



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

Transp  
Mr. Golden  
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B-197423

March 20, 1980

The Honorable William L. Armstrong  
United States Senate

Dear Senator Armstrong:

[Procurement of Travel Services]

We have received correspondence forwarded to us by Allan W. Beres, Commissioner of Transportation and Public Utilities Service, General Services Administration, which contains a copy of a letter sent to you from D. B. James, Sr., President of James Travel Center, a travel agency, 1760 14th Street, P.O. Box 2160, Boulder, Colorado 80302. Mr. James asks why travel agents are prohibited from providing travel services for official Government travel under section 52.3 of Title 4 of the Code of Federal Regulations (CFR) and also asserts that this regulation discriminates against small businessmen like himself. He states that he can provide the required services to the Government and cannot understand why he is prohibited from doing so.

Also, specifically of concern to you, is the General Services Administration's (GSA) decision to use a Scheduled Airline Ticket Office (SATO) in Boulder, Colorado, instead of one of the local travel agencies such as James Travel Center capable of servicing the Federal Government's travel needs.

Since the current prohibition against the use of commercial travel agents by the Federal Government is contained in regulations of the General Accounting Office (GAO), your request for information concerning Mr. James' inquiry was referred to our Office.

The prohibition against the use of travel agents for procuring official Government travel has been in effect for many years. There are a variety of reasons for this. One reason is our concern that if travel agents handled Government travel, it would cost more than dealing directly with the carrier. We also are concerned that the

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public and the Government would pay higher air fares if the airlines must pay commissions on Government travel procured by travel agents. Also, travel agents may be unfamiliar with statutes and regulations concerning Government travel and this could render enforcement of those provisions more difficult.

We studied the effects of our prohibition in 1978 at the request of the House Committee on Small Business and on August 8, 1978, we issued the results of our study which showed inconclusive benefits from lifting the prohibition. We also testified on the results of that report on August 9, 1978, before the Subcommittee on Special Small Business Problems, House Committee on Small Business. The House Committee on Small Business on July 16, 1979, issued House Report No. 96-339 and recommended that GAO remove its longstanding prohibition. The Subcommittee Chairman also wrote to GAO on July 25, 1979, asking what action we planned to take on the Committee's recommendation.

In response, we issued a circular letter, dated August 20, 1979 (copy enclosed), to the heads of all Government agencies and departments stating our willingness to lift the ban for individual agencies on the basis of analyses that adequately demonstrate economies to be achieved or to allow tests of the use of travel agents for the purpose of demonstrating whether savings and efficiencies will result.

As the circular indicates, any Federal agency may submit a plan to this Office which provides reasonable evidence that permitting the use of travel agents will result in a more efficient and less costly travel operation. In this way, we expect that travel agents will now have the opportunity to participate in the Government travel market and to demonstrate that use of travel agents will be beneficial to the Government. Because of our new position concerning the use of travel agents, GSA in its discretion, can consider the use of travel agents and submit a plan to GAO requesting an exemption from our prohibition. We recently granted an exemption

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to our prohibition to the Employment and Training Administration of the United States Department of Labor for a proposed test of the use of travel agents for 1 year.

We also wish to point out that currently the Air Traffic Conference Sales Agency Agreement, Resolution 90.2, paragraph 11, filed with the Civil Aeronautics Board (CAB), prohibits airline payment of commissions to travel agents on Government air travel. Thus, it may prove unprofitable for travel agents to provide travel services to the Government. The resolution prohibiting payment of commissions to travel agents on Government travel is under study by the CAB with hearings scheduled to begin June 3, 1980.

We note from our records that we have advised Mr. James previously (December 31, 1963, June 24, 1977, and January 29, 1980), in detail, of our reasons for the promulgation of our regulations which, while limiting the use of travel agencies, are designed primarily for the protection of the interests of the United States.

For your information we are also enclosing copies of our letter of August 20, 1979, B-103315, to the Chairman, Subcommittee on Special Small Business Problems, Committee on Small Business, House of Representatives and of our report, LCD-78-219, entitled "A Look at the Prohibition on Using Commercial Travel Agents," dated August 8, 1978.

Sincerely yours,



For The Comptroller General  
of the United States

Enclosures