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Testimony

Before the Subcommittee on Government Management,
Information and Technology
Committee on Government Reform and Oversight
House of Representatives

For Release
on Delivery
Expected at
9:30 a.m.
Tuesday
July 9, 1996

GOVERNMENTWIDE TRAVEL MANAGEMENT

Views on the Proposed Travel Reform and Savings Act

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Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to testify on the Subcommittee's hearings on the proposed Travel Reform and Savings Act (H.R. 3637). Travel is one of many processes across the government that, through the adoption of best private sector practices and aggressive streamlining efforts, can yield substantial savings to taxpayers. The proposed Travel Reform and Savings Act takes a major step toward adopting the best practices of other organizations. Not only will this result in improved service to government travelers, but it will also help reduce travel costs.

My purpose today is to discuss how our work on governmentwide travel management supports the Subcommittee's proposed legislation. I will first highlight the act's key provisions, then summarize our previous work and how it relates to the act, and finally provide our views on the act and our concern with a provision found in the Senate version of the act (S.1745 amendment 4143).

The Travel Reform and Savings Act

In adopting best private sector travel practices, the act seeks to reduce administrative burdens and save millions of dollars in government relocation and travel costs. Specifically, the act deals with a number of issues relating to the direct and administrative costs incurred by government employees on temporary duty travel (TDY) or relocating. The act also aims to provide equitable reimbursements to employees.

Direct costs include those for transportation, lodging, rental cars, among others. Administrative costs cover arranging travel, getting it approved, and reporting travel expenses, as well as the organization's cost for processing, auditing, and reimbursing the travel.

The relocation issues addressed by the bill include:

- setting allowances for seeking permanent resident quarters, temporary quarters subsistence expense, resident transaction expenses;
- establishing authority to pay for property management services, to provide employment assistance services for spouses, and to transport privately owned motor vehicles; and
- paying for limited relocation allowances to an employee who is performing an extended assignment and paying a home marketing incentive.

The bill also addresses temporary duty travel issues, including

- repealing the requirement that long-distance telephone calls be certified,
- requiring the use of the travel charge card, and
- reimbursing employees for taxes on money received for travel expenses.

GAO Work Supports the Need for Travel Reform and Savings

Our previous work on governmentwide travel management supports the overall thrust of the Subcommittee's proposed legislation. Travel management is an area with great potential for reengineering and with good reason. In fiscal year 1994, the federal government reported travel obligations covering direct costs for individuals traveling or relocating of about \$7.6 billion. By adopting the practices of leading organizations that have streamlined and automated their own travel processes, the bill can help streamline processes and reduce paperwork requirements. In turn, this will save taxpayers millions of dollars in government travel-related costs.

Our prior report and testimonies have shown that a number of specific actions can be taken by federal agencies and the General Services Administration to improve how temporary duty travel is arranged, processed, and reimbursed.¹ Because it spends most of the government's travel dollars, we first assessed how the Department of Defense manages travel using the best practices of private organizations as benchmarks. From there, we set out to discover how other federal agencies manage travel, what practices and strategies they followed to get there, and how they compare with leading private sector organizations. As part of this effort, we conducted a survey at 70 executive branch civilian agencies and conducted case studies at specific locations at three agencies to understand how travel is arranged and processed. Our work focused on temporary duty travel and on administrative costs. It did not focus on relocation issues and direct costs.

In essence, we found that only a handful of federal agencies have adopted the best practices of the private sector, but if all agencies did so, hundreds of millions of dollars in travel costs would be saved.

¹Testimony before the Senate Subcommittee on Oversight of Government Management and the District of Columbia, Committee on Governmental Affairs, Governmentwide Travel Management: Federal Agencies Have Opportunities for Streamlining and Improving Their Travel Practices (GAO/T-AIMD-96-60, March 8, 1996). Business Process Reengineering: DOD Has a Significant Opportunity to Reduce Travel Costs by Using Industry Practices (GAO/T-AIMD-95-101, Mar. 28, 1995) and Travel Process Reengineering: DOD Faces Challenges in Using Industry Practices to Reduce Costs (GAO/AIMD/NSIAD-95-90, Mar. 2, 1995).

Among the actions we have recommended that federal agencies take to close the gap between them and leading organizations are (1) assessing agency travel costs and processes and establishing a baseline of current performance and (2) identifying where operations can be streamlined and consolidated. Similarly, for the Department of Defense, we urged that the Department define milestones and performance measures to ensure the success of its travel improvement efforts.

For federal agencies as well as the Department of Defense the private sector best practices that could result in substantial efficiency gains and cost savings include: allowing employees to travel without authorization documents; automating and streamlining expense reporting; using one integrated travel system; consolidating processing locations; and simplifying travel policies.

We have also encouraged agencies to study and implement the practices and approaches identified by the Joint Financial Management Improvement Program (JFMIP) travel improvement team. Among other things, for temporary duty travel the team's recommendations included requiring the use of government-issued charge cards during travel; consolidating and automating travel data; and eliminating the long-distance telephone call certification requirement. For employee relocations, the team's recommendations included: notifying employees early of transfers; paying limited relocation allowances for a temporary change of station; and paying pre-determined travel costs for temporary quarters and househunting trips. Additionally, we have recommended that agencies be on the constant lookout for opportunities to obtain and share information—from both internal and external pilot projects.

We further identified a number of actions that the General Services Administration can take to streamline travel processes throughout government. Because of the role GSA plays in overseeing federal agencies and managing governmentwide travel policy, these actions are pivotal to improving TDY travel management. Specifically, we recommended that GSA (1) establish travel cost data standards for both direct and administrative costs, (2) form user groups to facilitate sharing knowledge and information as well as the development of a cross-service directory and applications directory, and (3) assess and revise the federal travel regulations (FTR) based on JFMIP suggestions and lessons learned.

GAO Views on the Proposed Travel Reform and Savings Act

As I stated earlier, the proposed Travel Reform and Savings Act implements a number of key practices aimed at putting federal agencies on par with leading private sectors and reducing administrative requirements associated with the travel process. This legislation can help improve service to the travelers and substantially reduce government travel costs.

Because our previous work focused on TDY issues, I will comment on three provisions of the act: the first is the provision to repeal a requirement to certify long-distance telephone calls made during travel and the second is the provision giving agencies the authority to require the use of the travel charge card. Both of these measures were suggested by the JFMIP improvement team. I will also discuss a provision from the Senate version of the act (S.1745 amendment 4143), which requires the GAO to assess the cost savings generated from implementation of the act.

First, we agree with the provision that calls for repealing the requirement to certify long-distance calls made during travel duty. Based on a law enacted in 1939, agencies must certify that long-distance telephone calls made by employees are in the interest of the government before paying for the call. All travelers have to submit telephone call receipts, regardless of the amount. By eliminating the certification requirement, the proposed bill will relieve employees and agencies of this administrative burden and save money.

Second, we endorse the provision that gives agencies the authority to require the use of the travel charge card. Our prior work on Department of Defense and governmentwide travel found that mandated use of a corporate charge card for all transportation and lodging expenses as well as cash advances was one of the best practices for leading organizations. This policy greatly simplified and streamlined operations in an area that accounts for as much as 80 to 90 percent of all travel spending. Because this practice is key to having efficient travel processes, one organization requires an explanation for any instance in which the corporate charge card is not used for at least 90 percent of all business travel expenses.

By mandating charge card usage, agencies can eliminate the processing time for cash advances and the costs for getting an advance. No longer will agencies have to maintain petty cash at cash windows for temporary duty travel and they will be able to conduct one reconciliation for all travel expenses.

Third, I would like to comment on the provision from the Senate version of the act (S.1745 amendment 4143), requiring GAO to assess the cost savings to federal travel administration resulting from statutory and regulatory changes under the act. Currently, the agencies do not have enough baseline information to effectively assess their progress in reducing administrative travel cost. Our survey of 70 agencies (which represented 92 percent of total travel obligations for executive-branch agencies for fiscal year 1994) showed that many agencies have not determined what their administrative travel cost and processes are. Of the 64 agencies that responded to our survey, 47 had not identified any of their administrative cost. Thirteen agencies identified some cost elements and only 4 agencies identified all cost elements.

Much of the baseline information needed to assess cost savings should be gathered as part of the requirements of the Chief Financial Officers (CFO) Act, which requires that agencies provide complete, reliable, and timely information regarding the management activities of the agency. Such an accurate picture of costs and processes is essential for deciding where to start improvement efforts and how to measure progress. Without it, realizing the savings possible by rethinking and redesigning travel management will be difficult to achieve.

However, to assure the Congress that the necessary specific information exists to assess savings to the public, we suggest including a legislative provision that requires agencies themselves to assess their baseline travel costs and to measure their progress in reducing costs one year after it takes effect. Once this is done, we will be available, as needed, to assist the Congress in evaluating these assessments.

As I mentioned earlier, we recently urged GSA to establish travel data standards and assist in agency benchmarking efforts. If successfully implemented, both of these actions should help agencies assess and redesign their TDY travel processes. In this regard, we also believe that GSA should establish travel cost data standards for both direct and administrative costs. While it may be difficult to establish administrative cost standards, given the lack of administrative cost data currently available, doing so will provide agencies much more specific and useful guidance. It will also facilitate cost comparisons among agencies.

In conclusion, travel is one of many processes in government which offer substantial potential savings to the taxpayer through diligent agency and

congressional efforts to adopt best practices. This Subcommittee's continued interest, support, and oversight in this area will facilitate concrete gains in getting better value for the government's travel dollar. Mr. Chairman and Members of the Subcommittee, this completes my testimony. I'll be happy to answer any questions you may have.

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