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United States General Accounting Office
Washington, DC 20548

Office of
General Counsel

In Reply
Refer to: B-197423

JAN 29 1980

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D. B. James, Sr., President
James Travel Center
1760 14th Street
P.O. Box 2160
Boulder, Colorado 80302

Dear Mr. James:

We refer to your letter of November 30, 1979, to the President of the United States which was referred to the Secretary of Transportation who sent it here for reply.

You ask 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 you assert that this regulation discriminates against small businessmen like yourself. You state that you can provide the required services to the Government and fail to understand why you are prohibited from doing so.

There are a variety of reasons for the prohibition against the use of travel agents for procuring Government travel. 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 public and the Government would pay higher air fares, if the airlines must pay commissions on Government travel procured by travel agents. Currently, agencies deal directly with the airlines; the use of travel agents most likely would require costly administrative changes in the manner of processing and paying for Government travel and would create problems concerning the manner of selecting a travel agent and in dealing with a large number of travel agents interested in the opportunity to provide services to the Government. We also do not agree that the Government travel clerks can be readily absorbed into the private sector. We have received several letters from travel clerks who fear they will lose their jobs if we lift our prohibition. Also, travel agents are unfamiliar with statutes and regulations concerning



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Government travel and this would render enforcement of those provisions more difficult.

You believe that the prohibition discriminates against small businesses, but it is almost axiomatic that laws do not affect everyone equally. We do not understand how the prohibition affects small businesses any more than it does large businesses. For example, in reviewing the reasons for our prohibition, we have considered the possibility that the lifting of the prohibition would not benefit small businesses, as you hope, but, rather, would benefit large businesses better able to meet the travel demands of the larger agencies such as the Department of Defense which do the bulk of Government travel.

While we believe that blanket removal of the prohibition would be inappropriate, we do recognize that economies might be possible through the use of travel agents. Therefore, 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 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 demonstrate that use of travel agents will be beneficial to the Government.

We note from our records that we have advised you previously (December 31, 1963 and June 24, 1977), 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,

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Committee on Small Business, House of Representatives and
of our report, LCD-78-219 entitled "A Look at the Prohi-
bition on Using Commercial Travel Agents," dated August 8,
1978.

Sincerely yours,

L. Mitchell Dick

L. Mitchell Dick
Assistant General Counsel

Enclosures

bcc: Department of Transportation
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