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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

FOR RELEASE ON DELIVERY
Expected at 9:00 a.m.
Thursday, July 30, 1981

STATEMENT OF
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116005

FEDERAL PERSONNEL AND COMPENSATION DIVISION
BEFORE THE
SENATE COMMITTEE ON GOVERNMENTAL AFFAIRS
ON
MANAGEMENT OF TRAVEL IN THE FEDERAL GOVERNMENT

Mr. Chairman and Members of the Committee:

I appreciate your invitation to appear before the Committee today to discuss the management of travel within the Federal Government.

Travel is essential to effective administration of Government programs. Yet, there is a general impression that the Government spends too much on travel, and it is widely perceived as an area of waste and inefficiency. Studies by GAO and others have highlighted opportunities to reduce costs and stressed the need to better manage travel. We believe that Federal managers have focused too much attention on the accuracy of travel reimbursements after trips are made and not enough on reviewing

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before hand the need for the trips in the first place.

Furthermore, top agency officials do not always require managers to comply with Federal travel policies which, in our opinion, indicates a lack of commitment to the goal of eliminating unnecessary travel.

Efforts during the past 5 years by the Congress and the President to reduce travel costs have not succeeded. OMB data shows that travel expenditures remained constant at \$2.1 billion from fiscal year 1970 to 1975, but increased to \$3.2 billion by fiscal year 1980. Last year, the Congress made an across-the-board cut of \$500 million in travel and transportation funds from the fiscal year 1980 President's budget. However, executive branch agencies subsequently received supplements to their travel and transportation budgets totalling \$700 million for a net increase of \$200 million over the President's original budget request.

In addition, the cost of administering travel is high. Although the total cost is unknown, we estimated the cost of processing travel reimbursement claims could have been as much as \$400 million in 1979--about 16 percent of the amount spent for travel. Our January 1981 report 1/ recommended that the General Services Administration and other departments and agencies act to cut these costs significantly by:

1/"Increased Productivity in Processing Travel Claims Can Cut Administrative Costs Significantly" (AFMD-81-18, Jan. 19, 1981).

--Proposing legislation to revise the reimbursement method for high cost areas.

--Eliminating redundant, overly detailed supervisory reviews.

--Improving voucher audit activities at payment centers.

Three procedures are used for reimbursing employee travel expenses. The first, called "lodgings-plus," reimburses the employee for his average actual costs for lodging plus a fixed amount for meals and miscellaneous expenses for each day of travel. The second method is used in the designated high-rate geographical areas, and this method reimburses employees for their actual costs, up to the ceiling established for each area. The third is flat-rate, which is used for travel of civilian employees in foreign areas.

The actual cost reimbursement method is complicated and overly detailed. We estimate that processing vouchers under this method costs over \$36 each, while processing lodgings-plus vouchers costs about \$21 each. The added cost is the result primarily of the requirement to itemize daily expenses and to collect and verify documentation. We do not know what it costs to process flat-rate vouchers but believe it would be lower.

We have recommended adoption of a two-tier lodgings-plus system to simplify the reimbursement process and reduce the costs of administering travel. The Interagency Travel Management Improvement Project is recommending a flat-rate per diem method for all travel, similar to that now used for travel of civilian employees in foreign areas. The flat-rate method would simplify the reimbursement process and reduce the cost of administering travel even more than our proposal.

Before these recommendations can be adopted, the Congress needs to revise the statute that now requires reimbursement for "actual" expenses for travel to high-rate areas. We urge this Committee to give prompt attention to this matter.

Better data is needed if travel is to be more effectively managed. In three reports since 1977 1/, we have recommended that budgeting and reporting systems be revised to focus more specifically on the purpose of travel, but this has not been done. The Interagency Travel Management Improvement Project makes the same recommendation. If information on the purpose of a trip is lacking, Federal managers do not have a sound basis for approving the travel. The Project's study of 13,000 travel vouchers and our recent study of travel by noncareer Government officials 2/ done at the request of Senator Percy found that the purposes of the trips were not shown on about one in four vouchers. We understand that OMB is now considering changes to its budget guidance that would instruct agencies to budget for and report travel costs by purpose.

Another area of concern to us is the loose travel authorization procedure used by some agencies. In a review conducted last

1/"Proposals for Improving the Management of Federal Travel" (FPCD-81-13, Dec. 24, 1980), "Temporary Duty Travel in the Management and Operation of Department of Defense Programs" (FPCD-77-84, Oct. 28, 1977), and "Travel in the Management and Operation of Federal Programs" (FPCD-77-11, Mar. 17, 1977).

2/"Travel by Certain Noncareer Government Officials" (FPCD-81-49, May 27, 1981).

year, we focused on travel management in the Departments of Agriculture and the Army. These two organizations illustrate the range of travel authorization procedures. In the Army, we found that travel was usually authorized by written orders and that blanket travel orders were issued only to a few high-level officials and others who may have to travel on short notice. Agriculture, on the other hand, has included in its travel regulations a general travel authorization for all employees of the Department. An employee in Agriculture needs only verbal approval from his/her supervisor to travel. In our December 1980 report, we recommended that the Secretary of Agriculture restrict the Department's general travel authorization to employees whose work requires frequent routine travel and require written authorization for all other travel. Agriculture has not changed its procedures. The Travel Project also recommends tighter controls over travel authorizations.

Over the last 5 years, OMB has issued a series of instructions to agencies on controlling travel expenses including limiting the number of employees who are authorized to attend conferences. But agency officials often ignored these instructions. As one example we found that during this period, Agriculture's Forest Service increased the number of conferences its employees may attend. In July 1977, the Forest Service's travel regulation authorized its officials to attend 50 national conferences. By January 1980, the list had increased to 77 national conferences, an increase of over 50 percent. In addition, the Service's

travel regulation gave blanket authorization for large numbers of people to attend these conferences. For example, 111 people were authorized to attend the Forest Products Research Society Conference and 59 were authorized to attend the National Audubon Society Conference. Neither we nor Agriculture knows how many Forest Service employees actually attended those conferences because Agriculture's general travel authorization procedures do not require the purpose of trips to be documented.

To reduce costs, travelers should obtain economical air fares. The Federal Travel Regulations require travelers to use less-than-first-class accommodations, except in certain limited circumstances. Use of first class must be justified and approved in writing.

During our recent work for Senator Percy covering a limited sample of travel by high-level noncareer Government officials, we found that the required justification for the use of first-class accommodations was not included on travel vouchers in over 75 percent of the trips in which first class was used. We notified the heads of departments of these instances and asked them to collect any overpayments and to review their Department's controls to see that future uses of first-class accommodations are justified and properly documented. I would like to point out here that the use of first-class accommodations is not widespread. GSA data shows that the extra cost for first-class travel Governmentwide was \$242,000 for fiscal year 1980.

In our study we also found that these senior officials used foreign carriers for over one-half of the overseas trips they took. U.S. law requires Government personnel to use U.S. carriers when they are available. Our Office is continuing to review those trips. If we find that use of a foreign carrier was improper, we will ask the Department to collect the costs of the trip from the traveler. Data is not available on the frequency of use of foreign carriers for all Federal employees.

We share the Congress' interest in reducing the cost of travel where possible. However, we continue to be concerned about imposing unrealistic limitations on the use of funds for one particular purpose, such as travel. Program managers will comply with arbitrary limits because they have to; however, they are also responsible for meeting their program objectives and may thus use other methods that require less travel but are also less satisfactory. For example, they may make greater use of routine reports to measure program results rather than make site visits to get first-hand knowledge; the former method may be less effective and efficient from the program standpoint. In the long run, this could cost more, and it might not give managers the same insights and first-hand experience that can make them better informed and more effective in carrying out their responsibilities. We would prefer to have OMB, other Government agencies, and the Congress focus on desirable program levels through the executive and legislative budget processes. We believe this is better than focusing on one

function, such as travel, completely out of the context of program objectives.

In 1980, OMB established the Interagency Travel Management Improvement Project to study travel practices in the Federal Government and to recommend ways that agencies can maintain efficient operations under constrained travel budgets. We were pleased to serve as a member of the Executive Committee of this project. My staff frequently consulted with the project staff during their study.

The study was a comprehensive review of all aspects of travel management and was conducted in a highly professional manner. We believe the Project's findings are consistent with ours in those areas where the work of the Project and GAO's efforts overlap. We endorse the Project's recommendations, and we believe that implementation of those recommendations will reduce travel costs and lead to improved management.

This concludes my prepared statement. I will be happy to respond to any questions the Committee may have.