

September 2006

E-GOVERNMENT TRAVEL

Participation by Small Businesses and Estimated Program Savings



G A O

Accountability * Integrity * Reliability



Highlights of [GAO-06-911](#), a report to congressional committees

Why GAO Did This Study

In November 2003, GSA awarded three 10-year e-Government Travel Service (eTS) master contracts as part of the e-Gov Travel initiative, managed by the General Services Administration (GSA), which aims to save costs and improve service by providing a common, integrated approach to managing government travel functions. GSA has projected that e-Gov Travel will realize about \$473 million in savings across the government between fiscal years 2002 and 2013.

As directed by Senate Report 109-109, GAO is reporting on its study of (1) whether GSA has appropriate mechanisms in place to help ensure the use of small business travel agencies in the e-Gov Travel program and (2) the soundness of GSA's estimate of potential savings.

GAO evaluated GSA's small business goals and results and assessed GSA's cost-benefit analysis based on criteria developed by the Office of Management and Budget (OMB).

What GAO Recommends

GAO recommends that GSA (1) ensure that its administrative processes do not impede small business travel agencies from having reasonable opportunities to do business with the federal government and (2) collect data and periodically report to OMB on savings realized from implementing e-Gov Travel. GSA generally agreed with the content and recommendations in this report.

www.gao.gov/cgi-bin/getrpt?GAO-06-911.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Linda Koontz at (202) 512-6240 or koontzl@gao.gov.

E-GOVERNMENT TRAVEL

Participation by Small Businesses and Estimated Program Savings

What GAO Found

GSA has appropriate mechanisms in place to ensure that small travel agencies have opportunities to obtain federal travel business (1) by participating in the eTS contracts, under which three vendors agreed to offer a full array of travel management services to federal agencies, and (2) through the Travel Services Solutions (TSS) schedule, which serves as a comprehensive contracting vehicle for federal agencies wishing to acquire related services such as professional travel agents. Specifically, GSA included provisions within the eTS contracts to promote the use of small business subcontractors, which include travel agencies as well as other small businesses. These provisions include goals for the amount of business to go to small business subcontractors and financial incentive awards for meeting or exceeding those goals, as well as monetary penalties for not meeting the goals. GSA also engaged in outreach to explain these contract provisions to agencies and the business community. In addition, it established the TSS schedule to supplement the eTS contracts and permit small businesses and others to participate. Small businesses have participated in both, and the three eTS vendors have reported meeting the contracts' goals for small business subcontracting in fiscal year 2005. However, the e-Gov Travel program office has not tracked how much business the travel agencies on the schedule have received; thus, the office has not yet gauged the overall effectiveness of the schedule for facilitating the participation of small businesses. Further, it is uncertain whether GSA intends to waive or modify its requirement that travel agencies conduct \$25,000 in business each year to maintain their schedule contracts. Such a requirement could be an impediment to the participation of small travel agencies.

GSA's estimate of e-Gov Travel savings across the federal government is not well supported. A large proportion (74 percent) of the projected benefits is based on GSA's calculations of expected productivity savings to be gained from streamlined processing of travel orders and vouchers. However, GSA did not determine whether individual agencies planned to take action to realize productivity savings (for example, by reallocating personnel to other tasks). It is thus unclear whether these savings will be borne out. Further, the estimate does not reflect other savings that could be gained by consolidation and the elimination of duplicative systems; GSA has stated that calculating such savings would be prohibitively expensive. As a result, it is unclear what savings can be expected from implementing e-Gov Travel. At this point, a new estimate of anticipated savings would be of limited value, but tracking actual savings would provide a useful measure of program success. Currently, however, GSA does not plan to collect data from individual agencies on actual savings.

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Abbreviations

eTS	e-Government Travel Service
GSA	General Services Administration
OMB	Office of Management and Budget
TSS	Travel Services Solution

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United States Government Accountability Office
Washington, D.C. 20548

September 15, 2006

The Honorable Christopher Bond
Chairman
The Honorable Patty Murray
Ranking Minority Member
Subcommittee on Transportation, Treasury, the Judiciary, Housing and
Urban Development, and Related Agencies
Committee on Appropriations
United States Senate

The Honorable Joe Knollenberg
Chairman
The Honorable John W. Olver
Ranking Minority Member
Subcommittee on Transportation, Treasury, the Judiciary, Housing and
Urban Development, and Related Agencies
Committee on Appropriations
House of Representatives

The President has identified the expansion of electronic government (e-government)¹ as one of the five priorities of his management agenda. To support this priority, the Office of Management and Budget (OMB) developed an implementation strategy that identified 25 e-government initiatives. One of these initiatives, e-Gov Travel, managed by the General Services Administration (GSA), is intended to provide a common, automated, and integrated approach to managing government travel functions that will both realize cost savings and improve service. In November 2003, GSA awarded three 10-year e-Government Travel Service (eTS) master contracts, under which three vendors agreed to offer a full array of travel management services to federal agencies. Small travel agencies can also offer services, as subcontractors to eTS vendors or directly to federal agencies. GSA has projected that e-Gov Travel will realize about \$473 million in savings across the federal government between fiscal years 2002 and 2013.

¹E-government refers to the use of technology, particularly Web-based Internet applications, to enhance the access to and delivery of government information and services to citizens, business partners, employees, other agencies, and other entities.

Senate Report 109-109 directed us to study the use of small businesses in the e-Gov Travel program, with a focus on travel agencies offering services to federal agencies through GSA's Travel Services Solutions (TSS) schedule. The report also directed us to assess the program's anticipated savings. Our specific objectives were to determine (1) if GSA had appropriate mechanisms in place to help ensure the use of small business travel agencies, including travel agencies on the TSS schedule, and (2) the soundness of GSA's estimate of potential savings expected to accrue to the federal government from moving to eTS.

To determine whether GSA had appropriate mechanisms in place to help ensure the use of small business travel agencies, we

- analyzed GSA's small business goals and compared them with eTS vendors' small business plans and their reported subcontracting with small businesses for the second half of fiscal year 2005;
- analyzed documentation of the e-Gov Travel program and interviewed officials at GSA regarding efforts to ensure that small business travel agencies have the opportunity to participate;
- interviewed officials at agencies that had begun implementing eTS systems (the National Science Foundation and the Departments of Agriculture, Transportation, and the Treasury) to assess how their planned use of small business travel agencies made use of GSA's mechanisms; and
- interviewed 11 representatives of small business travel agencies to obtain their views regarding GSA's efforts and the eTS program. To select these travel agencies, we consulted with GSA and the Society of Government Travel Professionals² to identify travel agencies in a variety of contracting relationships with the federal government, including those that are currently subcontracting under the eTS program (3 agencies), those currently listed on the TSS schedule (10 agencies, including 3 that also have eTS subcontracts), and 1 travel agency that is not currently involved in either eTS or TSS but is interested in doing business with the government. The TSS schedule travel agencies

²The Society of Government Travel Professionals is a national trade association representing companies providing government travel services.

included those holding active task orders with federal agencies (4 agencies) as well as those without task orders (6 agencies).

To assess the reliability of vendors' reported subcontracting with small businesses, we interviewed officials from each of the vendors and assessed documentation regarding independent reviews and other quality control processes they had in place.

To determine the soundness of GSA's estimate of the potential savings from the eTS program, we evaluated GSA's cost-benefit analysis against selected criteria in OMB Circular A-94 pertaining to savings estimation and discussed the rationale for the estimate with program officials. Our work was conducted from January 2006 through May 2006, in accordance with generally accepted government auditing standards.

On June 12, 2006, we provided a briefing to staff from your offices on the results of our work. The briefing slides are included in appendix I. The purpose of this report is to publish the briefing slides and transmit the recommendations to GSA.

Results in Brief

GSA has appropriate mechanisms in place to ensure that small travel agencies have opportunities to obtain federal travel business through participation in the eTS contracts and the TSS schedule. Specifically, GSA included provisions within the eTS contracts to (1) promote small business use and engaged in outreach to explain them and (2) established the TSS schedule to supplement eTS and permit small businesses and others to participate. Small businesses have participated in both eTS and TSS, and vendors have reported meeting eTS subcontracting goals for small business in fiscal year 2005. However, the e-Gov Travel program office has not tracked the amount of business TSS schedule travel agencies have received and thus has not yet gauged the overall effectiveness of the schedule as a means of facilitating small business participation. Further, it is uncertain whether GSA intends to waive or modify its requirement that travel agencies conduct \$25,000 in business each year to maintain their TSS schedule contracts. In light of the limited implementation status of the e-Gov Travel program, such a requirement could be an impediment to small travel agency participation.

GSA's estimate of e-Gov Travel savings across the federal government is not well supported. Much (74 percent) of the benefits projected for fiscal years 2002 through 2013 is based on GSA's calculations of expected productivity

savings associated with streamlined processing of travel orders and vouchers. GSA did not determine whether individual agencies planned to take action to implement these savings (such as by reallocating affected personnel resources to other tasks), and thus it is unclear whether these savings are likely to be realized. Further, the estimate does not reflect additional savings potentially gained by consolidating the government's acquisition of travel services and eliminating duplicative systems, which GSA states would be prohibitively expensive to calculate. As a result, the extent of savings to be expected from implementing the e-Gov Travel program is unclear. While a new estimate of anticipated savings would be of limited value, tracking actual savings realized would provide a useful measure of program success. However, GSA does not plan to collect data from individual agencies on the extent of actual savings resulting from the program.

We are recommending that GSA take the following two actions: (1) ensure that its administrative processes do not impede small business travel agencies from having reasonable opportunities to obtain and maintain business with the federal government and (2) collect data from individual agencies on savings realized as they implement e-Gov Travel and report periodically to OMB.

We received written comments on a draft of this report from the Administrator of GSA. This letter is reprinted in appendix II. GSA generally agreed with the content of our report and our recommendations.

We are sending copies of this report to the Administrator of GSA and other interested congressional parties. We also will make copies available to others upon request. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you have questions concerning this report, please call me at (202) 512-6240 or send e-mail to koontzl@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Major contributors to this report are Barbara Collier, John de Ferrari, Neil Doherty, Vernetta Marquis, and Elizabeth Zhao.



Linda D. Koontz
Director, Information Management Issues

E-Government Travel: Participation by Small Businesses and Estimated Program Savings



E-Government Travel: Participation by Small Businesses and Estimated Program Savings

Briefing for congressional staff of the

Subcommittee on Transportation, Treasury, the Judiciary, Housing and Urban Development and Related Agencies, Senate Committee on Appropriations; and

Subcommittee on Transportation, Treasury, Housing and Urban Development, The Judiciary, and the District of Columbia, House Committee on Appropriations

May 30, 2006



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Introduction

E-Gov Travel is a program to establish automated e-Government Travel Service (eTS) systems for managing travel functions at civilian agencies across the federal government. Managed by the General Services Administration (GSA), the e-Gov Travel program is one of 25 e-government initiatives sponsored by the Office of Management and Budget (OMB) in response to the President's Management Agenda. The Agenda gives priority to expanding electronic government and improving the internal efficiency of the federal government.

The purpose of the e-Gov Travel initiative is to provide a common, automated, and integrated approach to managing government travel functions that will both realize cost savings and improve service. GSA has projected that e-Gov Travel will realize about \$473 million in savings across the federal government between fiscal years 2002 and 2013.



In November 2003, GSA awarded three 10-year eTS master contracts to

- Carlson Wagonlit Government Travel,
- Electronic Data Systems (EDS), and
- Northrop Grumman Mission Systems.

Under these contracts, the eTS vendors agree to offer a full array of travel management services to government agencies. Executive branch agencies other than the Department of Defense (which is implementing a separate system) are required to use eTS vendors to support most of their travel management functions—such as travel authorization and voucher processing—but are not required to obtain travel agency services—assistance in booking or making changes in travel—from eTS vendors. Travel agency services are part of the eTS vendor offerings, but federal agencies may obtain them separately.



Small business travel agencies¹ have two main avenues for obtaining business with federal agencies, using GSA contract vehicles:

- They can form partnerships with one or more of the eTS vendors and provide travel agency services as eTS subcontractors. Public Law 109-115 stipulates that at least 23 percent of all subcontracted dollars for eTS are to be allocated to small businesses (which encompasses all small businesses, not just travel agencies).
- They can apply for and be listed on GSA's Travel Services Solutions (TSS) schedule. Federal agencies have the option of establishing contract task orders for travel agency services from TSS-listed businesses apart from their main eTS contract task orders.

¹Small business travel agencies are defined by the Small Business Administration as earning no more than \$3.5 million annually. They also must meet certain other criteria, such as being organized for profit, having a place of business in the United States, and making a significant contribution to the U.S. economy by paying taxes or using American products, materials, or labor.



Federal agencies are also free to independently negotiate contracts with travel agencies, including small travel agencies. However, according to GSA, they are likely to do so only rarely because the administrative burden of negotiating independent contracts is much greater than when using one of GSA's established contracting vehicles.



Objectives

Senate Report 109-109 directs us to study the use of small businesses in the e-Gov Travel program, with a focus on travel agencies on the TSS schedule. The report also directs us to assess expected savings of the program.

Our specific objectives were to

- determine if GSA has appropriate mechanisms in place to help ensure the use of small business travel agencies, including travel agencies on GSA's TSS schedule, and
- determine the soundness of GSA's estimate of potential savings expected to accrue to the federal government from moving to eTS.



Scope and Methodology

To determine whether GSA has appropriate mechanisms in place to help ensure the use of small business travel agencies, we

- analyzed GSA's small business goals and compared them with eTS vendors' small business plans and their reported subcontracting with small businesses for the second half of fiscal year 2005;
- analyzed documentation of the e-Gov Travel program and interviewed officials at GSA regarding efforts to ensure that small business travel agencies have the opportunity to participate;
- interviewed officials at agencies that have begun implementing eTS systems (the National Science Foundation and the Departments of Agriculture, Transportation, and the Treasury) to assess how their planned use of small business travel agencies made use of GSA's mechanisms; and



- interviewed 11 representatives of small business travel agencies to obtain their views regarding GSA's efforts and the eTS program. To select these travel agencies, we consulted with GSA and the Society of Government Travel Professionals² to identify travel agencies in a variety of contracting relationships with the federal government, including those that are currently subcontracting under the eTS program (3), those currently listed on the TSS schedule (10, including the 3 that also have eTS subcontracts), and one travel agency that is not currently involved in either eTS or TSS but is interested in doing business with the government. The TSS schedule travel agencies included those holding active task orders with federal agencies (4) as well as those without task orders (6).

²The Society of Government Travel Professionals is a national trade association representing companies providing government travel services.



To assess the reliability of vendors' reported subcontracting with small businesses for the second half of fiscal year 2005, we interviewed officials from each of the vendors and obtained documentation on independent reviews and other quality control processes they had in place.

To determine the soundness of GSA's estimate of the potential savings from the eTS program, we evaluated GSA's cost-benefit analysis against selected criteria in OMB Circular A-94 pertaining to savings estimation and discussed the rationale for the estimate with program officials.

We performed our work from January 2006 to May 2006, in accordance with generally accepted government auditing standards.



GSA has appropriate mechanisms in place to ensure that small travel agencies have opportunities to obtain federal travel business through participation in the eTS contracts and the TSS schedule. Specifically, GSA

- included provisions within the eTS contracts to promote small business use and engaged in outreach to explain them, and
- established the TSS schedule to supplement eTS and permit small businesses and others to participate.



Small businesses have participated in both eTS and TSS, and vendors reported meeting eTS subcontracting goals for small business in fiscal year 2005. However, the e-Gov travel program office has not tracked the amount of business TSS schedule travel agencies are receiving and thus has not yet gauged the overall effectiveness of the schedule as a means of facilitating small business participation. Further, it is uncertain whether GSA intends to waive or modify its requirement that travel agencies conduct \$25,000 in business each year to maintain their TSS schedule contract. In light of the limited implementation status of the e-Gov Travel program, such a requirement could be an impediment to small travel agency participation.



GSA's estimate of e-Gov Travel savings across the federal government is not well supported. Much (74 percent) of the benefits projected for fiscal years 2002 through 2013 is based on GSA's calculations of expected productivity savings associated with streamlined processing of travel orders and vouchers. GSA did not determine whether individual agencies planned to take action to implement these savings (such as by reallocating affected personnel resources to other tasks), and thus it is unclear whether these savings are likely to be realized. Further, the estimate does not reflect additional savings potentially gained by consolidating the government's acquisition of travel services and eliminating duplicative systems, which GSA states would be prohibitively expensive to calculate. As a result, the extent of savings to be expected from implementing the e-Gov Travel program is unclear. While a new estimate of anticipated savings would be of limited value, tracking actual savings realized would provide a useful measure of program success. However, GSA does not plan to collect data from individual agencies on the extent of actual savings resulting from the program.



We are recommending that GSA take steps to ensure that its administrative processes do not impede small business travel agencies from having reasonable opportunities to obtain and maintain business with the federal government. We are also recommending that GSA collect data from individual agencies on savings realized as they implement e-Gov Travel and report periodically to the Office of Management and Budget.

In providing oral comments on a draft of this briefing, the e-Gov Travel program manager and other officials from GSA generally agreed with the content and recommendations. The GSA officials also made a number of technical comments, which we incorporated as appropriate.



Background

In the past, federal travel operations were largely decentralized. In many cases, travel agencies, including small businesses, were able to contract directly with agency subcomponents, such as field offices, to provide travel services in diverse geographic locations. According to GSA, the decentralized nature of travel operations created a labor-intensive administrative structure, and it was not possible to effectively monitor travel operations governmentwide. E-Gov Travel was launched to address administrative inefficiencies, realize cost savings, and enhance service by consolidating the travel functions of federal civilian agencies.³

Under e-Gov Travel, executive branch agencies other than Defense are required to choose among the three vendors who were awarded the master eTS contracts. These vendors all offer travel agency services. However, as already discussed, federal agencies have the alternative of obtaining travel agency services through the TSS schedule or by contracting independently with travel agencies.

³Federal government travel consolidation has been a goal for many years. See, for example, GAO, *Governmentwide Travel Management: Federal Agencies Have Opportunities for Streamlining and Improving Their Travel Practices*, GAO/T-AIMD-96-60 (Washington, D.C.: Mar. 8, 1996).



Federal agencies were required to choose eTS vendors by December 2004; however, most agencies have not yet implemented eTS. Of 24 major departments and agencies, two (the National Science Foundation and the National Archives and Records Administration) had fully implemented eTS as of April 2006. Another 8 agencies were in the process of implementing the system.



The systems that the eTS vendors provide to federal agencies consist of three major components:

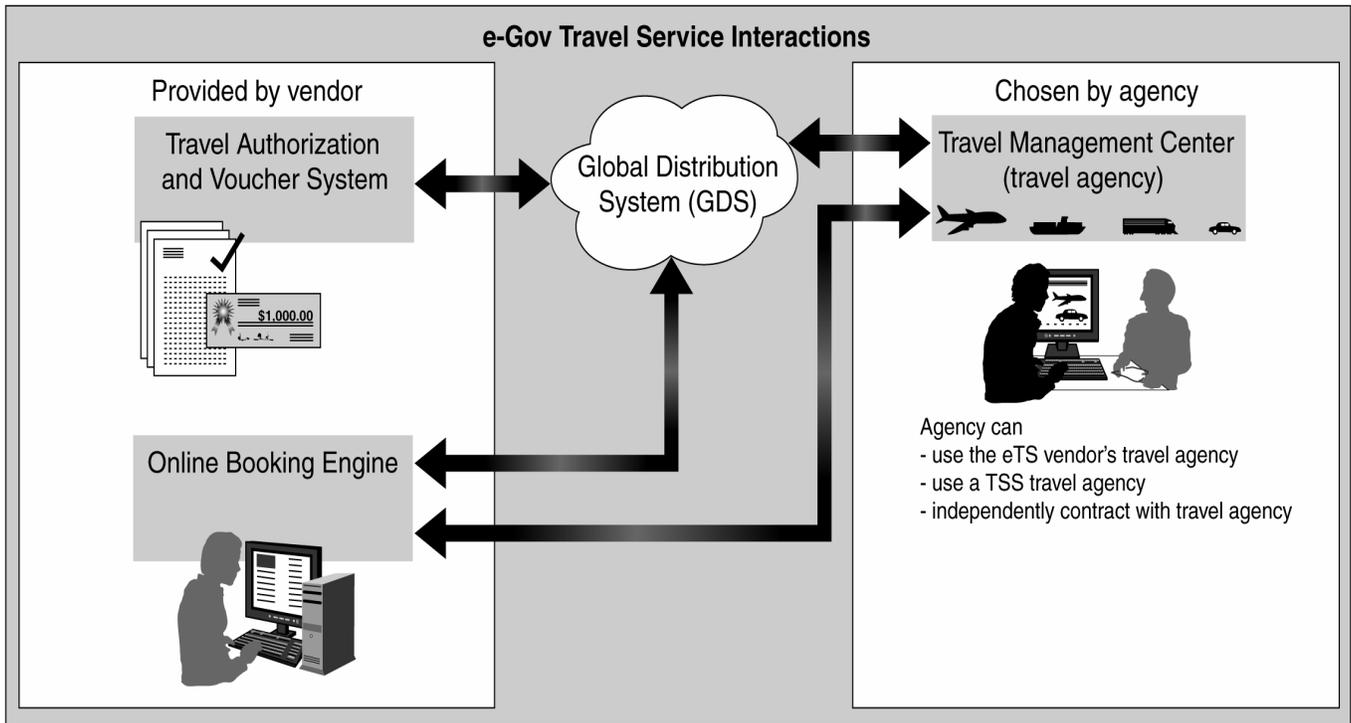
- The Travel Authorization and Voucher System is an automated tool used to ensure that planned travel adheres to regulations and is properly authorized. It also allows employees to submit vouchers and be reimbursed for travel expenses.
- The Online Booking Engine is the interface used by agencies to make travel reservations. It allows federal travelers 24-hour access to reservations, itineraries, and pre-selected traveling preferences.
- A Travel Management Center (travel agency) provides traditional human-assisted travel services, including assistance in booking reservations, making changes, or coping with unforeseen problems as travel is under way. Agencies may use more than one travel agency.



Each of these three components interacts with the others. These interactions may differ depending on the implementation of each agency's system. For example, a government employee may use the online booking engine to book travel directly or may consult with a travel agent (Travel Management Center) to do so. Authorization may be obtained through the Travel Authorization and Voucher System.

To authorize travel, the Travel Authorization and Voucher System must have access to the reservation information collected by the online booking engine or the travel agency. Usually this exchange is handled electronically through a Global Distribution System (GDS)—a large electronic travel reservation system that facilitates sharing of travel and transportation information among multiple subscribing organizations. GDSs provide subscribers with schedules, availability, and pricing information, as well as reservation and ticketing capabilities. There are four major GDSs: Amadeus, Worldspan, Sabre, and Galileo.

The following diagram illustrates how the eTS components interact.



Source: Adapted from GSA.



Travel agencies affiliated with the main eTS contracts are referred to as *embedded*. As such, the travel agencies are subcontractors to the main eTS vendors, and they have procedures for sharing information with the Travel Authorization and Voucher System and online booking engine, generally via a GDS, as established in their contracts with the eTS vendors. Embedded travel agencies include large as well as small businesses.

If travel agencies are not embedded—such as when federal agencies have separate task orders with travel agencies on the TSS schedule—the eTS vendors are required to *accommodate* the chosen travel agency: that is, establish procedures for efficiently sharing information with them. For an eTS vendor to properly complete a travel order and authorization, it must obtain travel reservation information created by the travel agency, which is generally done via a GDS. The GSA contract requires eTS vendors to subscribe to all four GDSs; this is intended to ensure that most travel agencies, which may subscribe to different GDSs, can be accommodated.



Background:
Travel Services Solutions Schedule

The TSS schedule, which is managed by GSA's Federal Supply Service, allows federal agencies to supplement their eTS contracts. Agencies may use the TSS schedule to acquire travel services such as professional travel agents and related services to assist federal employees in meeting their travel needs. According to GSA, the TSS schedule is a comprehensive contracting vehicle that provides a listing of approved contractors offering these services; it is intended to provide agencies with one-stop shopping for travel management needs and ensure integration with eTS.

The TSS schedule is designed to provide opportunities for all businesses to compete for federal travel business, with an emphasis on promoting opportunities for small businesses. GSA provides information to agencies about whether TSS vendors are small businesses, and agencies can use these vendors to address their small business utilization goals.



**Objective 1: GSA Has Established Mechanisms
to Allow Participation by Small Business
Travel Agencies**

GSA has appropriate measures in place to ensure that small business travel agencies have opportunities to obtain federal travel business through participation in (1) the eTS contracts and (2) the TSS schedule. Through both of these vehicles, small business travel agencies have received federal business.

In addition, more small businesses are now eligible for federal business through GSA than before eTS and TSS. Under GSA's previous master contract for travel agencies, in effect from 1998 through 2004, 13 small travel agencies participated. In contrast, 34 are currently participating through eTS, TSS, or both.



Use of Small Business Travel Agencies

eTS contracts: In developing the eTS program, GSA established provisions in the master contracts to promote the use of small businesses. For example, eTS vendors are required to develop and submit plans outlining their strategies for reaching small business participation goals. GSA set a goal for each eTS vendor to allocate 40 percent of subcontracting dollars to small businesses. In addition, legislation requiring eTS vendors to allocate at least 23 percent of subcontracting dollars to small businesses is in effect. The contracts provide incentive awards for meeting or exceeding GSA's small business goals and also stipulate that vendors face monetary penalties if they do not meet their small business goals. In addition, the contracts require vendors to report semi-annually on their small business usage.



Use of Small Business Travel Agencies

In addition, to broaden awareness about eTS, GSA has engaged in outreach about the program by various means, including forums and workshops. For example, GSA has made presentations to workshops and conferences sponsored by the Society of Government Travel Professionals and the National Travel Forum, among others. Topics discussed in these forums included how the system works as a whole, migration plans, procurement, pricing, and ways in which GSA is supporting the transition to the eTS system. GSA officials have also provided customer representatives to work with agency officials on selecting eTS vendors and travel agencies. These activities included providing information about opportunities for federal agency utilization of small travel agencies.



Use of Small Business Travel Agencies

The eTS program has succeeded in achieving small business participation: in their October 2005 semi-annual reports to GSA, the eTS vendors provided figures on subcontracted dollars to small businesses that met GSA's goal of 40 percent (and thus also the statutory goal of at least 23 percent).⁴ GSA officials reported that the eTS master contracts currently include 11 small business travel agencies as subcontractors.

Small business subcontracting goals are not targeted specifically to travel agencies. According to their July 2005 reports, one vendor directed 13 percent of small business subcontracting dollars to small travel agencies, while another devoted 9 percent to small travel agencies.⁵

⁴GSA officials stated that the figures reported by the eTS vendors were sensitive information that could not be publicly released.

⁵The third vendor did not provide a breakdown by type of small business because it was not contractually required to do so. GSA officials said they are in the process of making such reporting a mandatory requirement.



Use of Small Business Travel Agencies

TSS schedule: In 2003, GSA established the TSS schedule to provide opportunities for businesses (including small businesses) that are not eTS subcontractors to provide travel services to federal agencies. According to e-Gov Travel officials, GSA's Federal Supply Service has conducted outreach efforts regarding opportunities under the TSS schedule similar to those conducted for eTS.

GSA has obtained small business participation on the TSS schedule: Currently, the TSS schedule includes 53 travel agencies, of which 30 are small businesses.



Use of Small Business Travel Agencies

However, it is not clear how much business small travel agencies are actually receiving through the TSS schedule and thus whether the TSS, as currently administered, is an effective mechanism for providing opportunities for small travel agencies. As of April 2006, GSA officials reported that 9 of the 30 small travel agencies had task orders with federal agencies. However, e-Gov Travel program officials do not maintain information about agency usage of TSS schedule vendors and thus could not report how much business small travel agencies were receiving through TSS schedule task orders.

Without such information, GSA officials lack the ability to monitor over time whether small businesses are being afforded opportunities under the TSS schedule and whether administrative adjustments need to be made—such as changes in contract requirements or providing better explanations of small business opportunities to federal agencies.



Use of Small Business Travel Agencies

In addition, small travel agency representatives were concerned that they could face an onerous administrative process with GSA if they wish to remain listed on the TSS schedule in the future. According to these representatives, to initially become listed on the TSS schedule required a substantial initial investment without any guarantee of federal business.

Eight out of the 11 travel agencies we contacted indicated that the approval process was time-consuming and the requirements difficult to understand. Three small travel agencies stated that they needed to hire specialists or had to devote an extensive amount of time to develop draft TSS contracts. Four indicated that additional resources were required in an iterative process of negotiation to win approval from GSA. Six mentioned that considerable time was required to get answers to questions and feedback.



Use of Small Business Travel Agencies

Travel agency representatives stated they were concerned that they would be dropped from the TSS schedule if they did not conduct enough business and then would have to repeat the application process in order to regain the opportunity to obtain federal business. GSA requires vendors to conduct \$25,000 worth of business each year to maintain their TSS schedule contract.

While GSA officials acknowledged this requirement, they said travel agencies not receiving task orders would not necessarily be dropped from the TSS schedule. According to GSA, the decision to cancel a contract is a business decision, and before making such a decision, GSA officials are to meet with the vendor to discuss why it is not doing business and make recommendations. According to GSA, no TSS travel agency to date has been canceled due to lack of business.



Use of Small Business Travel Agencies

Given that e-Gov Travel has been implemented at only a few agencies, the \$25,000 minimum requirement for small travel agencies could create an impediment to small business participation. GSA has not indicated whether it intends to waive or modify this requirement in light of the limited implementation status of the e-Gov Travel program.



Objective 2: Anticipated Savings are Unclear

According to GSA's cost and benefit estimate, eTS is projected to result in about \$473 million in overall savings across the federal government during fiscal years 2002 and 2013.

GSA projected benefits of

- \$420 million in productivity gains from employees and supervisors spending less time on administrative paperwork as a result of integrating travel systems (the online booking engine and the travel authorization and voucher system) with agency finance and accounting systems and
- \$148 million in savings from more efficient transactions and vouchering.

These benefits together total \$568 million. GSA projected the total cost of developing and implementing the system at \$95 million. Subtracting this cost from the projected benefits results in \$473 million in projected savings.



Anticipated Savings are Unclear

GSA did not provide evidence that the bulk of the projected cost savings (\$420 million)—which consist of anticipated productivity gains due to employees and supervisors spending less time processing travel authorizations and vouchers—are likely to be realized. Unlike budgetary savings, which can be realized by not making otherwise planned expenditures, productivity gains are based on anticipated reductions in the need for personnel resources, which could allow individuals to be reassigned or to perform other tasks.

In order for these savings to materialize, agencies must have plans in place to reallocate these personnel resources or otherwise take advantage of the anticipated gains. However, in the case of e-Gov Travel, GSA analysts calculated the productivity savings that they believed should be realized at each government agency—due to reduced manual effort in processing travel orders and vouchers—without determining whether the federal agencies would take action to achieve cost reductions, such as by reallocating or reducing personnel resources.



Anticipated Savings are Unclear

According to GSA, the projected savings represent an aggregation of the many relatively small amounts of time to be saved by individual travelers, their supervisors, and financial management personnel at each federal agency.

Because the projected savings are scattered among many agency personnel, it may be difficult for agencies to explicitly achieve cost reductions corresponding to the projected savings, such as by reallocating or reducing personnel resources. Thus it is unclear the extent to which these savings will be realized.



Anticipated Savings are Unclear

In addition, the GSA estimate may not take into account all possible sources of cost savings. OMB's A-94 guidance requires a complete and reasonable accounting of expected benefits. Although one of the goals for eTS is consolidation of government travel management services and elimination of duplicative systems, GSA's cost-benefit estimate focused on efficiency gains in travel execution (fees paid to service providers) and travel management (booking, reviewing, and approving travel and travel reimbursement), rather than savings resulting from consolidating the acquisition of travel services or eliminating duplicative systems. Implementation of e-Gov Travel could result in additional savings in these areas.



Anticipated Savings are Unclear

GSA officials recognized that they had not quantified these potential savings. They stated that it would be prohibitively expensive to do so and was not necessary because the previously described savings had been identified.

Because the decision to implement e-Gov Travel has already been made, it may not be productive to reassess anticipated savings at this point in time. However, tracking actual savings could shed light on the success of the program and inform future initiatives of a similar nature. Further, GSA is required to conduct post-implementation reviews⁶ of information technology investments to verify, for example, estimated benefits and document effective management practices for broader use. Information on savings realized is necessary for these reviews. However, GSA program staff indicated that they have no plans to collect data from individual agencies on savings realized.

⁶Post-implementation reviews are required under OMB Circular No. A-130: Management of Federal Information Resources.



Conclusions

GSA has established appropriate mechanisms to allow small business travel agencies to compete for business with federal customers, including setting goals for small business utilization in the eTS contracts and establishing the TSS schedule. Although these processes create a structure for small travel agency business opportunities, and eTS small business goals are reportedly being met, the e-Gov Travel program is still in its early stages of implementation. Specifically, it remains unclear how much business small travel agencies are doing with the government via the TSS schedule. Without monitoring usage, e-Gov Travel program officials are unable to determine the extent to which the TSS schedule has provided business opportunities to small travel agencies. Further, in light of the limited implementation status of the e-Gov Travel program, it is uncertain whether GSA intends to enforce the requirement that travel agencies conduct \$25,000 in business each year to maintain their TSS schedule contract. Such a requirement could be an impediment to small travel agency participation.



The eTS savings estimate prepared by GSA is based largely on productivity gains that may not be realized at individual agencies, and the estimate does not address potential gains due to consolidation and elimination of duplication. As a result, it is difficult to know what cost savings are expected from implementation of eTS. While a new estimate of anticipated savings would be of limited value at this point in time, identification of actual savings realized would provide a useful measure of the success of the program. However, GSA does not currently have plans to collect these data from individual agencies.



Recommendations

We recommend that the Administrator of General Services ensure that, as the e-Gov Travel Program progresses, GSA's administrative processes do not impede small business travel agencies from having reasonable opportunities to obtain and maintain business with the federal government. Specifically, GSA should

- monitor the amount of business small travel agencies are receiving under the TSS schedule and, depending on the results, identify and implement adjustments as warranted, and
- consider waiving or modifying the requirement that vendors conduct \$25,000 worth of business each year to maintain their TSS schedule contracts until the e-Gov Travel program is more broadly implemented across the federal government.

We also recommend that the Administrator of General Services collect data from individual agencies on savings realized as they implement e-Gov Travel and report to the Office of Management and Budget periodically on the extent of actual savings resulting from the program.



Agency Comments

On May 23, 2006, the e-Gov Travel program manager and other GSA staff, including the Acting Assistant Commissioner for Transportation and Property Management, provided oral comments on a draft of this briefing. The GSA officials generally agreed with the content and recommendations, noting that they are in the process of a reorganization that will consolidate travel management within one office to facilitate monitoring and tracking of small business travel agencies. The GSA officials also made a number of technical comments, which we incorporated as appropriate.

Comments from the General Services Administration



GSA Administrator

September 5, 2006

The Honorable David M. Walker
Comptroller General
of the United States
Government Accountability Office
Washington, DC 20548

Dear Mr. Walker:

Thank you for the opportunity to comment on the Government Accountability Office (GAO) draft report, "E-Government Travel: Participation by Small Business and Estimated Program Savings" (GAO-06-911).

The U. S. General Services Administration (GSA) was pleased with the collaborative manner in which GAO coordinated with GSA on this report. Your recommendations that GSA ensure administrative processes do not impede small business and that data on savings realized by individual agencies be collected are beneficial and reasonable.

Through our collective efforts, the report has accurately documented the implications of the E-Gov Travel Service (ETS) on small business and especially the small business travel agencies. GSA has, and will continue to ensure small business is adequately represented in our travel services contracts. We will review our internal processes for monitoring small business participation.

Concerning the potential savings associated with ETS, as was highlighted in a 1996 GAO Testimony before the Senate Subcommittee on Governmental Affairs (Governmentwide Travel Management: Federal Agencies Have Opportunities for Streamlining and Improving Their Travel Practices, GAO/T-AIMD-96-60, dated March 8, 1996), GSA plays a pivotal role in the realization of the direct cost savings for Federal travel through the management of the E-Gov Travel Service, GSA's City Pair Program,

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the Travel Services Solutions schedule, and the FedRooms lodging program. Over the past decade, GSA has provided the channels for Federal agencies to obtain travel services at greatly reduced prices resulting in a direct reduction in agency travel costs. The Return on Investment (ROI) for direct budgeted dollars is being realized and meets the threshold of the OMB A-94 guidance.

This same report addressed the challenge of identifying and reducing the often hidden administrative costs associated with arranging and processing travel. These administrative costs are estimated to be in the hundreds of millions of dollars as was documented by both the 1996 GAO report and the E-Gov Travel business case.

The E-Gov Travel initiative is achieving the travel best practices identified by GAO in the abovementioned 1996 report and the Quicksilver Report (E-Government Strategy: Implementing the President's Management Agenda for E-Government, dated February 27, 2002) through consolidation, simplification, automation and integration of Federal travel services. ETS has exceeded the expectations identified 10 years ago and now provides the means for agencies to achieve greater productivity savings. ETS establishes a cost-effective travel management services framework that will enable Federal agencies to greatly streamline their internal processes and focus on core mission. Productivity savings were clearly identified by both the GAO and Quicksilver reports as a significant benefit.

In an August 8 memorandum, Karen Evans, Administrator of the Office of Management and Budget (OMB), Office of E-Government and Information Technology, instructed agency Chief Information Officers to document the savings associated with the E-Government initiatives. The E-Gov Travel Program Management Office will work closely with OMB and customer agencies to document agency savings associated with E-Gov Travel where the costs to do so are reasonable.

Additionally, ETS provides benefits that are less apparent such as automatic policy compliance, quicker reimbursement and reduced contract administration overhead. The net effects of such intrinsic benefits include: less abuse of premium class travel, quicker cancellation of unused tickets, and rebates for quicker payment of Government charge card bills to name a few. While difficult to quantify, these types of benefits support the internal efficiency and effectiveness of the President's Management Agenda.

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If you require additional information, please contact me or have a member of your staff contact Mr. Kevin Messner, Associate Administrator, Office of Congressional and Intergovernmental Affairs, at (202) 501-0563.

Cordially,



Lunita Doan
Administrator

cc:

Ms. Linda D. Koontz
Director
Information Management Issues
United States Government Accountability Office
Washington, DC 20548

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