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## HOUSE COMMITTEE ON ARMED SERVICES

### U.S. House of Representatives

Washington, DC 20515-6035

ONE HUNDRED TENTH CONGRESS

ERIN C. CONATON, STAFF DIRECTOR

June 5, 2008

#### MEMORANDUM ON THE DEFENSE TRAVEL SYSTEM

**FROM:** Subcommittee on Oversight and Investigations

**RE:** The Defense Travel System

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*"The Department of Defense probably has the most complicated travel rules on the planet..."*

*--Mr. David Fisher, Director, Business Transformation Agency, Department of Defense<sup>1</sup>*

#### Introduction

On Tuesday, April 15, 2008, the Subcommittee on Oversight and Investigations (O&I) met in two sessions, one closed briefing and one open hearing, to receive testimony on the Defense Travel System. This memorandum summarizes staff findings and recommendations based upon the results of that those sessions and staff research and analysis.<sup>2</sup>

#### Findings

- (1) In fiscal year 2007, the Defense Travel System (DTS) was used for only \$2.4 billion of the Department's \$9.0 billion travel budget, increasing travel costs for the government.** A recent study by the Institute for Defense Analyses estimates that maintaining legacy systems, which require as many as 47 human "touches" to process travel, costs on the order of \$200 per trip rather than \$7.50 a trip, which

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<sup>1</sup> David Fisher, Director, Business Transformation Agency, Department of Defense, *The Defense Travel System: Hearing Before the House Armed Services Subcommittee on Oversight and Investigations*, April 15, 2008.

<sup>2</sup> Relevant background information is available in ATTACHMENT A, the Memorandum for HASC Oversight and Investigations Subcommittee, "RE: The Defense Travel System," dated April 11, 2008.

adds up to as much as \$1 billion per year in costs to the Department.<sup>3</sup> The Department plans on phasing out these legacy systems and stated that "...an initial sunset plan will be developed by the end of FY 2010." The Department has not projected when the legacy systems will be completely replaced.<sup>4</sup> Until these legacy systems are replaced, avoidable costs will continue to be incurred.

- (2) ***The Department has contracted with many different Commercial Travel Offices (CTOs), each with unique contracts and different levels of service, cost, and support.*** The Defense Travel Management Office does not have authority over all the CTOs contracted by the Department. This situation has led to uneven levels of service, traveler dissatisfaction, and difficulty recouping money from unused tickets. When questioned during the April 15, 2008 hearing on the processing costs associated with official travel, Department officials could not estimate costs due to their lack of control over the CTOs contracted independently by the services.<sup>5</sup> The Department intends to consolidate these numerous contracts to ensure they are uniform in terms of service requirements and costs and to provide for Department-wide oversight.<sup>6</sup>
- (3) ***Adequate processes are not in place to ensure refund of unused tickets.*** The Department could not adequately describe the process for ensuring that the government receives refunds for all unused tickets. Money from unused tickets goes unclaimed due to the combination of several factors: DTMO lack of control of legacy systems; inefficient contracts with Commercial Travel Offices; and immature management practices for travel controlled by DTS. The GAO plans to start their re-audit on this and other issues in the spring of 2008.<sup>7</sup>
- (4) ***Travel policy guidelines for restricted fares must be improved.*** DTS currently defaults to flights with fares that have been pre-negotiated with the airlines by the Government Services Administration (GSA) under the "City Pairs" program. However, cheaper, non-refundable flights, with "restricted fares" are often available but cannot be selected by DTS users. The Institute for Defense Analyses (IDA) study recommended that the Department conduct a study, in conjunction with the General Services Administration, to determine consistent policy guidelines for using restricted fares, and that DTS should be modified accordingly.<sup>8</sup> Department officials at the April 15, 2008 hearing acknowledged the need to review these policies.<sup>9</sup>

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<sup>3</sup> Institute for Defense Analyses, "Assessment of the Potential to Improve the Cost-Effectiveness of the Defense Travel System," March 2007, p. A2.

<sup>4</sup> Prepared statement of Michael L. Dominguez, Principal Deputy Under Secretary of Defense for Personnel and Readiness, Department of Defense, *The Defense Travel System: Hearing Before the House Armed Services Subcommittee on Oversight and Investigations*, April 15, 2008, p. 7.

<sup>5</sup> Defense Travel System Hearing, April 15, 2008.

<sup>6</sup> Department of Defense Management Initiative Decision, "Commercial Travel Management," October 18, 2004, p. 4.

<sup>7</sup> Dominguez testimony.

<sup>8</sup> Institute for Defense Analyses, *Assessment*, p. S-6.

<sup>9</sup> Dominguez prepared statement, p. 5.

- (5) ***Travel regulations should be reviewed and rationalized, and the number of trip types and categories of travelers should be reduced. This may require some congressional legislative action.*** Travel within the Department is controlled by multiple regulations, policies, and protocols. Every service and agency within the Department has unique rules governing travel greatly complicating the adoption of a single travel system for the Department. Further, the Department has over 60 different categories of travelers, each with unique rules and fund cites. IDA recommended that rationalization of these policies would go a long way in simplifying DOD travel with commensurate cost savings.<sup>10</sup> However, the Department believes it will require two to three years to materially reduce the number of travel types and categories, and to simplify travel policies.<sup>11</sup> The Department official noted that some challenges are beyond the Department's control and would require congressional legislative action to overcome.<sup>12</sup>
- (6) ***The Department must correct weak management practices and improve supervision within DTS.*** GAO published a study in 2006 that was critical of the lack of human oversight within the DTS architecture. The system is technically formatted to prevent violations of travel regulations, but the override feature available to DTS human supervision was being misused. GAO recommended that better management protocols for the use of the system be developed and enforced.<sup>13</sup> GAO will review this issue in their 2008 re-audit to determine if management practices and supervision has improved.
- (7) ***DTS users were critical of call center support.*** During briefings by users of DTS, travelers criticized call center support from both DTS website personnel and Commercial Travel Offices contracted to support airline reservations.<sup>14</sup> Survey results from 2007 discovered that approximately 27% of respondents believed that it was difficult or very difficult to get their DTS questions answered.<sup>15</sup>
- (8) ***The Department's efforts to update DTS usability, pay travelers rapidly, and centralize travel management responsibilities have met with some success. However, 40% of DTS travelers surveyed believed that DTS is not user friendly and discussions with DTS users indicated that they require constant training to maintain proficiency with the system.*** The Department has centralized management of its \$8.5 billion travel enterprise under the Defense Travel Management Office (DTMO). This office has responsibility for the travel policy, revenue, training, technology development, and customer satisfaction program. The Department stated at the April 15, 2008 O&I hearing that customer satisfaction and DTS usability were the focal points of DTMO's effort, but

<sup>10</sup> Institute for Defense Analyses, *Assessment*, p. S-8

<sup>11</sup> Dominguez prepared statement, p. 6.

<sup>12</sup> Dominguez testimony.

<sup>13</sup> Government Accountability Office, *DOD Business Transformation, Defense Travel System Continues to Face Implementation Challenges*, January 2006, p. 3.

<sup>14</sup> An informal briefing was given to the O&I subcommittee by DOD military and civilian users of DTS on April 15, 2008. The focus of the briefing was travelers' experiences with DTS.

<sup>15</sup> See web-based, "*Quick Compass of DTS Users*" fielded September 28 - October 16, 2007, p.30. The survey polled 79,395 military and DOD civilian members.

surveys conducted by the Department and briefings by users of the system reveal that more progress is needed. Frequent users of DTS claim varying degrees of proficiency with the system, but infrequent users require retraining, coaching, and external assistance. A recent survey conducted by the Department found that 32% of users were dissatisfied or very dissatisfied with training for DTS.<sup>16</sup>

- (9) ***Booking of military lodging is not supported through DTS, creating a burden on uniformed travelers.*** Military travelers criticized the difficult and time consuming process required to document their use of civilian lodging when government billeting was not available.<sup>17</sup> The root of the problem is that government billeting, with over 82,000 rooms worldwide, has no central booking system that can communicate with DTS, requiring travelers to default to a time consuming, labor intensive, paper driven system to get non-availability waivers before trying to get a hotel room.

### **Recommendations**

**1. The House Armed Services Committee should continue to be engaged in the oversight of the Defense Travel System (DTS).**

(a) Specifically, the committee should direct the Secretary of Defense to:

- aggressively pursue efforts to make DTS user-friendly with minimal training;
- implement DTS for remote users, Navy ships afloat, and permanent change of station travel;
- mandate the discontinuance of all legacy systems;
- review and simplify complex travel rules where possible;
- explore the use of restricted fare air tickets.

(b) Further, the committee should direct the Secretary to:

- establish timelines to accomplish these measures;
- report on the Department's progress in meeting these timelines;
- determine the number of legacy systems that will be eliminated when DTS is fully implemented and their time frames for elimination;

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<sup>16</sup> "Quick Compass of DTS Users," p. 48.

<sup>17</sup> DTS Briefing, April 15, 2008.

- determine the number of legacy systems that will not be eliminated when DTS is fully implemented including the Department's rationale for the continued use of these systems.
  - provide legislative recommendations to the Committee before the end of 2008.
2. **The House Armed Services Committee subcommittees on Readiness and Oversight and Investigations should task the Government Accountability Office (GAO) to assess the Department's plan to eliminate or retain legacy travel systems and the cost of retaining those legacy systems. Additionally, GAO should assess the cost effectiveness of DTS compared to manual processing of travel vouchers and determine which types of travel vouchers will continue to be manually processed once DTS is fully implemented. Finally, GAO should examine the actions taken by the Department to streamline travel rules and processes.**
  3. **The House Armed Services Committee subcommittees on Readiness and Oversight and Investigations should conduct another review of the Defense Travel System in 12 months.**