) Travel to Atlanta

Mr. Butler, a former employee of Office Specialists, was required by PBGC to establish a field office in Atlanta, Georgia. He was hired for this position although his home was located in New Jersey, approximately 40 miles from Newark International Airport, and 1 hour and 30 minutes flying time to Atlanta.

Mr. Butler's trips to Atlanta were numerous in 1995 and 1996. During the course of about a 17 month period, Mr. Butler traveled between Newark and Atlanta approximately 24 times, at a cost of over \$30,000 not including salary (see attached *Appendix D*).

Indeed, rather than relocating Mr. Butler to Atlanta, PBGC allowed valuable agency dollars to be spent on Mr. Butler's travel expenses to and from his home in New Jersey. While it is understandable that it may have taken a few months for Mr. Butler to relocate from New Jersey to Atlanta, 17 months is, at best, excessive. Furthermore, after the 17 month period, Mr. Butler never did relocate to Atlanta.

2) Concerns with Personal Travel

Based upon a review of the documents provided, it appears further that Mr. Butler was permitted by the PBGC to use government contract fares for personal travel. If so, this is inappropriate.

When personal travel is combined with official travel, the traveler must be responsible for any increased costs associated with the arrangements. According to the information provided in the travel logs examined, Mr. Butler changed both the times and days of certain flights to accommodate personal days while on business travel. This typically resulted in an increased plane fare, paid for with agency funds.

In addition, and while taking personal days in April 1995 and June 1996, Mr. Butler appears to have been permitted by the PBGC to keep and use the government rental car at a greatly reduced government rate. Consequently, when Mr. Butler reimbursed PBGC for using the car, it was at the lower rate. As we understand it, this is also inappropriate and inconsistent with the rules governing government contract workers.

3) The Corporate Apartment

At one point, the PBGC decided to rent a corporate apartment for Mr. Butler's use in Atlanta. The records show that the rent for the corporate apartment was approximately \$1,795.50 per month for a total of approximately \$7,100 for a period of four months. For the short amount of time that Mr. Butler stayed in Atlanta during these months, staying in a hotel would undoubtedly cost less than renting a corporate apartment.

The Committees are troubled by the circumstances surrounding the Atlanta field office and Mr. Butler. Accordingly, we are requesting that the PBGC provide to the Committees complete and detailed responses to the following questions in writing, no later than June 28, 1999:

- (1)
 - a) Did the PBGC act consistently with its internal guidelines, procedures and/or instructions, as well as all applicable government rules and regulations, regarding contract employees and in particular, Mr. Butler?
 - b) Please explain, provide copies of all relevant supporting materials, and describe what action PBGC will initiate to correct the situation surrounding Mr. Butler.
 - c) Please explain and identify what actions will be initiated and implemented by the PBGC to ensure that such circumstances are not repeated.
- (2) Were the funds expended on Mr. Butler's travel-related activities derived from PBGC's funds subject to the statutory limitation on administrative expenses, or from funds not subject to such limit or from PBGC's non-limitation funds? Please explain the rationale for the selection of funding sources.

Mr. David Strauss

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While we recognize that this letter may illustrate one instance of potentially improper activities, we are concerned that it may be indicative of larger problems with respect to internal controls at PBGC. As a result, we are requesting that the PBGC Office of the Inspector General examine this matter in further detail and report to us directly. Should you have any questions regarding this letter, please contact Gina Falconio for Senator Grassley at (202) 224- and/or Cordell Smith for Senator Bond at (202) 224-

Thank you in advance for your cooperation with respect to this request.

Sincerely,



Christopher S. Bond
Chairman
Committee on Small Business



Charles E. Grassley
Chairman
Special Committee on Aging

cc: Wayne Poll
Inspector General

APPENDIX I

Travel Records in Response to Request of 2/26/1998

<u>Start Date</u>	<u>End Date</u>	<u>Destination</u>	<u>Document Type</u>	<u>Tab#</u>	<u>Cost</u>
03/28/1993	04/01/1993	Washington, DC	Voucher	1	\$949.54
10/19/1994	10/19/1994	New York, NY	Voucher	2	19.25
10/27/1994	10/28/1994	Washington, DC	Voucher	3	490.09
11/16/1994	11/18/1994	Washington, DC	Voucher	4	603.19
12/08/1994	12/09/1994	Boston, MA	Voucher	5	457.08
02/12/1995	12/15/1995	Boston, MA	Voucher	6	818.15
02/26/1995	02/28/1995	Washington, DC	Voucher	7	756.88
03/23/1995	03/24/1995	Atlanta, GA	Voucher	8	770.40
03/30/1995	03/30/1995	Washington, DC	Voucher	9	453
04/05/1995	04/11/1995	Miami, FL	Voucher	10	806
05/22/1995	05/26/1995	Washington, DC	Voucher	11	870.20
06/13/1995	06/16/1995	Washington, DC	Voucher	12	990.01
07/13/1995	07/20/1995	Washington, DC	Voucher	13	494.50
08/03/1995	08/04/1995	Atlanta, GA	Voucher	14	597
08/23/1995	08/23/1995	Rockleigh, NJ	Voucher	15	48.50
09/05/1995	09/08/1995	Washington, DC	Voucher	16	983.96
09/19/1995	09/21/1995	Atlanta, GA	Voucher	17	791.99
10/16/1995	10/18/1995	Atlanta, GA	Voucher	18	806.57
11/14/1995	11/16/1995	Atlanta, GA	Voucher	19	657.80
11/29/1995	12/01/1995	Atlanta, GA	Voucher	20	667.84
12/19/1995	12/20/1995	Atlanta, GA	Voucher	21	631.89
01/07/1996	01/19/1996	Atlanta, GA	Voucher	22	1155.92
01/22/1996	01/26/1996	Atlanta, GA	Voucher	23	1016.17
01/31/1996	02/02/1996	Atlanta, GA	Voucher	24	676.48
02/05/1996	02/09/1996	Atlanta, GA	Voucher	25	1144.92
02/11/1996	02/23/1996	Atlanta, GA	Voucher	26	2249.94
02/20/1996	02/20/1996	Deposit/Fee for Corp. Apt.	Voucher	27	400
02/27/1996	03/08/1996	Atlanta, GA	Voucher	28	1420.73
03/12/1996	03/15/1996	Atlanta, GA	Voucher	29	762.39
03/19/1996	03/22/1996	Atlanta, GA	Voucher	30	744.16
03/25/1996	03/29/1996	Atlanta, GA	Voucher	31	823.99
04/02/1996	04/04/1996	Atlanta, GA	Voucher	32	545.60
04/09/1996	04/12/1996	Atlanta, GA	Voucher	33	588.56
04/16/1996	04/18/1996	Atlanta, GA	Voucher	34	592.10
04/22/1996	05/02/1996	Atlanta, GA	Voucher	35	1355.15
05/07/1996	05/10/1996	Washington, DC	Voucher	36	544.87
05/14/1996	05/23/1996	Atlanta, GA	Voucher	37	1226.37
05/29/1996	06/13/1996	Atlanta, GA	Voucher	38	1187.74
06/18/1996	06/28/1996	Atlanta, GA	Voucher	39	1418.72
07/01/1996	07/03/1996	Atlanta, GA	Voucher	40	676.16

*TOTAL EXPENSES FOR 1995 - \$11,144.69

**TOTAL EXPENSES FOR 1996 (19 trips, 18 were taken to Atlanta) - \$25, 711.97

***TOTAL EXPENSES FOR YEARS 1995 AND 1996 - \$36,856.66