U.S. Department
of Transportation
Federal Aviation
Administration

# Memorandum

Subject: **INFORMATION:** Department of Transportation Travel Management Changes

Date: APR - 7 2003

From: Acting Assistant Administrator for Financial Services and Chief Financial Officer, ABA-1

Reply to Attn. of:

To: Management Board
Region and Center Directors

Attached you will find changes that the Departmental Chief Financial Officer is making in the area of travel policy. These changes are designed to improve the way travel services are delivered and to ensure that these services are provided in the most cost effective manner. In addition, the Department is moving to a Department-wide travel management center (TMC) contract with SATO Travel. As TMC contracts currently in place in the agency expire, SATO will take their place. It is expected that the entire agency will be on the new SATO contract by the beginning of the next fiscal year. Under the new contract, all TMC's will have the ability to connect to FedTrip, an automated travel booking engine that can be used to make transportation, hotel, and car rental reservations. This is a positive change from our current situation wherein many of the TMCs did not have the ability to connect to FedTrip. It is much more cost effective than calling a TMC for reservations.

The new policy emphasizes that all travelers should utilize a TMC. This is to take advantage of the government-wide city pair airline contracts that are in place. The policy also states that FedTrip should be utilized and e-tickets should be procured. The policy does allow for some exceptions to e-tickets but also states that the procurement of a paper ticket must be approved by the approving official in writing, and the costly fee associated with procuring a paper ticket must also be approved. The Office of Labor Relations in headquarters has been briefed on these changes and will begin the notification process to the national unions in the very near future.

John F. Hennigan

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Attachment

U.S. Department of Transportation
Office of the Secretary of Transportation

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# CFO Policy 03-01: Travel Management

## Background

Over the past few years, the travel industry has experienced considerable economic hardship. As a result, companies have focused on leveraging technology to reduce costs. The elimination of costly manual processes is at the forefront of streamlining strategies.

With the automation of the ticketing process, most airlines have begun to phase out more costly paper tickets altogether. Many plan to completely eliminate paper tickets within a year. To begin the process of weaning travelers from dependence on paper, most airlines are now charging a fee (typically $20-$25) for each paper ticket. Travel agencies have also responded to this trend and are charging higher fees to process paper tickets.

These industry shifts require that long-standing Departmental policies and contract strategies be modified accordingly. Likewise, travelers will need to adapt their behavior when traveling to adjust to a more automated environment.

## Cost Implications

With changes in airline and travel agency pricing structures, there is a widening disparity in the cost for obtaining travel services via automated systems (self-booking and e-tickets) versus traditional manual processes (telephone reservations and paper tickets). Cost implications to the Department are significant. Under the U.S. Department of Transportation's (DOT) nationwide Travel Management Center (TMC) contract, the fee for obtaining a self-booked (FedTrip) reservation combined with an e-ticket will total $11 (as of December 16, 2002). By contrast, a phone reservation coupled with a paper ticket will cost approximately $55. With **a four-fold cost differential** per ticket issued, the budgetary implications are startling, especially when it is considered that DOT travelers take over 200,000 business trips each year.

While some travelers accustomed to paper tickets may initially feel uncomfortable traveling with an e-ticket, there is, in most cases, no longer any justifiable rationale for not using e-tickets. Airports are now equipped to accommodate e-ticketed passengers in a way that will streamline the check-in process and reduce time spent in lines. E-tickets are also much easier to track, are not subject to loss or theft, and are now transferable between many different airlines. Paper tickets, on the other hand, are not only more costly, but are also more administratively burdensome.

## Policy

Departmental personnel shall utilize the services of the TMC to obtain the most efficient means available for obtaining travel services. In DOT organizations where self-booking (FedTrip) is available, travelers shall utilize the service and request an e-ticket as a first preference for all routine travel. Complex, multi-leg domestic and international travel are exceptions, which may require the expertise of a travel professional and, where appropriate, a paper ticket(s). Other exceptions for not using the TMC would include last minute or emergency travel.

The General Services Administration has determined that the airline surcharge for paper tickets may be a reimbursable expense, subject to the discretion of the Agency. At DOT, the decision to allow reimbursement for the cost of a paper ticket shall rest with the approving official. Requests for paper tickets must be authorized on a case-by-case basis in writing as part of the travel authorization process. In making these determinations, the approving official should consider whether the request for a paper ticket is necessary and in the best interest of the Department/Government. Paper tickets shall not be approved for the convenience of the traveler.

E-mailed itineraries/invoices will be sent to DOT travelers from the TMC when e-tickets are issued. Printed copies of these e-mails shall be considered to be acceptable receipts by approving officials and accounting staff during the vouchering and reimbursement process.

## Mandatory Use of Travel Management System (TMS)

DOT obtains travel services through a task order under GSA's Master Travel Contract. This contract covers all DOT organizations nationwide. The Federal Travel Regulation (301-50.1, 301-73.102) requires that Federal travelers utilize the agency-selected TMS to arrange for common carrier transportation, lodging, and rental cars. At DOT, the TMS is defined as the nationwide TMC (Travel Agency) and the electronic booking system (FedTrip).

DOT travelers who arrange travel through the Department's TMS are afforded a wide range of administrative services from both the Department and GSA's contracting staff (e.g., contract carrier pricing, refunds, travel staff assistance, exchanges, and 24-hour emergency service). These protections are not available to travelers when the TMS is circumvented.

In addition to the services mentioned above, use of the TMS maximizes savings for the Department and the Government. While there are cases when commercially available airfares are less expensive than published contract fares, GSA's Contract City Pair program, taken as a whole, represents up to a 75 percent savings to the Government. Well-intentioned employees who obtain travel services directly from an airline to achieve short-term savings actually work against the long-term viability of the City Pair Program and the savings it generates.

Additionally, use of these programs allows the Department and GSA to capture all data related to our travel activity in order to be responsive to reporting requirements and to effectively manage our travel programs nationwide. GSA also uses this data to negotiate contract fares with the airlines on an annual basis.

Therefore, except as noted below, it is expected that DOT travelers will utilize DOT's TMS as a first preference in arranging travel services.

**Transition to Nationwide DOT TMC Contract**

Departmental field organizations not currently covered by the nationwide contract shall transition to the centralized contract as current task orders expire. Since most task orders are issued and/or extended on an annual basis, it is anticipated that the vast majority of DOT installations nationwide will transition to the nationwide contract by the end of 2003. Exceptions shall be submitted in writing to the Deputy Chief Financial Officer with appropriate justification.

**Effective Date**

This policy is effective as of March 1, 2003, and applies to DOT organizational elements nationwide.

A. Thomas Park

A. Thomas Park
Deputy Chief Financial Officer

Date: 2/26/03