



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

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June 30, 1980

B-103315

Milton D. Stewart, Esq.
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Washington, D.C. 20416

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Dear Mr. Stewart:

Subject: Your letter of April 25, 1980,
concerning our prohibition on the
use of travel agents for official
Government travel and our decision
to lift the prohibition on a case-
by-case basis

You request reconsideration of our circular dated August 20, 1979, in which we stated that we would consider agency plans for the use of travel agents on the basis of analyses that adequately demonstrate economies to be achieved or to test the use of travel agents for the purpose of demonstrating whether savings and efficiencies will result. It is your view that our current prohibition against the use of travel agents for official Government travel, set forth in 4 Code of Federal Regulations (CFR) 52.3(a), and our exception procedure envisioned in the circular, are no longer necessary given the requirements of OMB Circular No. A-76 (A-76); that our efforts are duplicative of A-76; and that the decision whether to perform transportation services in-house rather than by contract is a matter of executive policy for consideration under A-76 and is not appropriately within our decision functions.

The current prohibition against the use by Government agencies of travel agents was promulgated pursuant to the responsibilities of this Office related to the administration of Government transportation activities. See 31 U.S.C. 49 (1976); *id* 66; 49 U.S.C. 66 (1976). The general policy conclusions of Circular No. A-76 do not override any specific requirements applicable to the administration of transportation activities. Our prohibition runs to those functions and activities that are Governmental in nature and are conducted as an in-house operation whereas

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Circular No. A-76 runs to commercial or industrial activities which may be contracted out. Thus the prohibition and the OMB Circular are not duplicative but address different concerns.

Travel service needs beyond the administrative requirements of agencies are now met by dealing directly with carriers. In the case of the Department of Defense (DOD), Scheduled Airlines Traffic Offices (SATO) are provided by the Air Transport Association. Also, several Government offices including the Department of State have a Combined Airline Ticket Office (CATO) by arrangement with a group of airlines. Other agencies lease teleticketing equipment. In the first two situations, services are provided by the carrier at virtually no expense to the Government. Concerning these services, there is no Government activity to replace by contracting out or to compare with commercial services. Also, certain Governmental functions cannot readily be delegated to travel agents; i.e., filing claims with carriers, disbursing of funds and accounting, and processing and typing travel orders and travel advances. Moreover, travel agents cannot easily replace Government officials in administering Government travel requirements and regulations. We therefore remain unconvinced that travel agents can or will provide more efficient or less costly service than under current practice.

The use of travel agents would create serious administrative burdens. Problems, such as selecting an agent from among a large number of interested firms, obtaining refunds, and obtaining reasonable assurance of the capability and financial condition of individual agents, are concerns we hesitate to leave to the discretion of individual agencies at this time.

In addition to the report of the Subcommittee on Small Business Problems, House Committee on Small Business (Small Business Subcommittee), you have cited, the House Appropriations Committee has voiced its concerns on the subject of the Government's use of travel agents. Regarding a Department of Defense plan to acquire a computerized travel reservation service for a travel agent experiment, the Committee found that DOD's use of SATOs was at no cost to the Government except for providing space for the

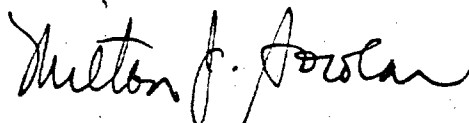
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operation and that SATOs provided virtually all of the DOD's travel needs. "In view of the confusion over this matter and the likelihood that further 'in-house' procurement and use of travel agents will end up costing the government more money * * *," the Committee ordered DOD to suspend the procurement or leasing of all automated equipment and travel agency services pending completion of a report on the matter. H.R. Rep. No. 96-450, 96th Cong., 1st Sess. (1979), p. 164-166. This action by the House Committee on Appropriations supports our view that a blanket lifting of the prohibition and leaving the decision to individual agencies would not be appropriate at this time.

As we stated in our letter to the Honorable Marty Russo, Chairman of the Small Business Subcommittee, by relaxing our restriction on the use of travel agents to permit lifting the ban on a case-by-case basis, we will learn whether agencies can demonstrate cost savings and improved efficiency. After we have had some experience with agency proposals for which exceptions are granted and after we and other interested parties, including Congress, have had an opportunity to evaluate the results, we will be in a better position to determine whether the prohibition should be removed.

In this connection, we recently granted an exception from our prohibition to both the Department of Labor and the Department of State to carry out tests for a one-year period.

Sincerely yours,



Acting Comptroller General
of the United States