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OVERSIGHT OF THE DEFENSE TRAVEL SYSTEM

HEARING

BEFORE THE

OVERSIGHT AND INVESTIGATIONS SUBCOMMITTEE

OF THE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

HEARING HELD
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OVERSIGHT OF THE DEFENSE TRAVEL SYSTEM

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
OVERSIGHT AND INVESTIGATIONS SUBCOMMITTEE,
Washington, DC, Tuesday, April 15, 2008.

The subcommittee met, pursuant to call, at 3:06 p.m., in room 2212, Rayburn House Office Building, Hon. Vic Snyder (chairman of the subcommittee) presiding.

OPENING STATEMENT OF HON. VIC SNYDER, A REPRESENTATIVE FROM ARKANSAS, CHAIRMAN, OVERSIGHT AND INVESTIGATIONS SUBCOMMITTEE

Dr. SNYDER. The hearing will come to order. Good afternoon. We appreciate you all being here with us this afternoon.

Our hearing topic today is on the Defense Travel System (DTS). The Subcommittee on Oversight and Investigations is holding this hearing to receive testimony regarding recent studies, the current status and any planned improvements to the Defense Travel System.

This is the second subcommittee oversight event on this issue today. We heard from Department of Defense (DOD) travelers this morning. We are undertaking this hearing at the request of our Readiness Subcommittee that asked us to look into it.

Since it first began in 1998, the system has had numerous developmental problems, operational test failures, premature deployments, functionality problems, low usage and general user dissatisfaction. That was, of course, almost 10 years ago now.

Congress directed that DOD conduct an independent study on DTS in the National Defense Authorization Act for fiscal year 2007, and the Institute for Defense Analyses (IDA) published its report March 2007. IDA found that most of DTS's technical problems had been remedied by early 2007, and that the system itself was salvageable, a fairly dramatic conclusion compared to conclusions that had been reached in the past 10 years.

We are interested in today whether IDA's recommendations have been or will be instituted, and what efforts are under way to improve the usability of the system for travelers. We have anecdotal evidence that DTS is difficult and time-consuming unless travelers are used to using the system or are trained on it frequently. We also worry about the cost-effectiveness of the system versus hidden costs and opportunity costs.

For our panel today we are joined by the Honorable Mike Dominguez, the Principal Deputy Under Secretary of Defense for Personnel and Readiness at the Department of Defense; Mr. David Fisher, the Director of the Business Transformation Agency, the

Department of Defense; Mr. McCoy Williams, the Director of Financial Management and Assurance of the U.S. Government Accountability Office (GAO); Dr. Jay Mandelbaum, research staff member at the Institute for Defense Analyses.

We thank you all for being here. I will say right now that any written statements that you have presented to us will, without objection, be made a part of the record. And we go to Mr. Akin for any comments he would like to make.

[The prepared statement of Dr. Snyder can be found in the Appendix on page 33.]

STATEMENT OF HON. W. TODD AKIN, A REPRESENTATIVE FROM MISSOURI, RANKING MEMBER, OVERSIGHT AND INVESTIGATIONS SUBCOMMITTEE

Mr. AKIN. Thank you, Mr. Chairman. And thank you all for joining us here today.

Today's hearing raises a new subject for this subcommittee, the Defense Travel System. While the topic may appear mundane, you get a sense of the program's importance when you take into account the numbers that are involved. Currently the Department's defense travel enterprise comes at an annual cost of $12- to $13 billion.

DTS was designed to improve how the Department manages travel by modernizing travel processes, maximizing efficiencies and lowering costs. Unfortunately it took too long for the program to stand up and run effectively. I hope that the days of being behind schedule and cost overruns are past. And it is my understanding that DTS is much improved, and that the Department has begun to reap the benefits it sought from the program back in 1998.

And so this is not to say all is fine. There are still challenges, and the Chairman has mentioned usability. Making DTS a user-friendly portal for booking and collecting travel reimbursements were two of the primary reasons this committee required the Department to have a federally funded Research and Development Center study on DTS. This initiative resulted in the Institute for Defense Analyses study that made a series of recommendations on improving the system, but fell short of recommending an overhaul of DTS. I would like to hear from the Department on their progress in implementing the IDA recommendations.

Mr. Chairman, that concludes my statement, and thank you very much for scheduling the hearing. We are looking forward to our witnesses.

Dr. SNYDER. Thank you, Mr. Akin.

[The prepared statement of Mr. Akin can be found in the Appendix on page 35.]

Dr. SNYDER. Let me also add that we don't have any hidden agenda on this or any conclusions we have already reached. It is a complex area. Defense travel has always been complex. I admire Secretary Dominguez for taking on the tasks that he does in his job. It is a complex business. But we believe that it is the responsibility of this Congress to see what is going on and perhaps contribute to it in any way that we might to becoming more efficient.

We will begin with Secretary Dominguez, and we will just go right down the row.

Secretary Dominguez. Let me say we will put that light on—although his light is not going on. Well, anyway, go ahead. I was going to say if the light ever does go on, and it turns red, ignore it. If you need to—it will just give you an idea of when the time goes.

STATEMENT OF MICHAEL L. DOMINGUEZ, PRINCIPAL DEPUTY UNDER SECRETARY OF DEFENSE FOR PERSONNEL AND READINESS, DEPARTMENT OF DEFENSE

Mr. DOMINGUEZ. Well, thank you, Mr. Chairman. And let me first say before getting into the subject how delighted I am to work with you again as I certainly enjoyed working with you as the Chairman of the Military Personnel Subcommittee. And I do want to start out by thanking you for the work that you did in support of our all-volunteer armed forces on that committee. We have certainly benefited from your leadership, sir.

Now, as to the Defense Travel System, let me say first a little history lesson is that the Under Secretary for Personnel and Readiness assumed responsibility for the system in February of 2006, and we assumed responsibility first for travel policy, which heretofore had been fragmented across the Department, and for the Defense Travel System, which had previously been under the sponsorship and leadership of the Defense Finance and Accounting Service and was largely at that point focused on the funds disbursement issue. So we inherited a Defense Travel System that, you know, had legitimate concerns, legitimate challenges, and they were challenges affecting whether the system was meeting the user needs and user expectations, and clearly it wasn't.

And there were concerns about the cost of the system and the cost of administrating defense travel. There were concerns about the technical approach that we were using in DTS as government-developed software versus commercial off-the-shelf applications. And they were concerned about whether we would get the benefits associated with such a major investment of DOD and taxpayer resources.

So, you have pointed out that there were several looks at Defense Travel System by the GAO, by the inspector general and by IDA. All of those looks provided to Dr. Chu, the Under Secretary, valuable advice on how to get the Department's travel-improvement initiatives back on track. And I would like to say that we have and will implement all of the recommendations of the IDA study which is the subject of this hearing, except for the recommendation that DTMO, the Defense Travel Management Office, complete the fielding of DTS, and we have left that responsibility with the military services. But every other case we are moving out to implement or have implemented the IDA recommendations.

So where are we now? We are largely deployed, upwards of 85 percent of the sites that we are going to, and we have—the tough ones that are left are small, and they are distributed, and they are largely Guard and Reserve locations. So that is a challenge that remains in front of us.

We are midway through—my personal assessment—midway through functionality, the trip types, the kinds of trips that DTS

will cover. So we are about midway through that. About 70-odd trip types, and we are about 30 of them now serviced by DTS.

I believe we have crossed the goal line for voucher processing, that is paying the travelers and paying the vendors, and that is not surprising given this system was originally developed by accountants for accountants. But we are still in the midway toward the—our goal of satisfied users. So we have—that is the furthest part of our journey that lies in front of us.

I do want to say then in summary that we are—we have new customer-centered management for this enterprise in which you can have confidence. We have extensive stakeholder involvement. We have a superb partnership with our acquisition agent and developer, the Business Transformation Agency. So I think in sum we are on course to successfully achieving the purpose that the Congress established for us to do: Sound management of DOD's travel enterprise and real visibility and control of that $12- to $13 billion of taxpayer resources that was mentioned here. So I look forward to your questions.

Dr. SNYDER. Thank you.

[The prepared statement of Mr. Dominguez can be found in the Appendix on page 38.]

Dr. SNYDER. Mr. Fisher.

STATEMENT OF DAVID FISHER, DIRECTOR, BUSINESS TRANSFORMATION AGENCY, DEPARTMENT OF DEFENSE

Mr. FISHER. Chairman Snyder, Congressman Akin, members of the subcommittee, thank you for the opportunity to provide information on the progress the Department of Defense has made with the Defense Travel System. Two-and-a-half years ago, Department Secretary of Defense Gordon England stood up the Business Transformation Agency, the BTA, as a new entity chartered to guide the transformation of business operations throughout the Department and to deliver enterprise-level capabilities that align to warfighter needs. In this regard, the BTA has a current portfolio of 27 information technology (IT) business systems, and one of those is DTS, the subject of today's hearing.

DTS provides DOD military and civilian travelers with an end-to-end business solution that automates the Defense travel processes. DTS allows travelers to create travel orders, validate authorizations, make travel reservations, receive approvals, generate travel vouchers and directly deposit payment to the traveler's personal account and the government charge card vendor for reimbursement. The system went into initial broad-based production use in 2003 and was transitioned to the BTA for program management responsibility in September of 2006.

The Defense Travel Management Office within the Office of the Secretary of Defense for Personnel and Readiness (OSD P&R) provides functional oversight and ownership of DTS and obviously has become a very close partner of ours in the BTA's DTS program office.

In response to customer feedback and feedback from studies like the ones conducted by the GAO, it was clear to both the DTMO and the BTA that improvements were needed in the DTS solution as it stood in 2006. While travelers were very pleased with timely

payment of their travel vouchers, they were less than pleased with a number of functional elements of the travel management portion of the solution.

Now, that area became the focus of a major upgrade to the system that went into production a little more than a year ago, and with that upgrade, the DTS reservation process was completely reengineered. The Reservation Refresh, which is what we called the upgrade, resolved a lot of the issues that had prompted Congress to mandate the independent study of DTS, and those benefits were recognized by the Institute for Defense Analyses, IDA, in that March 2007 assessment.

Some of the things specifically that IDA noted, that DTS, as a result of Reservation Refresh, now provides lowest-cost routing consistent with DOD policy; accesses a more complete airline flight inventory; improves usability by pricing all flights as displayed, grouping flight choices into easy-to-understand categories, securing reservations at the point of selection, and providing potential policy violation notices at the point of selection.

In its recommendations, IDA determined that DOD should continue to use the Reservation Refresh version of DTS, and that it should be given a chance to work while additional improvements to DTS usability are pursued. In the longer term, IDA also recommended that DOD explore a service-oriented architecture, or SOA, approach after the primary risks had been sufficiently mitigated.

Now, the results since the launch of Reservation Refresh have been positive. Usage of the tool continues to rise at an almost exponential rate, as can be seen in the chart to my right here. In fiscal year 2006, DTS processed 1.4 million travel vouchers. In fiscal year 2007, that number increased to 2.4 million travel vouchers, a 72 percent increase. And at the current pace, DTS will process more than 3 million travel vouchers in fiscal year 2008.

Consistent with the IDA report findings, the DTMO and BTA continue to plan for and add capabilities that will bring value and utility to the Defense traveler and identify and implement improvements to usability and functionality to support the DTS economic model of maximizing transactions through the system. For the ongoing DTS road map, BTA will examine the upcoming results of the DTMO usability study and will augment the functionality with additional types of travel, including special-circumstances travel and permanent-duty travel. Both of those will be enabled in 2009. In fact, all travel types are expected to be supported by DTS by the end of fiscal year 2010.

Acknowledging the advantages service-oriented architecture may eventually bring to systems such as DTS, the BTA has taken some initial steps to address IDA's longer-term recommendation about SOA. The pending release of Technical Refresh, a software enhancement designed to improve the utility of DTS, establishes an initial framework for this strategy. A SOA approach breaks functionality into discrete services. As a modular concept, SOA allows identified services to be provided by either private sector or government organizations external to the program itself. Interestingly enough, DTS already incorporates a number of SOA attributes in the existing solution, but because SOA is relatively un-

tested within the DOD and is not without some risk, we are adopting a phased approach as we consider additional opportunities presented by service-oriented architecture. BTA is currently conducting a pilot designed to test and thus mitigate risk associated with the maturity of the SOA infrastructure within the DOD.

Working with the DTMO, the feedback we have received from DOD travelers as well as from studies conducted by IDA and others indicate to us that Reservation Refresh has been a positive step. We also know that we can do more, and we will continue to upgrade DTS based on additional feedback and business cases that will translate into requirements that we can build into the tool.

Mr. Chairman, we appreciate and value the support Congress has given us over the last few years as we have established new governance and discipline to our business transformation efforts across the DOD, and we thank you and the members of the subcommittee for the opportunity to be here today, and I would be pleased to answer your questions. Thank you.

Dr. SNYDER. Thank you.

[The prepared statement of Mr. Fisher can be found in the Appendix on page 52.]

Dr. SNYDER. Mr. Williams.

STATEMENT OF MCCOY WILLIAMS, MANAGING DIRECTOR, FINANCIAL MANAGEMENT AND ASSURANCE, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Mr. WILLIAMS. Thank you. Mr. Chairman and members of the subcommittee, thank you for the opportunity to discuss our previous findings related to problems encountered by the Department of Defense in its efforts to implement the Defense Travel System. My testimony today is based on our prior reports and testimonies from 2005 and 2006, and I will highlight three key findings we previously reported upon.

First, the Department did not have quantitative metrics to measure the extent to which DTS was actually being used. We identified several key issues with regard to DTS utilization. Rather than report utilization based on individual site system utilization data, DOD relied on outdated information and reporting of DTS utilization to DOD management and to Congress. Also, because DTS officials were unable to identify the total number of travel vouchers that should have been processed through DTS, we previously stated that DTS's reported utilization rates may not have been reliable.

The underutilization of DTS also adversely affected the estimated savings. As we previously reported, at least 31 legacy travel systems were operating within the Department at that time. We acknowledge that some of the existing travel systems could not be eliminated because they performed other functions that DTS could not process. However, in other cases, the Department was spending funds to maintain duplicative systems that performed the same functions as DTS. Finally, because of the continued operation of the legacy systems at locations where DTS had been fully deployed, DOD components were paying higher processing fees for processing manual travel vouchers as opposed to processing the travel vouchers electronically through DTS.

Second, DOD had not addressed several functional problems associated with weak requirements management and system testing. Requirements provide the foundation for system testing. They must be complete, clear and well documented to design and implement an effective testing program. As discussed in our September 2006 report, we identified that only 159 of the 246 unique city pair flights that should have been identified according to the DOD requirements were displayed. As a result, DTS users did not have access to needed flight information.

Third, our September 2006 report noted that two key assumptions used to estimate cost savings for the September 2003 DTS economic analysis were not well supported. Consequently, the economic analysis did not serve to help ensure that the funds invested in DTS were used in an efficient and effective manner. Two primary areas represented a majority of the over 56 million of estimated annual net savings DTS was expected to realize: Personnel savings of $24 million and reduced commercial travel office fees of $31 million.

In conclusion, Mr. Chairman, as we have reported on numerous occasions, overhauling the Department's business operations has been a daunting challenge for DOD, and the travel management area is no exception. In our 2 reports, we made 14 recommendations to help improve the Department's management and oversight of DTS. We will be following up on DOD's actions to address our recommendations in accordance with our standard audit follow-up policies and procedures. We would be pleased to brief the subcommittee on the status of the Department's actions once we have completed our follow-up efforts.

Mr. Chairman, this concludes my prepared statement. I would be happy to answer any questions that you or other members of the subcommittee may have. Thank you.

[The prepared statement of Mr. Williams can be found in the Appendix on page 61.]

Dr. SNYDER. Dr. Mandelbaum.

STATEMENT OF DR. JAY MANDELBAUM, RESEARCH STAFF MEMBER, INSTITUTE FOR DEFENSE ANALYSES

Dr. MANDELBAUM. Thank you. Mr. Chairman, distinguished members of the committee, I thank you for the opportunity to talk to you today. I have got no formal statement for the record. The March 2005 IDA report serves that purpose.

Dr. SNYDER. We will include that, actually refer to that as your opening statement, because that is what gets submitted. That will be made part of the record.

Dr. MANDELBAUM. Okay. For my opening remarks now, I simply wanted to tell you that IDA took the task of doing this report very seriously. We made the study as objective and as fact-based as we could. It was conducted by a multidisciplinary team who were completely independent of the Defense Travel System and, in fact, at the onset had very little knowledge of DTS itself, and I look forward to answering your questions about the report. Thank you.

[The information referred to is retained in the committee files and can be viewed upon request.]

Dr. SNYDER. Thank you all.

We think that the clock is working here, and we will all go by our five-minute rule and probably have time to go around a couple of times, although we may have some votes coming up.

I have to ask, Mr. Fisher, on page eight, you say, "Web service enablement allows the program the flexibility to further decompose the DTS solution set into more modular elements." Am I the only person here that has no idea what in the hell that means?

Mr. FISHER. We would have to poll the group. Probably not.

Dr. SNYDER. What does that mean?

Mr. FISHER. So the concept that IDA recommended pursuing along the lines of service-oriented architecture is, I think, a multi-faceted element of technology capability that has come along a way in the last few years. Fundamentally what it means is it provides an opportunity instead of building something, if there is a reusable service that is out there in the technology world today, rather than you building it, you subscribe to it, which is one of the things that DTS already does.

But DTS did not build the global distribution systems or the software that we get from ITA that actually manages the flight inventory and the pricing. Again, the GDSs manage the bookings, the government travel card provider. Those are all external services that DTS subscribes to.

The IDA study has recommended that we look at potentially leveraging other services that can be provided by other partners rather than things that we have built ourselves. The technology that has come, I think, a long way in the last few years makes that easier. The concept is not new. The technology has gotten better that enables that flexibility.

Now, the challenges to make that technology work requires a few things to be in place. Number one, there has to be an existing service, which is one of the reasons to date why we have not pursued a service for the travel management portion of DTS, because there is no other service today that provides the business rules in a service or a piece of software that the Department of Defense has to comply with. So there is no other service for that piece of DTS that exists in the marketplace. If there was, we could take a look at it, but there isn't. We have the most complicated travel rules probably on the planet, and we have a tool now that subscribes to these things that manage airline inventory and things like that, but we built the piece that manages our own specific rules. We have a technology capability that could subscribe to such a service if one existed, but it does not exist today.

The other piece that makes this kind of technology challenging for us is that it is based on standards, technology standards, and the DOD is also behind the times in moving to that standards-based environment internally within the Department. That makes adopting the SOA, the service-oriented architecture technologies, very challenging. I hope that helps.

Dr. SNYDER. I am kind of sorry I asked, to be honest with you. I have got a minute left or a couple of minutes. I wanted to ask several questions. I don't know who to direct them to.

Secretary Dominguez, I guess I will direct them to you in some specific things. The reports that we got back, by the way, are that the voucher processing is much better. People really appreciate the

money getting through quickly. But I have a series of specific questions that may just take very short answers.

One of the complaints we heard, and I heard personally from people, is they go online, they get a flight all set up, they make their choice and, boom, then they get a notice now there is no government-rate seats. Why doesn't the system—and then they have to start over. Then they have to go back again. And I talked to one person who said it happened to both her and her husband. Her husband gets so frustrated after the third or fourth or fifth time, he just goes on the phone and does it by phone, I guess, to the Commercial Travel Office (CTO), which defeats the whole idea. Why doesn't the software have something in there so that—you know, if there is a government fare available, that is what you would get so you don't have to choose a flight and then be told, no, you actually can't choose that flight?

Mr. DOMINGUEZ. Sir, I will start, and then Dave maybe can answer some more. But the first is that it does now. There is different tabs so you can—it shows the government fares, and then there is a tab for nongovernment fares, because the business rules say where there is a government fare, you must take it. Where there is not a government fare, you have to go get somebody's approval of it. But the Reservation Refresh, I think, added that functionality so you can go in and look at non—when there is no government fare available.

There are also some complex travel environments, the overseas environment, for example, where today you need manual help. So one of the things we are doing that is consistent with the IDA study is to have a button in DTS where you can push it and say, get me out from the Commercial Travel Office because I am obviously in a situation that the simple software can't deal with.

Largely and in broader terms, we are looking at the usability of the software, how intuitive it is, and how helpful it is and how responsive to user needs, and that review is ongoing now. Lots of different users helping us think about how we need to revise, upgrade this software to make it intuitive for people and not frustrating.

Dr. SNYDER. My time is up. We will go to Mr. Akin. But I sat down yesterday with a very knowledgeable user, and we didn't see any—I didn't see any tab there that said, here, just hit this tab, and you will just get the government fares. In fact, the person said, well, they ran it just before I got there, I guess, just to make sure it was working, and they made a selection and everything, and they had a reject, and it said, you chose that one, but you don't get it.

Mr. Akin.

Mr. AKIN. I appreciate your coming in. And not being a user of the system or knowing anything about it before this morning, or actually yesterday afternoon when some of my staff put me on the system and all, the thing didn't laugh itself off the table, so I figured it had to be somewhat user friendly because computers and I don't mix very well. I used to sell them for IBM, but I tried never to use them.

But there were a series of different people that were different users that we chatted with this morning, and they had a couple of ideas, and certainly a couple of them appealed to me because of the

fact that I run into this kind of thing in other places. One, it would be nice, they said, to have a 24-hour hotline where you could call if something were going wrong. And somebody said, we have that, and the trouble was you couldn't get through on any of the lines. And the people that were users talked about being stuck in Turkey needing to get a flight, and they didn't really want to call a colonel at 4:00 in the morning in his home, because they had some political wisdom and all. So it would be nice, I suppose, if there were a place where, if there is a problem, you can make a call to get in. That was one recommendation that we heard.

The other thing that we heard apparently were places where there are legacy systems that are not part of the current—that are scheduled to be brought on or brought in, and I thought it might be helpful to know how do you evaluate which are the most important ones to—obviously you mentioned that you have locations that you are going to bring up, but also additional applications. How do you weigh those things, and which ones do you anticipate bringing up in the near future?

Mr. DOMINGUEZ. Sir, let me start speaking to the 24-hour hotline. We do have a 24-hour hotline. We are going to try to do more to make sure it is available or people are aware of it.

Mr. AKIN. Are there not enough operators to answer the phone?

Mr. DOMINGUEZ. That is a new one to me, sir.

Mr. AKIN. There were a whole bunch of guys that were users, and they all said that they didn't know of any—one of them said there was one, but you can't get on it, so it didn't do you any good to have it.

Mr. DOMINGUEZ. If that is, in fact, the case, then they are right, and we will have to look at that, because it needs to be accessible to people. So we will check into that.

Dr. SNYDER. Mr. Secretary, would you consider a question for the record and give us a written? That may occur with several of these questions today.

Mr. DOMINGUEZ. Sure.

[The information referred to can be found in the Appendix beginning on page 81.]

Mr. DOMINGUEZ. With regard to the legacy systems, we are in this study in process now of going through and identifying what legacy systems are out there by location, what functionality they perform, and what would it take for them—for us to pull the plug on them as DTS functionality proceeds. We anticipate that in fiscal year 2011, 2011, that we will be shutting those things down because DTS fielding will be complete in fiscal year 2009, and then the functionality will cover the whole range of travel services by the end of fiscal year 2010. So in 2011, we will be shutting down all of those legacy systems.

Mr. AKIN. All of them?

Mr. DOMINGUEZ. The ones that do just travel. In some systems, travel was just a sideline of what they do. So we are going through the analysis now to be able to do that. But nobody should be running a travel system in 2011. At the end of fiscal year 2011, everybody else should be out of the business.

Mr. AKIN. Don't you have some sort of a Program Evaluation and Review Technique (PERT) chart? I mean, I know this is the military. You guys have got to have PERT charts.

Mr. DOMINGUEZ. That is being developed now.

Mr. AKIN. So you don't know which ones you are going to be doing next?

Mr. DOMINGUEZ. No. They are all over. Every installation has its own little unique solution to that, different services, different agencies. So we are going through that analysis now to develop that plan to do the orderly shutdown.

Mr. AKIN. So—that seems hard for me to imagine, that you have DTS—I mean, you have been putting different blocks and functionality online. You are saying even some of it you spun off to outside sources, and so there must be some plan as to which ones you are working on or moving through, right?

Mr. DOMINGUEZ. Well, sir, in terms of functionalities, yeah, different travel types, yes.

Mr. AKIN. That is what I am talking about. For instance, you don't have a place where if a soldier is going to be moved from one place to another for a year with his wife or kids, or maybe without, you don't handle that kind of——

Mr. DOMINGUEZ. Right now we don't do the permanent change-of-station (PCS) travel. That is one of the ones we are trying to get to. When we get to——

Mr. AKIN. But things like that, don't you have a list of which order you want to do those in or which ones are more important to do first?

Mr. DOMINGUEZ. Yes, sir. Those are travel types, not legacy systems.

Mr. AKIN. So that is different then?

Mr. DOMINGUEZ. Yes, sir. These are functions that need to be performed that are performed——

Mr. AKIN. And you have a listing of which ones are more important to do?

Mr. DOMINGUEZ. Yes, sir.

Mr. AKIN. Now, the legacy systems, you do not have that yet because you don't know what all the legacies even do yet?

Mr. DOMINGUEZ. That is correct, sir.

Mr. AKIN. And some of the legacies are doing multiple things where you are only doing a piece of it?

Mr. DOMINGUEZ. That is correct. And they are doing things other than travel in some cases, because they were developed locally to support a local installation's business needs.

Mr. AKIN. Okay. So from the additional functionality, then, what are the—I am out of time.

Dr. SNYDER. Go ahead.

Mr. AKIN. Additional functionality, what are the top priorities to bring on? Stream the top two or three things you are looking to put on most recently.

Mr. DOMINGUEZ. I think, sir, that—well, let me take that one for the record as well. PCS travel or permanent duty travel is clearly one of the big ones, but I can get to you the—for the record if I might——

Mr. AKIN. How about foreign travel?

Mr. DOMINGUEZ. Yes, sir. I mean, that is another big one. It is a very complex challenge for us as well.

Mr. AKIN. Okay.

[The information referred to can be found in the Appendix beginning on page 83.]

Dr. SNYDER. Mrs. Davis for five minutes.

Mrs. DAVIS OF CALIFORNIA. Thank you, Mr. Chairman. Thank you all for being here.

I wonder for a novice, first time to hear some of these issues, help me understand within the system the difference that you have or the policies that surround the refundable tickets and the restricted tickets? And if I was trying to get to get a quick flight, and I wasn't—I knew that I wasn't—when I said a quick flight, it could still be within the realm of the restricted fares—and I was having trouble with the system, can somebody just book their own flight and get a voucher later? How does that work? Just talk about the restricted flights.

Mr. DOMINGUEZ. Well, see, ma'am, the first is that the Department—there is various laws as well as policy that governs travel within the Department of Defense. So the Fly America Act governs, so we need to use U.S.-flag air carriers. The policy is you use the General Services Administration (GSA)-negotiated city pair rates, and so it is those vendors and those rates whenever possible.

There are certainly situations where there is not a U.S.-flag carrier or a U.S.-flag partner, there is not a city pair available, and in those kind of incidences with the right approvals you can get—that is the kind of thing you need help from the Commercial Travel Office, and they will help you negotiate your way through that swamp.

Mrs. DAVIS OF CALIFORNIA. What I am referring to, though, is if you know that the restricted fare is far less than the refundable fare, and you know that you are definitely going to have to take this trip—I mean, I am just trying to understand the opportunities that you have even within the system.

And the other question really relates—and perhaps Mr. Williams to speak to—often we do create systems. Clearly, we have thousands and thousands of people traveling, so the importance of having a system like this, you know, is one that people have made a very strong case for, and a lot has been developed to respond to that need and to make sure everybody is doing what is right. But sometimes we tend to legislate by exception. I am just wondering about the problems that would exist there if there were certain—if people had a greater ability to pick up those restricted fares as opposed to dealing with——

Mr. DOMINGUEZ. DTS actually gives us the first time, because of the visibility you get into, who is traveling, what they are traveling, where they are going, how they are making the arrangements, how soon they are making the arrangements, who actually completes the travel that they book, so that business intelligence you can get now is really critical to supporting a review of the policy. The prior policy said across the board, don't buy these nonrefundable fares because too many of us can't travel when we plan to travel. Stuff happens, and we don't want to get the government, you know, left paying for an empty seat. So as a matter of policy,

we closed off that option as a standard practice. We are relooking at whether that is the right policy for the future, particularly with the business intelligence as you get through DTS.

So it is an excellent question now to see whether we are maximizing use of the taxpayers' dollars and whether we can be a little more flexible in our travel policies with the system that you get through DTS.

Mr. WILLIAMS. That is consistent with our thinking on this, and that is that you need to take a look at some of the restricted fares, because sometimes there is a huge difference in the price, and if you have travel that, you know, will be occurring on some routine basis, some annual basis, some monthly basis, and you have got this huge difference in a restricted fare versus the city pair fare or some other fare, then we think it would be wise to take advantage of those opportunities.

You talked a little bit about the issue here as far as some of the various requirements that—and rules that are in place that we have for government travel for DOD. And in looking at systems development across the government, one of the first things that we at GAO have basically talked about is that you need to take a look at your processes and your procedures and see if you can simplify those. So that is one of the things that I would suggest that the agency take a look at, and some of those rules and processes would require that DOD come to Congress and request for some legislation change, because if you can simplify those processes, it would really help this whole process, and you could recognize a lot of benefits across different areas, from efficiencies in the whole process, the development, and the interfaces and et cetera.

So that is one of the things that GAO has constantly talked about, that you want to take a look at that and see if you can simplify and get away from 30-some different forms of travel, and see if you can get it down to a handful, if possible. As I said, it would require changes in policies and procedures as well as it would require some assistance from the Congress also in order to implement this.

Dr. SNYDER. Mr. Bartlett for five minutes.

Mr. BARTLETT. Thank you very much.

What percent of travel is now processed through DTS?

Mr. DOMINGUEZ. Sir, we are on track to by the end of this year process 60 percent of the temporary-duty travel through DTS. We are probably about half—at 50 percent or so now, but it will be about 60 percent by the end of the year.

Now, there is other kinds of travel, permanent-change-of-station travel, that is not yet inside DTS. So just this temporary-duty travel.

Mr. BARTLETT. So the big increase from now until 2008, up to 3.2 million vouchers, is not increased travel, it is just increased use of DTS.

Mr. DOMINGUEZ. That is correct, sir, increased use of DTS. So things like the travel to and from military entrance processing systems not yet covered by DTS, that is some of that added functionality that we will be getting to. So those kinds of things—as we add functionality, we will grab more of that travel. As we get to more sites where DTS capability exists, Guard and Reserve

travel, when they are on Active service, so we pick up that travel, and that is where we get to that nearly 100 percent of temporary duty (TDY).

Mr. BARTLETT. There was a chart up on the easel. Do you have that in front of you?

Mr. DOMINGUEZ. Yes, sir. I don't think I have it, but I am familiar with the chart.

Mr. BARTLETT. Okay. I did the calculation, and there was, in fact, a little green bar across the top. It had the vouchers processed in 2006 and 2007, and there was, in fact, 72.4 percent growth. But then when I look at the graph itself, there is some vertical green dotted lines and an arrow between them saying 72.4 percent growth. I am wondering what those lines are, because there is actually in excess of 175 percent growth between those two lines. I am a little confused.

Mr. DOMINGUEZ. Yes, sir. The 72.4 is 2006 to 2007. So the chart is misleading because the arrow actually goes into 2008, and that is where that larger growth——

Mr. BARTLETT. The growth between those two vertical green dotted lines is, in fact, over 175 percent. Thank you.

Where the system needs improvement, do we need to be involved in that in other than oversight? Is any additional legislation needed, or is the law adequate?

Mr. DOMINGUEZ. Sir, presently I think your oversight is essential. We are right now conducting the review of travel policy in partnership with the General Services Agency and other federal partners that Mr. Williams just cited in his answer to a question a moment ago. So we are looking at that. Undoubtedly, as we think about how you simplify this very complex Defense travel environment, we will be coming back to the Congress with some suggestions for how through legislation we will need your authority to simplify the travel programs.

Mr. BARTLETT. So it is your anticipation that some of the needed improvements in the future will be statutory as well as regulatory?

Mr. DOMINGUEZ. Yes, sir. I am almost positive.

Mr. BARTLETT. But not this year?

Mr. DOMINGUEZ. No, sir, because we are only now into that review of how do we make this simple. So we won't have conclusions until September or October of 2008 here. So they will be on your desk for the fiscal year 2010 legislative cycle.

Mr. BARTLETT. Thank you very much.

Thank you Mr. Chairman. I yield back.

Dr. SNYDER. Mr. Johnson, five minutes.

Mr. JOHNSON. Thank you, Mr. Chairman.

Congress has passed legislation called the Fly America Act that requires government employees to use American commercial carriers when at all feasible. However, DTS sometimes gives travelers the option to fly on a foreign-flagged carrier in violation of that statute or code sharing, which makes the distinction moot. How would the Department make sense of this, Mr. Dominguez?

Mr. DOMINGUEZ. Sir, the DTS is designed to enforce, and that is part of the user complaints ironically. It does limit choices by virtue of enforcing through the software statutory and policy restrictions with regard to Defense travel. So it should not be offering op-

tions in violation of Fly America Act. So it will offer options—if you buy a ticket through United Airlines, for example, and they book you on their United Airlines partner for an overseas leg, that complies with the Fly America Act. Similarly, if you are stuck in Turkey, and you need to get out of there somehow, and there is not a U.S.-flag carrier or partner to do it, DTS will allow you with the right authorizations to book a flight on some other airline. But DTS does enforce the rules and requires the appropriate approvals if you are going to need to go outside of those rules.

Mr. JOHNSON. Thank you, Mr. Dominguez.

Some travelers have complained that when they are on extended travel, their credit card bill comes due before their travel is complete. For long periods of temporary duty or travel to overseas locations, this can be a lot of money, putting the burden on the traveler. The responsibility to pay credit card bills belongs to the traveler, but sometimes the reimbursement from the government arrives after the bill is due.

What policies have been put in place to prevent members from being charged late charges or being punished?

Mr. DOMINGUEZ. Sir, specifics on those I would like to take for the record, but I can say today there is a couple of things. The first is the ability to get travel advances. So if you anticipate or your boss anticipates that you will be gone for a long time, we get you an advance on that travel so that you can—you have the cash to be able to defer expenses, including with your travel card.

The second thing is that DTS, one of the things that people do acknowledge that it has done is it has really compressed the time to get paid. So people are being paid in the three days from the time they submit a voucher through DTS instead of two weeks and longer. If you haven't completed your travel, and you are still on TDY and still incurring expenses—so I will get back to you, sir, on the record with an answer to that.

[The information referred to can be found in the Appendix beginning on page 84.]

Mr. JOHNSON. Thank you.

Mr. Fisher, has the Department of Defense developed a capability to support all types of travel with DTS? And IDA's report listed 61 different types of travel with Department of Defense personnel, each governed by different rules within the joint travel regulations and the joint Federal travel regulations. What has been done to reduce the number of different travel types and integrate all of them into the DTS system?

Mr. FISHER. I will take the first part of that, and then Mr. Dominguez, I think, can talk about the reduction of travel types.

Our role is to accommodate those that are defined. We have accommodated about half of the travel types to date as of 2009, the end of fiscal year 2009. There will be two major releases in 2009 that will add significant on the TDY and the permanent-duty travel that will come into place in 2009, which will get us up to, in terms of number of travel types, I think above the 80 percent range, and by the end of fiscal year 2010, all of those—all travel types that are defined will be accommodated in DTS. So we will be at 100 percent accommodating for travel by the end of fiscal year 2010.

In terms of reducing those or consolidating them, that would be more of a policy question, and I would——

Mr. DOMINGUEZ. And, sir, we are undertaking right now a policy review, a look at all those different types of travel and how we might compress them and consolidate them both through policy and through legislation that we would seek help from the Congress on, probably in the fiscal year 2010 legislative change proposal.

Mr. JOHNSON. Thank you.

Dr. SNYDER. Mr. Conaway for five minutes.

Mr. CONAWAY. Why do you shut the office down at 4:00 every day?

Mr. DOMINGUEZ. The Defense Travel Management Office? First, I don't believe we do.

Mr. CONAWAY. I had some users this morning who are currently in uniform and using it, and they said that after 4:00 if you get jammed up on the Web site, you have got to wait until tomorrow. So you might just check that out.

Mr. DOMINGUEZ. Thank you, sir. I will be happy to do that.

Mr. CONAWAY. The last time I saw it, $500 million invested in this deal?

Mr. DOMINGUEZ. It is probably more than that.

Mr. CONAWAY. But $500 million, and we have done—if you just add the 2006 and 2007 and the projected 2008, that is 7 million vouchers. We are now at $71 a voucher in our system, just the investment. That is not the operating costs and—so it is a head scratcher as to making sure we are making adequate progress.

Mr. Dominguez, if I were in your seat and I had a knucklehead Congressman who came tricky-trotting in for a drive-by shooting like this one is and began to question your time line for getting all the others tribaled in, it would offend me, because I don't know everything about it that you do. But does the GAO look at this projected in the fiscal year 2010, and your PERT chart, and all of your assumptions and your plans to do a very complicated rolling in of the rest of these types of travel, whether they are legacy systems or types of travel or whatever it is; GAO, do you give them a head nod, or do you give us a head nod that that is an appropriate time line for them to be on, or is it excessive, or is it too aggressive or too optimistic?

Mr. WILLIAMS. I wouldn't be in a position to say right now because we haven't looked at it. It has been about a year and a half since we were in and looking at the operations. You don't want to—I don't want to make a projection, given the history that we have reported on that. You know, this was a process that started back in the mid-1990's, and I would not like to venture to project as to whether these days it will be met.

Mr. CONAWAY. How would we go about, Mr. Chairman, asking the GAO to—I mean, this seems to me like a pretty important progressive line that we ought to have nailed down as best we can. You are the professionals. You are living and breathing this stuff. But Congress ought to have a second look at it. How do we trigger that GAO look?

Dr. SNYDER. Mr. Williams, you have a study you are about to undertake; do you not?

Mr. WILLIAMS. For DTS?

Dr. SNYDER. Yeah.

Mr. WILLIAMS. Not at this time. No, we do not.

Mr. CONAWAY. I can't imagine—I mean, maybe Expedia does have $71 of ticket in their system.

Mr. DOMINGUEZ. Sir, let me—it is very important to understand the difference between DTS——

Mr. CONAWAY. You never did answer Roscoe's question. Of the 13 billion we spend every year in travel, how much does DTS handle? What is your volume? You just total the volume, and I will do the math.

Mr. DOMINGUEZ. Let's see. The numbers I have for that, in 2008—I think actually Jay—Dr. Mandelbaum has the most recent numbers from 2006.

Dr. MANDELBAUM. 2006. And for that year, the TDY dollars we estimated to be about $7 billion.

Mr. DOMINGUEZ. In temporary-duty travel.

Dr. MANDELBAUM. Right.

Mr. DOMINGUEZ. No, sir. No. We have——

Dr. MANDELBAUM. In 2006, it was probably a bit less.

Mr. CONAWAY. Well, are the financial numbers not available for 2007 yet? I mean, don't you know what the total TDY travel for 2007 is yet?

Mr. DOMINGUEZ. We—yes, sir. I think we can take the question for the record.

[The information referred to can be found in the Appendix beginning on page 83.]

Mr. DOMINGUEZ. I think we spent in the $9 billion in TDY travel——

Mr. CONAWAY. 6.3 billion——

Mr. DOMINGUEZ. Now, again, we are on this curve so——

Mr. CONAWAY. All right, 4.5 billion?

Mr. DOMINGUEZ. By the end of 2008, we should be at 60 percent. In 2007, you know, we weren't——

Mr. CONAWAY. You said earlier you were at 50 percent now.

Mr. DOMINGUEZ. That was my subjective assessment that we are about 50 percent.

Mr. CONAWAY. TDY travel represents 9 billion—the total of 13 billion.

Mr. DOMINGUEZ. Yes, sir. I am not familiar with the $13 billion number, but the $9 billion in fiscal year 2007 is the number that I have.

Mr. CONAWAY. In 2010——

Mr. DOMINGUEZ. We are going to have 100 percent of the travel types available. Now, whether we are going to have it all processed through—most of it will be processed through DTS, so we will be covering that whole enterprise.

Mr. CONAWAY. I am not trying to be argumentative. I am just trying to make sure I understand it. And again, you know a whole lot more about this than I ever will. That is kind of why I wanted the GAO to have a look at it, because this time line and your estimate on that time line ought to be a pretty important piece of DTS's——

Dr. SNYDER. Mr. Williams, I guess I missed it. Your testimony was that you will do follow-up, but it is on your normal audit schedule?

Mr. WILLIAMS. The follow-up that I am talking about in the testimony is that whenever we make recommendations in our reports, we follow up to see if those recommendations have been implemented.

Dr. SNYDER. When do you anticipate doing that?

Mr. WILLIAMS. We will be starting that this late spring, this summer to look at the 14—this year. That is recommendations on previously issued reports.

Mr. CONAWAY. But is this time line through—through the end of 2010, isn't that time line and your ability to beat that time line under your——

Mr. WILLIAMS. No, no. That is not one of the recommendations that we will be following up on. This will be something completely different. This is following up on the recommendations in the previous reports and testimonies that we have issued.

Dr. SNYDER. They are going to be looking at it anyway. We can ask them to enhance that. They are going to be looking at the program anyway, so we can ask them to add on that.

We had better recess. We have got to go vote, and we will be back. The staff can help you if you need phones or a private room or anything. We will be in recess.

[Recess.]

Dr. SNYDER. We will resume. If you see Mr. Akin slip out, he has another commitment. Don't be alarmed.

I wanted to ask; years ago, I was hitchhiking through Eastern Oregon. I came to a town so small that even the 24-hour restaurant was closed. That is a one-liner. It seems to me that is the situation we heard with regard to the 24-hour hotline. Now, maybe the problem is there is no—and hotline is not the proper word. There are multiple, multiple contracts. Is there not? How many, Secretary Dominguez, do you think, contracts? You have got a worldwide system here. How many different contractors do you think there are out there that are managing the 24-hour phones?

Mr. DOMINGUEZ. Sir, it would be gross speculation but you hit the nail on the head. The issue is that commercial travel organizations, they actually buy the ticket, purchase the ticket, and provide the ticket to the member who is traveling, and are supposed to support that member then at the journey. And so they are also supposed to have after-hours numbers to serve the traveler.

Dr. SNYDER. It sounds as if we don't have good quality control assessments of that.

Mr. DOMINGUEZ. That is correct. And part of what we are doing is related to the centralization of policy authority in the Under Secretary of Defense for Personnel and Readiness (USDP&R), is that we are moving from that legacy environment of many, many, many local arrangements for commercial travel service to our providing the commercial travel contracts globally for the DOD and awarding task orders under those so we can standardize quality and standardize the services.

Dr. SNYDER. I went on the DTS yesterday. There was a phone number too at the bottom. I assume it is the same number no matter where you geographically access the system.

Mr. DOMINGUEZ. Yes, sir.

Dr. SNYDER. And yet it will ring at different places depending on what state you are in?

Mr. DOMINGUEZ. No, sir. The difference between the tactical assistance, which is a 24-hour—24-by-7 hotline for DTS——

Dr. SNYDER. Which helps me walk through the DTS. Is different than?

Mr. DOMINGUEZ. Than the after-hour service numbers provided by commercial travel organizations. So that if you at your installation—the CTO that is servicing you is supposed to provide after-hour service for your trip. Now, through DTS and through DTMO, we are trying to rationalize this thing and herd this thing together so that a call to the 24-hour Technical Assistance Center (TAC) hotline will get referred to a 24-hour or after-hour service by a commercial travel office. We will stay engaged with the traveler to get them help.

Dr. SNYDER. I don't think I saw the details of that in your written statement. Would you for the record provide us with a description of the number of contracts and description as best you can, including the things that maybe you are unclear about what is out there right now. That would be helpful.

Mr. DOMINGUEZ. Yes, sir.

[The information referred to can be found in the Appendix beginning on page 81.]

Dr. SNYDER. This chart right here that has been talked about multiple times—and I won't make that nice woman have to go find your chart again. But she is standing by it if we need it. If I was to extend this out as far as Dr. Mandelbaum and Mr. Williams want this thing to be extended so, whether it is 2010, 2011, whatever it is, what is the number going to be of the number of vouchers processed in that year? How far out is that chart going to go? What is our universe we are talking about when we include not just TDYs, or your goal is 60 percent or whatever.

Mr. DOMINGUEZ. Right.

Dr. SNYDER. But as far as when Mr. Conaway is satisfied that we have the entire universe, I don't have a sense of if we are looking at the tail or the dog. What is the number that is going to be out there? How many millions of vouchers are going to be processed when we are exactly where we want to be? Twenty million? Fifty million?

Mr. DOMINGUEZ. Sir, I can't answer the question. Let me try it this way, if I could. Which is, in 2009 we will be at all the places we need to be at the end of 2009. By the end of 2010, all travel types—this is commercial travel, this is not military travel or military air. So all travel types will be enabled in DTS. And there is a mandate: If we are there and we support the travel, you use DTS. So that by the end of fiscal year 2010, we should be done and 99 percent of all of this commercial travel should be done through the DTS system. And I don't know how many vouchers.

Dr. SNYDER. And I appreciate that. It seems like in terms of judging what the savings would be or potential savings, it seems like somewhere there should be a universe of how many vouchers.

Mr. Akin.

Mr. AKIN. You are designing or farming out parts of the system; by an additional two years from now, 2010, you will have all of the different means of travel embodied in the system. Does that include things like hotels and things like that as well?

Mr. FISHER. Hotels are supported today.

Mr. AKIN. So then, at that point, now that you have got the system designed and running, what is the ongoing cost to maintain it? Does it have just armies of programmers just to keep the thing up and running? Or is it pretty easy, is it not as big a group of people involved?

Mr. FISHER. We will drop into a sustainment mode at the time that it—operational capability. If new requirements hop in, then that would be a variable sitting on top of that. We have already brought down, since the BTA took over the program two years ago, that operation's cost because we have streamlined some things from a management perspective. So we have both a Research, Development, Test & Evaluation (RDT&E) element of new capability that we are adding, new RDT&E appropriation, as well as the operations and maintenance, which is the ongoing sustainment of the solution.

So I can probably get you for the record a projection of what that number would be based on our budget estimate, assuming no new requirements after that 2010.

Mr. AKIN. Of course, there will always be additional requirements coming and going, particularly if you refine some of what you are doing, which may make it simpler also. I am just trying to get a feel for the ongoing cost of the system in terms of volume of transaction. It would be interesting to know that every time you buy a ticket that it is costing you $10 for the ticket just because of the maintenance, or maybe it is $5 or maybe it is $2. It would be interesting to know what that ongoing cost is, just the cost of having that system. Certainly, I would assume that Mr. Williams is talking about that is part of the purpose, is simplifying it so that you don't have to carry as much overhead and things. Plus, it is easier to use and everything else.

Mr. DOMINGUEZ. Sir, it is important to understand that the DTS enables us to get some business intelligence that we don't now have to know—we don't know the baseline. That is part of the IDA study. We don't know the baseline for how much it is costing us in terms of indirect costs to operate our travel enterprise today. That is going to be captured in DTS, and the costs of those where we can find things are going to go down. It is simpler and cheaper now to process vouchers and get people paid than it used to be when you used DTS. It is cheaper in terms of the commercial travel organization fee. If you do your reservation through DTS, that fee is as little as $7, whereas if you call the travel agency it could be somewhere north of $25 for that reservation. So we are getting those kind of things now. And, in fact, the operations & support (O&S) cost to operate the travel system and the travel enterprise post DTS should be lower than what we are experiencing now.

Mr. AKIN. Thank you. Thank you, Mr. Chairman.

Dr. SNYDER. I will continue on. Mr. Akin, you jump in any time.

So we have got legacy systems, which I think some of us got confused and thought when you talk about legacy systems that we were merging that with trip types. But you have got two different issues there.

Why can't, Mr. Dominguez, you just issue an order that chips away at it in some other way that just says all trips by any uniformed or nonuniformed DOD person by July 1 of 2008 in which both ends of the travel are within the continental United States will be done by DTS? Why does it have to get broken down? Okay, the purpose is a—this is a temporary duty so it will be done by DTS; a permanent change of station is not done by DTS. Why can't it be something simpler than that? This is in the continental United States, it will be done by DTS. Why do you have to go through that? Why does the purposes of the travel make a difference? You have got like 70 different kinds of trips. Why did that become the determining factor?

Mr. DOMINGUEZ. Well, because of the rules about what you can and can't do are different for these different trip types.

Dr. SNYDER. If somebody, like we had a person today that I think would like to be able to do their permanent change of station under DTS. But if it went on there, the rules wouldn't be right for them under the software. Is that what you are saying?

Mr. DOMINGUEZ. Yes, sir.

Dr. SNYDER. So there is not a little box. So that does kind of come back around. And I recognize, we are all responsible for a program that started almost 10 years ago now. So we still at the 10-year mark don't have that kind of software developed that you can click a box that says permanent change of station and it would work?

Mr. DOMINGUEZ. Right. And—you are right. And partly that is the function of the complexity of our travel environment, you know, and then the difficulties of developing this technology. Because, again, remember that this is not Travelocity. This thing is secure so that it operates inside the DOD Internet environment, so it has got to be secure. It does this transaction voucher, the financial end of the thing, and then forces these very complex business rules.

Dr. SNYDER. Help me. Use that as an example, or you can find another example if you want. What rule—as I went through the little thing and checked all the boxes yesterday when I went through my flight, what rule would there be different for a permanent change of station, like if a person traveled from Fort Benning, Georgia to El Paso, Texas? What reimbursement rule or processing rule would be different that would mean that you couldn't do that on—that doing it on DTS today would somehow impact negatively on either your budget or the service person's? Does that make sense?

Mr. DOMINGUEZ. Yes, sir. The thing that I am looking at here, it doesn't relate to the airfare but it relates to the per diem rates, could be different for TDY travel than for PCS travel. So PCS travel it is limited to 10 days for CONUS-to-CONUS (continental United States) moves. These may be split in any combination be-

tween the old and new duty station. So, you have got per diem here and per diem there. So that is different than under the TDY rules.

Dr. SNYDER. I understand.

Mr. FISHER. I would also add, sir, there is also differences between military and civilian. The entitlements vary in some cases even, for example, within PCS travel. If you are a military member, the entitlement might be X; and if you are a civilian, the entitlement might be Y. That is the level of detail we need to account for.

Dr. SNYDER. That leads me to this issue of military lodging. My understanding if I am a uniformed person and I am going to travel to Little Rock Air Force Base, which has lodging, and I book my flight and I then, I guess if I am enlisted or whatever, at some point it will tell me you can't start booking hotels. You have to go to the base and find out if they have lodging the day you arrive. And if they do, then you have to go there. If they don't, then you can go find and make arrangements that evening for finding a hotel. Does that sound right to you?

Mr. FISHER. Well, it is accurate that DTS, because of the services and the way they manage military lodging, don't have a technical architecture into which we can connect.

Dr. SNYDER. They are not on your system.

Mr. DOMINGUEZ. Well, they may not have systems themselves to keep track.

Dr. SNYDER. Right. They are not on the system.

Mr. DOMINGUEZ. But you can call ahead and you can make your reservation on the telephone. So you don't have to wait until you arrive there.

Dr. SNYDER. I understand. I want to go back then to the permanent change of station, talking about differences in per diem rates.

Mr. DOMINGUEZ. Right.

Dr. SNYDER. Then why couldn't that same architecture be, okay, we have got your flight being the permanent change of station. You will have to make arrangements on your per diem when you get there. Do it by phone?

Mr. DOMINGUEZ. Well, that is in fact the legacy environment now.

Dr. SNYDER. Because there is no difference at all.

Mr. DOMINGUEZ. Right.

Dr. SNYDER. There is nothing about the flight that is different. But they can't do that now. They can't do permanent change of station now for flights though. Correct?

Mr. DOMINGUEZ. I will have to get back to you on that.

Dr. SNYDER. We are told they can't. They are one of the types that you have not yet reached.

Mr. DOMINGUEZ. That is correct.

Mr. FISHER. And we look at a travel type in its totality. I think what you are suggesting is could you break it up and do the airline portion of permanent change of station but everything else would be done in the different manner. And right now that is not how we utilize the tool. We use it sort of as a trip type in whole.

Dr. SNYDER. I understand. It is just that we do break it up for uniformed personnel if they are going to a place that has military lodging. It is broken up because they have to make other arrangements. I understand.

The issue of training. We haven't talked about that much today. There seems to be pretty much a uniform belief amongst the people we talked to that, once people understand the system, I kind of looked and I used to have a 1953 Ford pickup and it was the easiest thing in the world for me to drive because I drove it every day. But if I gave it to someone else they couldn't get it started. I never understood that. But it seems like that is the kind of system that you have, that people, once they use it and use it on a fairly regular basis, they get comfortable with it. They may have some glitches, but they can work around it.

But the issue of training, where are we at with regard to the training? Are you satisfied with the level of training that is out there? Do you feel that you have work to do? How are you going to deal with a person who only has a trip once a year or maybe twice a year?

Mr. DOMINGUEZ. Sir, we do have a lot of training. And you are exactly correct, it does takes some training and it takes some practice and it takes using the system to be familiar with it. And there may be some unalterable minimum that you get to in this, again because of the complexity of DOD's travel environment. But we have two things going on to address that.

The first is the usability review. We have a bunch of people, smart people, users, we feel our technology partners, trying to think through this and trying to design a system from a customer's viewpoint so that it is intuitive for them to, you know, bang through it.

The second thing we have going on is this simplification, a look at travel policy simplification and how can we pull the complexity out. Those two things give me some hope. In the interim——

Dr. SNYDER. And the second portion is maybe where you need some legislative help.

Mr. DOMINGUEZ. I would expect that that might be necessary.

Dr. SNYDER. Thank you. You touched on the overseas stuff. I guess the only conclusion is it, any complexities you have domestically are amplified when you start talking about overseas stuff, particularly talking about going into war zones potentially or using foreign airlines or the difficulty of getting the telephone help you need when you are having to find a telephone. I don't think I will touch on that anymore.

What about the issue of the ability to use a system from home on a personal computer? Are we heading that way or not?

Mr. DOMINGUEZ. Sir, the system is a bundle of software—and Dave is better at this; I just deal from the policy—but that is inside the DOD network. And as such, access to it has to be controlled to protect the DOD network. The common access card (CAC) is required by DOD policy for access to any system inside the DOD's environment.

Dr. SNYDER. So that would include the computers in your office or your official laptop. And you don't foresee we would ever get to the point—obviously if a person leaves the office on a Friday and changes can occur, it would be helpful to be able on a Sunday afternoon to go on. But that is not available. So they have to get on the phone to make those kind of changes.

Mr. FISHER. If they have a government-issued computer or if they have a CAC card reader that you can use on a home computer that enables the system to authorize or recognize you, you can use the tool from home. Like when I bring my laptop home, it has a CAC card reader in it, and I can access the DOD network. That is okay. But I can't use it on my home computer that doesn't have a CAC card reader. And I actually, from what I understand from where the Department is going, it is going to be more of that because of the security issues.

Dr. SNYDER. I got you. The issue came up of group travel. Would you explain the rules of group travel? How does it work currently? I have got a group of five and Ms. Fenner has a group of 15. We want to go at the same time, the same plane, the same itinerary. How does that work?

Mr. DOMINGUEZ. Sir, DTS can process group travel authorization. So it can do it.

Dr. SNYDER. At what numbers?

Mr. DOMINGUEZ. Well, beyond two. But I am not sure at what end.

Dr. SNYDER. The complaint that we heard was that in fact it had to be, I think, 10 or more. Is that correct? That if I have got a group of eight or nine, it would not recognize it as a group travel? We would have to have eight or nine individuals entered into it, and it would save everybody time to just say I have got a group of eight? It didn't make sense. Why would you have to have a——

Mr. DOMINGUEZ. Airline industry rules require a group size of 10 or more to travel at negotiated group rates. And so, again, because of airline rules, we need to negotiate with the airline.

Dr. SNYDER. That is a different issue. I thought what you said, negotiated group rates, I thought the point was the convenience of the person entering them in. So you have got the gunnery sergeant who has got eight Marines that he is trying to get someplace. He is not trying to negotiate for a rate; he is just trying to enter them all at the same time. But it is an airline obstruction.

Mr. DOMINGUEZ. Once you hit 10, then the airline travel rules require that so we need to have some prior negotiation about groups or you would have to make arrangements for that group. That is, again, where you need to go to the commercial travel office and say here is the issue, please work it.

Dr. SNYDER. You would think that we could have a computer system that, even if we weren't trying to negotiate a group rate, that your system would do it eight times automatically if you hit a button that said eight.

Mr. DOMINGUEZ. I believe DTS will do that for under 10.

Dr. SNYDER. That may be right. But would you get back to me on that for the record? The information we received from people who do this is that it doesn't.

Mr. FISHER. I think the only thing about the magic number 10 is about the group rates applying, not about organizing a group to facilitate travel. But we will verify that.

[The information referred to can be found in the Appendix beginning on page 81.]

Dr. SNYDER. That would be helpful.

Someplace in maybe one of your all's reports—I may be wrong. I had some recollection that there has been some issue in the past that part of the savings, or perhaps not today but in years past, part of the issue in terms of failure of realizing some of the savings predicted is that we were not doing as good a job of getting money back from airlines that was owed to us for tickets for flights that didn't occur. Do any of you have any comments about the status of that, or do you think we are in good shape on that? I book my 10 people, the bus breaks down, they miss the flight. Are we recouping all the money?

Mr. DOMINGUEZ. For flights that we didn't take? I will have to get back to you.

Mr. WILLIAMS. Let me speak to that. This is an issue that we raised at GAO in one of our reports. It was unused airline tickets. We reported that that was an area that needed to be looked at. And I think in the report we also talked about the DOD taking a look at a program that it could utilize that would basically identify unused tickets and utilization of that particular program would be able to recoup the monies for those unused tickets. I don't know the status of where they are at right now, but this is the recommendation.

Dr. SNYDER. My recollection is you did not have any prediction in terms of amounts of money that might potentially be.

Mr. DOMINGUEZ. Sir, I do want to say that DTS enables that kind of intervention, which is not possible today because we don't know what is going on out there today, especially with these things that are done locally, by local contract through commercial travel offices. But as more stuff is in DTS, you know, you know whether the thing has been used or not. So that is the kind of business intelligence that DTS will enable management intervention.

Mr. WILLIAMS. And in that process, I think that in the new agreements with the CTOs there was a provision that each CTO was to take a look at that and to recoup that money. And that is why we had the recommendation that you need to get this program to make sure it is done on a consistent basis across the entire operation.

Dr. SNYDER. During the break, staff—this Quick Compass survey. Are you familiar with those results?

Mr. DOMINGUEZ. Yes, sir.

Dr. SNYDER. And I don't know what the requirement is of people to use this or to fill this thing out. Maybe it is like, well, a completely optional thing. But one thing that gives it some credibility is, in response to the question "I get paid quickly," you had really overwhelming agreement with that, and just right around 10 or 12 percent that said they didn't agree with that. But when you look at some of the other categories, now these are the same people who said very positive things about getting paid quickly, it is not overwhelmingly positive at all. It is: It is user friendly, 36 percent, 35 percent. Training is sufficient, 38 percent. I am just guessing about these numbers. I like DTS more than a travel agent, actually lost out to—there is just a lot of work to do on this.

Mr. DOMINGUEZ. Yes, sir. Absolutely. I acknowledge this system was not developed with the customer at the center, and that is a major focus. The fact that we are doing these Quick Compass is

about getting us on the right track with that, because this is absolutely the journey that remains in front of us, is customer satisfaction.

Dr. SNYDER. Two final questions, Mr. Secretary. My understanding was that during the break—did you come up with some answers you wanted to share with us?

Mr. DOMINGUEZ. Yes, sir. Just some points of clarification on a couple things. The first is on the money issues that Mr. Conaway was talking about. The first is—I don't know the source of the $13 billion number. That may include travel other than the commercial travel.

We in fiscal year 2007 spent $9 billion in commercial travel. $2.4 billion of that was processed through DTS. Now, there is a difference between the number of vouchers that we have processed and the dollars that—but we are on track, as I said before, to try to capture all of that.

Dr. SNYDER. Did you say $2.4 billion out of 8.5, $9 billion?

Mr. DOMINGUEZ. Yes, $9 billion in fiscal year 2007. Again, but that was earlier, not all travel types, et cetera. So we are on course, though, to capture all of that through DTS.

Dr. SNYDER. We will pass that on to Mr. Conaway. Those accountants like that kind of information.

Mr. DOMINGUEZ. I wanted to talk to you, sir, about the 800 numbers, which we covered a little bit, to differentiate between the Technical Assistance Center and the commercial travel office after hours. And we are working both of those problems for sure.

And then the fact of—the third item was people on extended temporary duty and the fact of their government travel card.

Dr. SNYDER. Right.

Mr. DOMINGUEZ. You can submit travel vouchers while you are on that travel. And there is many different ways to get them in, including calling back and having someone enter a DTS on your behalf and file the voucher for you. But one of the interesting things is that DTS enables a travel administrator to go in and see travel vouchers and claims and bills that are coming due that someone hasn't filed their voucher for. So travel administrators can intervene to assist people who are in these circumstances and for whatever reason haven't filed their voucher. So, again, this is the business intelligence that enables sound management to the travel enterprise.

Dr. SNYDER. So then you can go back to your training, and maybe that is something that needs to be covered a little more clearly.

Mr. DOMINGUEZ. Yes, sir.

Dr. SNYDER. My last question, and I appreciate your all's patience—we got interrupted by votes and we got started late to begin with—is for you, Mr. Fisher. Tell me, give me a summary of the Business Transformation Agency and what all you are doing and what you are involved in. You are a relatively new creation. How many employees do you have? What is your budget? Give me a tutorial on that.

Mr. FISHER. We were stood up 2-1/2 years ago. We have 251 government staff as of last count, with about 700-odd contractors as well. So a little under 1,000 personnel total. Budget's in the $350

million to $360 million range. We have two—you can sort of think of our organization in two parts. There is the part that does things like DTS, that we have a portfolio of 27 business systems. By definition, the systems we own cross the services. So DTS is used by everyone. The Defense Integrated Military Human Resources System (DIMHRS), the new military human resources and personnel and pay system, will be used by all the services. So programs that are used by all services are the kinds of programs that we inherited. If it is a Navy specific program or an Army specific program, those didn't come to us. So we have a portfolio of these 27 systems, and they span travel, personnel, logistics, acquisition, finance, all the business areas.

The other half of the organization is more on what I call the guidance side, the requirements side. So we have a group of folks that work very closely with the principal staff assistants, the under secretaries in the Pentagon who set policy and really drive enterprise level requirements. We work with them to translate those requirements into something that can be implemented. So we own our responsibility for the Department's business enterprise architecture, which is a repository of rules—there is nothing more complicated than that—that says, here are the standards that we, the Department, have decided we are all going to do the same way. So we have that responsibility to collect those requirements and put them in an architectural form that people can use. And then we work with both our programs and the component programs on the best way to actually implement those in systems.

So, in a way, we are a conduit between the more higher level requirement folks, policy setting, and the people who are actually implementing these requirements. Whether it is at OSD level or at the component level, we build that bridge in between to try to help everyone understand what those requirements are and best practice ways to implement them. And then, on the other side, is the actual systems that we own.

Dr. SNYDER. And then you come back around at the end and assess how you did?

Mr. FISHER. We do both from an investment management standpoint. So BTA has the responsibility to facilitate the investment review process in the Department. So we look at compliance to architecture of those systems that are being implemented. They come through a process on an annual basis to get reviewed, and we facilitate that process. And we also do reviews of programs. The larger scale component programs, we assist the milestone decision authority, the person who has that ability to say, yes, you can go the next step as to whether or not, from a risk-based perspective, if that program is healthy enough to move forward.

So we serve sort of different masters in OSD to try to help guide them on the health of programs and our ability to make progress, and then we also help the programs that are trying to implement these enterprise standards, get them to understand what they are and best practice ways to implement them.

Dr. SNYDER. Have you had this position since the beginning?

Mr. FISHER. I was with the organization from the beginning. I was the first director named to the organization. First permanent

director. And that position was staffed just over a year ago, but I joined the Department just prior to the standup of the BTA.

Dr. SNYDER. And how many times have you testified before Congress?

Mr. FISHER. This is the first time, sir.

Dr. SNYDER. Probably our neglect.

I appreciate your all being here today and I appreciate your efforts to sort this out. Secretary Dominguez, you have testified in the past. There are certain topics that come before the Congress on kind of an annual basis such as health care, retention and recruitment, and some of those things. And this defense travel system may be one of those topics that the Congress may on an annual basis or some regularity ought to look at, particularly as if we start getting into areas or you are implying that we have areas that are maybe needing statutory fixes. So don't be surprised if we decide to revisit this in a year or so. I think it would be probably helpful for us.

And, Mr. Williams, don't be surprised if you get a letter from us saying that perhaps you ought to move up—the GAO look at some of the milestones you all set down. But thank you all very much. Again, I apologize we had the delay with votes. We are adjourned.

[Whereupon, at 5:10 p.m., the subcommittee was adjourned.]

A P P E N D I X

April 15, 2008

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

April 15, 2008

Opening Statement of
Chairman Dr. Vic Snyder
Subcommittee on Oversight and Investigations

Hearing on "Oversight of the Defense Travel System"

The hearing will come to order. Good afternoon and welcome.

Our hearing topic today is "Oversight of the Defense Travel System." The Subcommittee on Oversight and Investigations is holding this hearing to receive testimony regarding recent studies, current status, and planned improvements to the Defense Travel System (DTS). This is the second subcommittee oversight event for this issue. We heard from Department of Defense (DOD) travelers this morning.

Since initial DTS development began in 1998, the system has been plagued by developmental problems, operational test failures, premature deployments, functionality problems, low usage, and general user dissatisfaction. The Institute for Defense Analyses published a report in March 2007 directed by Congress in the National Defense Authorization Act for fiscal year 2007. IDA found that most of the historic dysfunctions had been remedied by early 2007 and that the technical system was salvageable. However, other evidence suggests that the system remains a challenge for military and DOD civilian travelers.

We are interested in whether IDA's recommendations have or will be instituted, and what efforts are underway to improve the usability of the system for travelers themselves. We have anecdotal evidence that DTS is difficult and time consuming to use for the average traveler; and it detracts them from their primary duties. We also wonder about the cost effectiveness of the system versus hidden costs and opportunity costs. We hope that the witnesses can shed some light on these issues today.

On our panel today we are joined by:

The Honorable Michael L. Dominguez
Principal Deputy Under Secretary of Defense for Personnel and Readiness
Department of Defense

Mr. David Fisher
Director, Business Transformation Agency
Department of Defense

Mr. McCoy Williams
Director, Financial Management and Assurance
U.S. Government Accountability Office

Dr. Jay Mandelbaum
Research Staff Member
Institute for Defense Analyses

Welcome to all of you and thank you for being here. After our Ranking Members opening remarks, I'll turn to our panel of witnesses for a brief opening statement. Your prepared statements will be made part of the record.

Statement of Ranking Member Todd Akin
Subcommittee on Oversight and Investigations
House Armed Services Committee

Hearing on the Defense Travel System

April 15, 2008

Thank you, Chairman Snyder, and good afternoon to our witnesses – we appreciate you being here today.

Today's hearing raises a new subject for this subcommittee – the Defense Travel System (DTS). While this topic may appear mundane, you get a sense of this program's importance when you take into account the numbers involved.

Currently the Department's defense travel enterprise comes at an annual cost of $12-13 billion dollars. DTS was designed to improve how the Department manages travel by modernizing travel processes, maximizing efficiencies and lowering costs. Unfortunately it took too long for the program to stand up and run effectively. I hope that the days of being behind schedule and cost overruns are past us. My understanding is that DTS is

much improved, and that the Department has begun to reap the benefits it sought from the program back in 1998.

This is not to say all is fine; DTS still faces challenges. The first is usability. Making DTS a user friendly portal for booking and collecting travel reimbursements were two of the primary reasons this Committee required the Department to have a Federally Funded Research and Development Center study DTS. This initiative resulted in the Institute for Defense Analysis (IDA) study that made a series of recommendations on improving the system, but fell short of recommending an overhaul of DTS. I'd like to hear from the Department on their progress in implementing the IDA recommendations.

For this program to be successful it needs to support its users. The subcommittee had an opportunity to meet with Department users, so we have a sense of the burden an inefficient, cumbersome travel system can be to DOD personnel. [I even had a chance to try my hand at the program yesterday, and I'm proud to report that both I and DTS survived unscathed.]

Finally, it is my understanding that there are over 60 legacy travel systems in place in the Department, which essentially compete with DTS. This comes at an estimated cost of $1 billion dollars annually. For DTS to truly succeed it needs to replace these legacy systems. I would like our witnesses to address how the Department plans to attack this problem.

Again, thank you to our witnesses for being here today. I look forward to your testimony.

Prepared Statement

of

The Honorable Michael L. Dominguez

Principal Deputy
Under Secretary of Defense (Personnel and Readiness)

Before the

House Committee on Armed Services
Subcommittee on Oversight and Investigations

April 15, 2008

Not for publication until released by the subcommittee

MR. MICHAEL L. DOMINGUEZ

Principal Deputy Under Secretary of Defense for Personnel and Readiness

Michael L. Dominguez was nominated by the President as the Principal Deputy Under Secretary of Defense for Personnel and Readiness on November 21, 2005 and confirmed by the Senate on July 11, 2006. As a presidential appointee confirmed by the Senate, he is the primary assistant to the Under Secretary of Defense for Personnel and Readiness providing staff advice to the Secretary of Defense and Deputy Secretary of Defense for total force management as it relates to manpower; force structure; readiness; Reserve Component affairs; health affairs; training; and personnel policy and management, including equal opportunity, morale, welfare, recreation, and quality of life matters.

Prior to this appointment, Mr. Dominguez served, from August 2001 until July 2006, as the Assistant Secretary of the Air Force for Manpower and Reserve Affairs. His responsibilities included developing and overseeing Air Force manpower and personnel policies, readiness, and Reserve Component affairs.

Mr. Dominguez also served as Acting-Secretary of the Air Force from March 28, 2005 thru July 29, 2005. In this role, he was responsible for the affairs of the Department of the Air Force, including the organizing, training, equipping and providing for the welfare of its more than 360,000 men and women on active duty, 180,000 members of the Air National Guard and the Air Force Reserve, 160,000 civilians, and their families.

As an Air Force dependent, Mr. Dominguez grew up on bases around the world. After graduating in 1975 from the U.S. Military Academy at West Point, N.Y., he was commissioned a second lieutenant in the U.S. Army, reported to Vicenza, Italy, then worked varied assignments with the 1st Battalion, 509th Infantry (Airborne) and the Southern European Task Force. After leaving the military in 1980, Mr. Dominguez went into private business and attended Stanford University's Graduate School of Business. In 1983 he joined the Office of the Secretary of Defense as an analyst for Program Analysis and Evaluation (PA&E).

Mr. Dominguez entered the Senior Executive Service in 1991 as PA&E's Director for Planning and Analytical Support. In this position he oversaw production of DOD's long-range planning forecast and its $12 billion in annual information technology investments. He also directed the PA&E modernization of computing, communications and modeling infrastructure. He joined the Chief of Naval Operations staff in 1994 and assisted in the Navy's development of multi-year programs and annual budgets. Mr. Dominguez left federal government in 1997 to join a technology service organization. In 1999 he began work at the Center for Naval Analyses where he organized and directed studies of complex public policy and program issues. In 2001 he rejoined the staff of the Chief of Naval Operations where he worked until his appointment as Assistant Secretary of the Air Force.

EDUCATION
1975 Bachelor of Science degree, U.S. Military Academy, West Point, N.Y.
1983 Master's degree in business administration, Stanford University, Stanford, Calif.
1989 Program for Senior Officials in National Security, Harvard University

CAREER CHRONOLOGY
1. June 1983 - September 1988, program analyst, Office of the Secretary of Defense for Program Analysis and Evaluation, Washington, D.C.
2. October 1988 - September 1991, executive assistant to the Assistant Secretary of Defense for Program Analysis and Evaluation, Washington, D.C.
3. October 1991 - September 1994, Director for Planning and Analytical Support, Office of the Assistant Secretary of Defense for Program Analysis and Evaluation, Washington D.C.
4. October 1994 - April 1997, Associate Director for Programming, Office of the Chief of Naval Operations, Washington, D.C.
5. April 1997 - September 1999, General Manager, Tech 2000 Inc., Herndon, Va.
6. September 1999 - January 2001, Research Project Director, Center for Naval Analyses, Alexandria, Va.
7. January 2001 - August 2001, Assistant Director for Space, Information Warfare, and Command and Control, Office of the Chief of Naval Operations, Washington, D.C.
8. August 2001 - March 2005, Assistant Secretary of the Air Force for Manpower and Reserve Affairs, Washington, D.C.
9. March 2005 – July 2005, acting Secretary of the Air Force and Assistant Secretary of the Air Force for Manpower and Reserve Affairs, Washington, D.C.
10. July 2005 – July 2006, Assistant Secretary of the Air Force for Manpower and Reserve Affairs, Washington, D.C.
11. July 2006 – Present, Principal Deputy Under Secretary of Defense for Personnel and Readiness, Washington, D.C.

AWARDS AND HONORS
1980 Army Commendation Medal
1988 and 1994 Defense Meritorious Civilian Service Medal
1993 Defense Civilian Service Medal
1997 Superior Civilian Service Medal, Department of the Navy
1998 Meritorious Executive Presidential Rank Award
January 2005, July 2005 and July 2006, Air Force Exceptional Civilian Service Medal

Introduction

Mr. Chairman and members of this distinguished Subcommittee, thank you for inviting me to testify today. Just over eighteen months ago, Dr. David Chu, Under Secretary of Defense for Personnel and Readiness, advised the Senate Permanent Subcommittee on Investigations that Personnel and Readiness had assumed a significant new role in providing management and oversight for the Defense Travel System (DTS) through the Defense Travel Management Office (DTMO). The DTMO was chartered to provide one authoritative, responsible agency for commercial travel within the Department, and is charged with responsibility for commercial travel management, the government travel card program, and customer support and training.

Since the November 2006 hearing, we have made great strides in improving usability and customer acceptance of the DTS. DTS is a fully integrated, electronic financial management system specifically tailored to meet the Department of Defense's (DoD's) unique travel needs. DTS provides a secure environment for making travel arrangements, completing travel-related financial transactions, and enforcing Federal and DoD travel policies and regulations. DTS allows travelers to create authorizations (travel orders), prepare all travel reservations, receive approval to execute travel, generate a travel voucher, receive approval of all expenses, and receive direct deposit payment to their bank account and the government travel charge card vendor, all via a single web portal that is available 24 hours every day, seven days a week. We want DTS to enhance the quality of the travel experience by saving time and reducing the effort required to arrange, execute, and receive timely reimbursement for travel. DTS will also provide the government with the capability to monitor expenditure of travel dollars, and ensures compliance with applicable travel policies and regulations.

Previous GAO and DoD IG Studies

When Dr. Chu testified in November 2006, he assured the Congress that the DTMO would address DTS shortfalls noted by the Government Accountability Office (GAO) in studies completed in January and September 2006 and a DoD Inspector General (IG) study completed in November 2006. At this time, I can assure this subcommittee that all the recommendations in the three reports are being addressed and most are already closed.

In both of its studies, GAO found deficiencies in DTS development, implementation, and testing of functionality. GAO specifically noted that system testing of the Reservation Refresh module revealed that promised capability was not delivered as intended. GAO also noted that lack of interfaces with DoD business systems (e.g., Army General Fund Financial Enterprise Resource Planning Systems) and underutilization at sites where DTS had been deployed would prevent DTS from becoming DoD's standard travel system. GAO found estimates of annual net savings from DTS were unreliable. GAO found that DTS was still not addressing the underlying problems associated with poor management of software application requirements and system testing.

The DoD IG study was to determine whether DTS has realized anticipated benefits in efficiency. In this study, "Management and Use of the Defense Travel System," the DoD IG noted many of the same deficiencies already documented by the GAO: that DoD could not provide documentation that substantiated all DTS, legacy system, and travel-related data necessary to evaluate the cost-effectiveness of the DTS program; not all DoD components were using DTS to support routine TDY at the sites where DTS had already been fielded; and that "the Department continues to make management decisions based on unsubstantiated data and to allocate resources to the DTS program without the ability to measure projected benefits."

Today, the Department is addressing GAO and DoD IG recommendations concerning DTS, most notably in the areas of metrics, data and costs, improved program oversight, DTS utilization, and premium class travel.

We are making steady improvements with regard to metrics, data, and costs. We are currently engaged in a two-year project to develop an authoritative source for travel data, commercial travel information, and business intelligence. Data will be incorporated in three phases, beginning with travel services data in phase one (air, car, truck, bus, lodging); travel management data in phase two (customer service feedback, travel community demographics, government travel charge card); and performance management data in phase three.

Additionally, the Institute for Defense Analyses (IDA) is wrapping up an independent review to establish a baseline against which travel costs for the Department can be effectively measured. The results of this review will enable the DTMO to further develop cost metrics for DTS and better assess the tangible benefits of DTS for the DoD. One challenge going forward, however, is to better understand the indirect costs of travel and to develop a methodology to collect and analyze those costs. Indirect costs include, for example, voucher processing, and Commercial Travel Office (CTO) fees. Capturing and analyzing these costs will allow us to understand the total cost of travel.

We are implementing those GAO and DoD IG recommendations concerning improved DTS program oversight. In 2006, the DTMO implemented a well-defined requirements change management process. This process defines requirements, tracks the life-cycle of requirements development to include a follow-on impact study of released functionalities, and has adopted a streamlined approach to address change requests that require expedited handling. DoD is also improving internal processes for configuration control and testing.

We are also implementing GAO and DoD IG recommendations concerning DTS utilization. DTS is currently fielded at about 86% of intended sites. The Military Services expect to conclude fielding in Fiscal Year (FY) 2009. Twice annually, we provide the Armed Services Committees of the Congress reports detailing the number of defense sites at which DTS has been deployed, the extent of DTS usage at those sites, the steps taken to increase usage, and any continuing problems in the implementation and usage of DTS.

The DTMO is also implementing recommendations concerning premium class travel. All commercial travel service contracts that are now managed by the DTMO contain appropriate language reflecting the Department's policies on the use of premium class travel. While the DTMO does not have jurisdiction over legacy CTO contracts that are managed by the Military Services, appropriate contract language was also provided to them for their use. The DTMO will ensure all future CTO contracts for official travel services adhere to the Department's policy on the use of premium class travel. Additionally, the DTMO has developed a Web-based Premium Class Travel (PCT) reporting tool that supports DoD's requirement for agencies to report PCT on a recurring basis.

Section 943 Study

In November 2006, Dr. Chu told the Senate Permanent Subcommittee on Investigations that he welcomed the opportunity to study the system as directed by Section 943 of the 2007 National Defense Authorization Act. The Institute for Defense Analyses (IDA) was selected to conduct the Section 943 study. We appreciate and applaud IDA's hard work and are implementing all recommendations that are practical and cost-effective.

To date, we have made significant progress in all of the recommendations within the purview of the DTMO (the Business Transformation Agency (BTA) has oversight for the recommendation on Service Oriented Architecture):

- IDA recommended that Reservation Refresh be continued. It has been. Further, a Reservation Refresh impact study began in 2007 and, as a result, 19 enhancements to DTS were recommended and are now incorporated into our plans.
- IDA recommended enabling travelers to obtain assistance from the CTO while using DTS. When this recommendation is implemented (scheduled for September/October 2008), a traveler needing assistance from the CTO will "push a help button" in DTS and the CTO will contact him/her directly.
- IDA recommended that DTS usability be improved. Several initiatives are underway to implement this recommendation, to include a usability review that began in 2007 (with recommendations to be submitted in September 2008), a DTS customer satisfaction survey undertaken in October 2007, and ongoing DTS feedback being obtained via the Interactive Customer Evaluation (ICE) system.
- IDA recommended that DoD conduct a study – in conjunction with General Services Administration – to determine a consistent set of policy guidelines for using restricted fares and the pros and cons of modifying DTS to accommodate restricted fares under those conditions. DTMO is compiling and analyzing data for the seventh month in a 12-month effort to compile a valid data sample and will draft and coordinate policy options with General Services Administration in September 2008.

- A DTS mandate memo, also recommended by IDA, was published directing that DTS will be the single, online travel system used by the Department for all travel functions currently supported and those that will be supported in the future.
- IDA made a recommendation that echoed earlier GAO and DoD IG recommendations: that DoD "establish a process to collect complete, reliable, centrally available, and timely DoD travel information needed to support effective DoD travel management." As noted above, we are currently engaged in a two-year project to integrate DoD-wide travel data to become the single, authoritative source of commercial travel information and business intelligence. We are now reviewing travel data sources and travel databases to determine the best option for compiling from those sources a transparent, complete, comprehensive set of reliable, accurate, and timely travel data.
- IDA recommended that DoD improve DTS capability. To that end, DoD is planning incremental improvements to DTS to enable additional trip types such as pre-employment interview travel, emergency travel while on TDY, witness travel, family visitation travel, Rest and Recuperation leave, cadets/midshipman travel while TDY, etc.
- IDA recommended that DoD substantially reduce the number of travel types. A DoD travel policy review began March 2007; however, to materially reduce travel types and simplify travel policies will require two to three years.
- IDA recommended that the DTMO be assigned responsibility for finishing DTS fielding at the remaining DoD sites. However, as fielding is now nearly complete, responsibility remains with the Military Services. The Army's fielding will be

completed by the end of FY 2009. The Air Force has completed fielding with the exception of its Reservists (likely to be completed at the end of FY 2009). The Marine Corps has completed its fielding. The Navy's target completion fielding date is at the end of FY 2009. Of the Defense Agencies, two remain to be fielded.

- IDA recommended that a mandate be issued to discontinue use of all legacy systems once DTS has the capacity to support a very high percentage of all DoD travel. In February 2008, DTMO had determined: the functionality provided by legacy systems, whether DTS could support this functionality, and which systems could be sunset when needed functionality is implemented in DTS. An initial sunset plan for legacy systems will be developed by the end of FY 2010.

Customer and Stakeholder Feedback

Two years ago, the Department did not have a customer satisfaction program for travel. However, the DTMO, committed to its organizational goal of "Balancing customer and stakeholder satisfaction," has worked very hard to establish a meaningful program -- providing opportunity for the travel community to offer their opinions and suggestions. We began with an informal feedback mechanism called Interactive Customer Evaluation (ICE). This Web-based tool allows customers to submit online comment cards at any time addressing DTS, the government travel charge card, our DTS and travel policy training programs, general travel topics and, in the near future, the Travel Assistance Center. We will also enable a module so that we can receive direct input from Agency Defense Travel Administrators (DTAs). Since May 2007, the DTMO has received over 7,200 comments from travelers, system users, and travel

managers. ICE has provided us with many useful suggestions for improving the system and a method to address individual concerns.

Subsequently, we established an annual survey to gauge the opinions of DoD travelers on their satisfaction with the DTS-enabled travel process. This DTS Customer Satisfaction Survey obtains opinions from the Active Duty, civilian, and Reserve population in all Military Services and Defense Agencies using an innovative, Web-based polling vehicle called Quick Compass, developed and administered by the Defense Manpower Data Center, for which DTMO became the first customer. The 2007 Quick Compass for DTS was fielded from September 28 through October 16, 2007. The first two surveys, one conducted in 2007 and the other fielding in April 2008, will provide the DTMO with a baseline to initiate trend analysis and against which to measure our progress in responding to user concerns.

Another customer feedback vehicle is the DTS Usability Working Group. This group, composed of Service and Defense Agency representatives, meets monthly to review DTS usability and functionality change requests. In the 24 months since this forum began work, there have been almost 200 requests submitted to modify existing DTS functionality and travel processes.

Site visits to the "best and worst" sites (i.e., highest and lowest DTS utilization rates) are another feedback mechanism. DTMO staff visited the five lowest utilization sites to provide additional training, help with sustainment planning, troubleshooting, etc. Visits were made to highest utilization sites to collect "lessons learned" about successful DTS implementation and to collect best practices that could be shared across the enterprise.

DTS usability reviews assess the effectiveness, efficiency, and satisfaction with which users can accomplish travel tasks when using DTS. These reviews, which began the week of

April 7, 2008, are being conducted at locations throughout DoD to explore the usability of DTS for its various user roles (travelers, approving officials, DTAs, etc.). Results from these sites will be used to identify DTS areas where users are having the most difficulty and which have the greatest impact on user performance. These results will be submitted in September 2008 to develop recommendations for improving DTS usability.

A governance structure, co-chaired by the DTMO and the Business Transformation Agency (BTA), with participation by the Services and Defense agencies, was adopted to ensure a continual dialogue among key stakeholders, to set strategic direction, and to manage the Defense Travel Enterprise. An executive level Defense Travel Steering Committee and the Colonel/GS-15 level Defense Travel Improvement Board oversee changes to policy, requirements and other important factors affecting the DoD Travel Enterprise. In under two years, this governance structure has guided DTS proliferation and increased usage. This offers a tremendous cost savings to the Department and directly relates to a 943 Study recommendation.

In August 2006, these travel governance bodies approved plans for implementing permanent change of station (PCS) travel and voucher settlements in DTS by June 2009. Another travel functionality approved for DTS is travel performed under special circumstances. This was approved in July 2007 for implementation in spring 2009.

Building on Success

Over the next three to five years, the DTMO will continue implementing improvements in the travel experience. In November 2006, not all DTS users had access to a help desk; today they can use the Travel Assistance Center (TAC). The TAC is a "24/7" one-stop help desk for all DTS related questions, to serve our many customers with accurate, courteous, and timely

service. The TAC stood up on August 31, 2007. It began servicing Defense Agency and Navy DTS users in October 2007; United States Marine Corps DTS users in January 2008; United States Air Force DTS users in April 2008; and will begin providing service to United States Army DTS users on July 1, 2008. During the first quarter of FY 2009, assistance will expand to include rental car, air, hotel, travel policy, and travel card issues. .

Before the DTMO was established, there were no customer service measures. Now, we have created a performance management program, conducted our first customer satisfaction survey, and are fielding our annual 2008 survey this month. Additionally, DTS customers are submitting ICE evaluation cards daily. We are well on our way to integrating customer feedback into DTS functional improvements.

Developing a knowledgeable travel community is another goal that the DTMO has actively engaged in achieving. DTMO is creating a training program that provides the knowledge and skills necessary for successful and efficient travel. This includes a comprehensive set of resources for the Services and Defense Agencies to conduct DTS training for all users and administrators. The DTMO travel training program provides instructor led classroom sessions, Web-based instruction, distance learning, and manuals and other guides. Distance learning, for example, includes 23 different courses delivered using Web conferencing tools. It began in November 2007, with full implementation by the end of April 2008.

Another major initiative that the DTMO has embarked upon is the consolidation and procurement of CTO services for DoD. With a worldwide umbrella contract awarded this past September, DTMO is currently in the process of awarding task orders to support the Military Services and Defense Agencies. All of these task orders will be managed by the DTMO.

Centralizing CTO services will DoD to apply best practices, leverage buying power, and improve working relationships between the Government and the travel industry.

As part of our forward look, we are also partnering with the BTA to study the next generation of travel services – all travel services – beyond the life cycle of DTS.

Conclusion

Mr. Chairman, I want to thank you and members of this Subcommittee for the opportunity to appear before you today. The DTS that we are talking about today is much improved from the DTS that the GAO and DoD IG evaluated two or three years ago. As we implement IDA's recommendations, DTS changes again. We have listened to our critics, and with the partnership of the BTA and our other stakeholders, we are reshaping the defense travel enterprise through results-oriented innovation.

Thank you for your interest and support.

**FOR OFFICIAL USE ONLY
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COMMITTEE**

Testimony of

Mr. David Fisher

Director

Business Transformation Agency

Before

**THE UNITED STATES HOUSE
COMMITTEE ON ARMED SERVICES
OVERSIGHT AND INVESTIGATIONS
SUBCOMMITTEE**

on

APRIL 15, 2008

**FOR OFFICIAL USE ONLY
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COMMITTEE**

Chairman Snyder, Congressman Akin, Members of the Subcommittee, thank you for the opportunity to provide information on the progress the Department of Defense (DoD) has made with the Defense Travel System (DTS).

Before turning to the specifics of DTS, I'd like to place it in the larger context of business transformation within the Department of Defense. The Department's mission requires that its business operations adapt so that the organization can react with precision and speed to support our Armed Forces in an ever-changing global security environment. In support of this mission, the Department is currently engaged in a massive effort to transform the way it does business and fulfill its commitment to the American people and the Warfighter to deliver enhanced defense business capabilities effectively and efficiently.

Over the past few years, DoD has built the foundation for improving and modernizing its business operations by strengthening its governance and engaging its leadership through the establishment of the Defense Business Systems Management Committee (DBSMC) and Investment Review Board (IRB) structure. In 2005, DoD established the Business Transformation Agency (BTA), to drive implementation of enterprise standards and business capabilities as defined in the Business Enterprise Architecture (BEA) and its associated Federation Strategy, and by issuing the Enterprise Transition Plan (ETP). Deputy Secretary of Defense Gordon England has made business transformation a central focus of his tenure, devoting extensive time and energy to the effort to improve the business operations of the Department. Under his leadership, the Department has made significant progress over the past three years, and, with the guidance of the Office of the Secretary of Defense (OSD)-level Business Transformation Office, BTA has been instrumental in enabling much of that progress. The Agency remains committed to maintaining that momentum of continuous improvement, especially the successful deployment of enterprise-level systems such as the Defense Travel System (DTS), and today I would like to share with you some of our accomplishments.

Business Transformation Agency (BTA)

With the recognition by the Department's leadership that the Business Mission Area (BMA) needed to enhance support to the Warfighter and provide better financial accountability to the American people, on October 7, 2005, Secretary England issued a memorandum directing the standup of BTA to lead and coordinate business transformation efforts across DoD. Since its inauguration, BTA has been a key participant in achieving the Department's business transformation goals by ensuring consistency and continuity across the core business missions of DoD and delivering enterprise-level capabilities that align to Warfighter needs.

Since a business enterprise by its nature is not a functional, stovepiped organization, but an integrated operating entity focused on optimal end-to-end performance, BTA seeks to enable an enterprise-view of Defense business performance and serve the collective corporate needs of the Defense business enterprise. Additionally, BTA directly oversees 27 information technology programs and initiatives, including the Defense Integrated Military Human Resources System (DIMHRS), the Defense Agencies Initiative (DAI), and DTS. BTA also facilitates operation of the IRBs; produces the BEA (the enterprise architecture for the DoD BMA that includes activities, processes, data standards, business rules, operating requirements, and information exchanges); and produces the Department's ETP (an integrated and executable roadmap which is aligned to the BEA). The Agency also provides expertise to the Components for best practices as they implement Enterprise Resource Planning (ERP) programs and develop transformation initiatives that improve business operations specific to their organizations.

In the span of only two and a half years, the BTA has gained a robust, organic capability to manage and oversee the Department's enterprise-level transformation efforts. In February 2006, I was named as the first permanent Director of the BTA, providing a constancy of leadership and a focus for Enterprise-wide decision making across the Department. Needing special expertise in the planning and implementation of ERPs, BTA has taken advantage of the Congressional special hiring authority for highly qualified

experts (HQEs) to seed its government work force with these hard-to-find skills. We appreciate Congress' recognition of the need to develop a multi-dimensional workforce and the continued support for hiring HQEs as an integral part of maintaining transformation momentum. We are rightly proud of BTA's outstanding workforce composed of career civilians, term-appointed civilians, HQEs, military members and contractors who drive progress in assuring standardization and mitigating the risk associated with large business systems implementations across the DoD.

Defense Travel System (DTS)

Turning to the subject of today's hearing, DTS provides Department of Defense military and civilian travelers with an end-to-end business solution, automating the defense travel processes. The vision for such an all-encompassing travel system began over a decade ago in an effort to standardize DoD's travel processes and systems. DTS allows travelers to create travel orders, validate authorizations, make travel reservations, receive approvals, generate travel vouchers, and directly deposit payment to the traveler's personal account and the government charge card vendor for reimbursement.

At its contractual inception in 1998 as an OSD Special Interest Initiative, DTS was a vendor-supplied, commercial-off-the-shelf (COTS) product. However, as the DTS focus transitioned from automating the financial infrastructure associated with travel to a robust, end-to-end travel management system, it became necessary to modify the existing COTS product, and its associated contract. Steps were taken that eventually led to an Acquisition Decision Memorandum signed in December 2003 that approved DTS fielding to nearly 250 high-volume travel sites across the Department. In April 2006, a significant new release was deployed that increased system usability with simplified processes, redesigned modules, enhanced maintenance features, and improved accounting and system audit capabilities.

As DTS evolved, the Defense Travel Management Office (DTMO) was established by the Office of the Under Secretary of Defense for Personnel and Readiness

(USD (P&R)) to serve as the single focal point for commercial travel within DoD. Among the responsibilities for the DTMO are to establish strategic direction, set policy, centrally manage commercial travel programs, and provide functional oversight for DTS. In addition, the DTS Program Management Office (PMO) was officially realigned in late 2006 from the Defense Finance and Accounting Service (DFAS) to the newly established BTA to continue its role to develop and sustain the Department's automated travel system. In addition, a well-defined governance structure, put in place by the DTMO, has formalized the implementation of the commercial travel concepts. Changes to the travel enterprise go through a strong governance process to ensure their downstream impacts are fully considered. This structure includes the executive-level Defense Travel Steering Committee (DTSC) and the Colonel/GS-15 level Defense Travel Improvement Board (DTIB), which are both co-chaired by P&R and the BTA. Thus, it is through a well-nourished partnership that the DTMO and the PMO are able to implement travel recommendations and explore forward-thinking and technologically sophisticated initiatives. This partnership also recognizes the joint environment required for an enterprise-level system like DTS to flourish into a fully integrated, electronic financial-management and travel system, uniquely tailored to meet the needs of the DoD community while concurrently operating within Federal and DoD travel guidelines.

As the DTMO and PMO received customer feedback in 2006, the BTA focused on the travel experience by honing in on system usability, identified as a primary impediment to the system, and the functionality of DTS. In a major new release in February 2007, the DTS reservation process was completely reengineered, incorporating vital improvements such as the ability to access the airline flight inventory, and modern and user-friendly functionality coupled with an enhanced reservation process. The "Reservation Refresh" resolved many of the issues that had prompted Congress to mandate an independent study of DTS, and the benefits were recognized by the Institute for Defense Analysis (IDA) in its March 2007 assessment: "...we believe the DTS reservation module can consistently find the least-cost airfare to meet mission needs while in compliance with DoD policy, regulations, and business rules. Reservation

Refresh essentially solves the difficulties with flight inventory and selection of lowest-cost fares cited in previous studies as well as can be done today." Specifically, IDA noted the following improvements to DTS as a result of Reservation Refresh:

- Provides lowest-cost routing consistent with DoD policy.
- Accesses a more complete airline flight inventory.
- Improves usability by pricing all flights as displayed, allowing various sort options (including cost), grouping flight choices into easy-to-understand categories, securing reservations at the point of selection, and providing potential policy violation notices at the point of selection.

In its recommendations, IDA determined that DoD should continue to use the Reservation Refresh version of DTS, and that it should be given a chance to work in the interim while additional improvements to DTS usability are pursued. In the longer term, IDA also recommended that DoD explore a Service Oriented Architecture (SOA) approach for DTS after the primary risks associated with such a migration have been sufficiently mitigated.

DTS not only enhances the quality of the travel experience by saving the time and effort required to arrange, execute, and receive travel reimbursements, the system allows for regulatory engagement through the tracking and monitoring of DoD travel dollars. The multiple functions of DTS are performed via a single web portal which is accessible 24 hours a day, 7 days a week. As a result of these capabilities, including the significant enhancements enabled by Reservation Refresh, DTS usage for voucher processing has increased exponentially. In fiscal year 2006, nearly 1.4 million vouchers were processed in DTS, and 2.4 million were processed in fiscal year 2007. As we reported to Congress in our current Enterprise Transition Plan, this translates into a 72.4% increase in voucher processing from fiscal year 2006 to fiscal year 2007. In the month of February alone of this year, DTS processed 281 thousand travel authorizations, and 245 thousand travel

vouchers. At the current pace, DTS will process more than 3 million travel vouchers in FY 2008.

In terms of moving forward, consistent with the IDA report findings, the DTMO and BTA continue to plan for and add capabilities that will bring value and utility to the defense traveler, and to identify and implement improvements to usability and functionality to support the DTS economic model of maximizing transactions through the system. To flesh out the DTS roadmap for Fiscal Years 2008 and 2009, BTA will examine the upcoming results of DTMO's usability study, currently underway, and will augment the functionality with additional types of travel. For example, already planned for release in the second quarter of FY 2009 is the implementation of Special Circumstances Travel which will provide DTS with the ability to conduct TDY travel scenarios which fall outside the category of "normal" training, deployment, or assignment related travel. Utility to the military traveler will be further enhanced in the third quarter of FY 2009 with the addition of the Permanent Duty Travel (PDT) capability.

As for IDA's longer-term recommendation to examine eventual migration of DTS to a SOA environment, the BTA acknowledges the advantages SOA may eventually bring to systems such as DTS and has taken some initial steps to address this opportunity. A SOA approach breaks functionality into discrete services. As a modular concept, SOA allows identified services to be provided by organizations external to the program itself, including both private-sector and other government organizations. A federated SOA approach can also reduce the complexity of enterprise IT management through the use of commercial products; fewer development, management and sustainment costs; and the elimination of duplicative systems. Successful SOA implementations are predicated on the adoption of data and technology standards in the overall solution environment. As DoD continues to move toward a more standards-based environment through the implementation of the requirements in its Business Enterprise Architecture, opportunities for broad-based SOA deployments become more viable.

As for SOA and DTS, the pending release of "Technical Refresh," a software enhancement designed to improve utility and introduce new system functionality to the solution, establishes an initial framework for this strategy by enabling the technical capability for future integration via web services. Web service enablement allows the program the flexibility to further decompose the DTS solution set into more modular elements. However, as IDA pointed out in its recent study, there are both business and technical risks associated with that approach, especially in light of the significant enhancements that were introduced with the release of Reservation Refresh last year. From a pure technical standpoint, Technical Refresh will provide the opportunity to utilize modern technology to provide the programmers with increased flexibility and potentially enable lower cost maintenance of the IT system. From a business standpoint, any move to new services would need to be accompanied by a business case that clearly identifies how the benefits outweigh the costs and risks, and ensure that the capability provided by the new service is superior to the current service being provided.

Because SOA is relatively untested within the DoD, and is not without some risk at this juncture, we are adopting a phased approach across our enterprise-level IT portfolio. This approach allows for deliberate and methodical conceptual validation accompanied by a strategic roadmap, as we evolve to the opportunities that are available SOA environment. BTA is conducting several pilots across its portfolio that are designed to test, and thus mitigate risk associated with, the maturity of the SOA infrastructure within the DoD. DTS is part of this overall SOA pilot solution set. The results of each of these pilot programs will inform decision-makers on the appropriate next steps to pursue in terms of widespread adoption of SOA within the Department of Defense.

Conclusion

Although we are pleased that we are showing progress in our business transformation efforts and that this progress has been recognized by our oversight bodies, much work remains to be done. Transformation of an entity the size of the Department of Defense will likely never end, but it must be pushed forward by a shared sense of

intolerance for the status quo. Large private sector organizations are constantly changing, adapting, and transforming themselves to adjust to rapidly changing commercial markets. The Department of Defense should be no different despite the fact that it is orders of magnitude greater in size and complexity than any other large commercial organization.

We appreciate and value the support of Congress over the last several years as we have established new governance and discipline to our business transformation efforts. We are anxious to demonstrate that this support will reap benefits for both the taxpayers who fund our efforts and for the Warfighters who defend this nation. Mr. Chairman, we thank you and the members of the subcommittee for your continued support and I would be pleased to answer any questions you may have at this time.

United States Government Accountability Office

GAO

Testimony
Before the Subcommittee on Oversight and Investigations, Committee on Armed Services, House of Representatives

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DEFENSE TRAVEL SYSTEM

Overview of Prior Reported Challenges Faced by DOD in Implementation and Utilization

Statement of McCoy Williams
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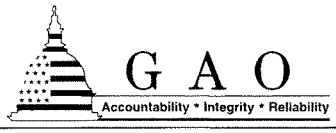

GAO-08-649T

April 15, 2008

GAO
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Highlights

Highlights of GAO-08-649T, a testimony before the Subcommittee on Oversight and Investigations, Committee on Armed Services, House of Representatives

DEFENSE TRAVEL SYSTEM

Overview of Prior Reported Challenges Faced by DOD in Implementation and Utilization

Why GAO Did This Study

In 1995, the Department of Defense (DOD) began an effort to implement a standard departmentwide travel system, the Defense Travel System (DTS). This testimony is based on previously issued GAO reports and testimonies that highlighted challenges confronted by DOD in the implementation of DTS. More specifically, today's testimony focuses on prior GAO reporting concerning (1) the lack of quantitative metrics to measure the extent to which DTS is actually being used, (2) weaknesses with DTS's requirements management and system testing, and (3) two key assumptions related to the estimated cost savings in the September 2003 DTS economic analysis were not reasonable. Today's testimony also highlights some actions that DOD could explore to help streamline its administrative travel processes such as using a commercial database to identify unused airline tickets.

What GAO Recommends

In its January and September 2006 reports, GAO made several recommendations aimed at improving the management of DTS. In commenting on these reports, DOD generally agreed with the recommendations and described efforts to address them. In commenting on the draft of the September 2006 report, DOD disagreed with the finding that the reported savings were unrealistic. However, DOD did not provide any data to support its assertion.

To view the full product, including the scope and methodology, click on GAO-08-649T. For more information, contact McCoy Williams at (202) 512-2600 or williamsm1@gao.gov.

What GAO Found

Overhauling the department's antiquated travel management practices and systems has been a daunting challenge for DOD. In several prior reports and testimonies, GAO identified several key implementation issues regarding DOD's ability to make DTS the standard travel system for the department. Specifically, GAO reported that DTS was not being used to the fullest extent possible, and DOD lacked comprehensive data to effectively monitor its utilization. At the time of GAO's 2006 review, DOD's utilization data were based on a model that was developed in calendar year 2003. However, the model had not been completely updated to reflect actual DTS usage at that time. The lack of up-to-date utilization data hindered management's ability to monitor progress toward the DOD vision of DTS as the standard travel system. Additionally, the continued use of the department's legacy travel systems resulted in the underutilization of DTS and adversely affected the expected savings that DTS could achieve.

Furthermore, GAO previously reported weaknesses in DTS's requirements management and system testing practices. GAO found that DTS's requirements were still inadequate. GAO noted that until DOD improves DTS's requirements management practices, the department will not have reasonable assurance that DTS can provide the intended functionality.

Additionally, GAO's 2006 report of the September 2003 DTS economic analysis found that the two key assumptions used to estimate annual net savings were not based on reliable information. Two cost components represented the majority of the over $56 million in estimated net savings—personnel savings and reduced commercial travel office fees. GAO's analysis found that $24.2 million in personnel savings related to the Air Force and the Navy were not supported.

- Air Force and Navy DTS program officials stated that they did not anticipate a reduction in the number of personnel, but rather the shifting of staff from the travel function to other functions.
- The Naval Cost Analysis Division stated that the Navy will not realize any tangible personnel cost savings from the implementation of DTS.

In regard to the commercial travel office fees, GAO's 2006 reporting disclosed that the economic analysis assumed that 70 percent of all DTS airline tickets would either require no intervention or minimal intervention from the commercial travel offices resulting in an estimated annual net savings of $31 million. However, the support provided by the DTS program office was an article in a trade industry publication. The article was not based on information related to DTS, but rather on the experience of one private-sector company. In addition, GAO identified concepts that the department can adopt to streamline its travel management practices.

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to discuss our two reports[1] and related testimonies[2] regarding the problems encountered by the Department of Defense (DOD) in its efforts to implement the Defense Travel System (DTS). In 1995, the DOD Task Force to Reengineer Travel issued a report that pinpointed three principal causes for DOD's inefficient travel system: (1) travel policies and programs were focused on compliance with rigid rules rather than mission performance, (2) travel practices did not keep pace with travel management improvements implemented by industry, and (3) the travel system was not integrated. To address these concerns, DOD established the Project Management Office—Defense Travel System (PMO-DTS) to acquire travel services that would be used DOD-wide as the department's standard end-to-end travel system.[3] The department estimated that DTS would be deployed at an estimated 11,000 locations during fiscal year 2007. The September 2003 economic analysis noted that DTS, when fully implemented, would result in annual net savings of over $56 million during fiscal years 2009 to 2016. In December 2003, the department's Chief Information Officer approved funding for DTS of approximately $564 million. Of this amount, the contract for the design, development, and deployment of DTS was for about $264 million. The remaining costs are associated with areas such as the operation and maintenance of DTS, operation of the PMO-DTS, the voucher payment process, and management and oversight of the numerous contracted commercial travel offices.

[1]GAO, *DOD Business Transformation: Defense Travel System Continues to Face Implementation Challenges*, GAO-06-18 (Washington, D.C.: Jan. 18, 2006) and *Defense Travel System: Reported Savings Questionable and Implementation Challenges Remain*, GAO-06-980 (Washington, D.C.: Sept. 26, 2006).

[2]GAO, *Defense Travel System: Estimated Savings Are Questionable and Improvements Are Needed to Ensure Functionality and Increase Utilization*, GAO-07-208T (Washington, D.C.: Nov. 16, 2006), and *DOD Business Transformation: Preliminary Observations on the Defense Travel System*, GAO-05-998T (Washington, D.C.: Sept. 29, 2005).

[3]DOD expects DTS to perform all functions related to travel or ensure that other systems are provided with adequate information to provide this functionality. For example, obligating funds associated with travel is a necessary function, and DTS is expected to (1) make sure that adequate funds are available before authorizing travel either through information contained in its system or by obtaining the necessary information from another system, (2) obligate funds through issuance of approved travel orders, and (3) provide DOD's financial management systems with the necessary information so that those systems can record the obligation. Since DTS is required to ensure that all travel-related functionality is properly performed, DOD commonly refers to DTS as an "end-to-end travel system."

My testimony today is based on our prior reports and testimonies[4] and I will highlight three key findings we previously reported upon.

- The department did not have quantitative metrics to measure the extent to which DTS was actually being used.
- DOD had not addressed several functional problems associated with weak requirements management and system testing.
- Two key assumptions related to the estimated cost savings in the September 2003 DTS economic analysis were not reasonable.

Finally, I will highlight suggestions of actions that the department could explore to help streamline its travel processes.

The underlying work done to support our reports and testimonies was performed in accordance with generally accepted government auditing standards. Details on our scope and methodology are discussed in each respective report and testimony.

Summary

Our prior reports and testimonies[5] related to DTS have highlighted various management challenges that DOD confronted in attempting to make DTS the standard end-to-end travel system for the department. For example, our 2006 report noted that the department did not have quantitative metrics to measure the extent to which DTS was being used. At the time of our review in 2006, the reported DTS utilization rates were based on a methodology that was developed using estimated data, and PMO-DTS program officials acknowledged that the model had not been updated with actual data as DTS continued to be implemented at the 11,000 sites. As a result, the PMO-DTS relied on outdated information in calculating DTS utilization rates that were reported to DOD management and the Congress. Additionally, we have previously reported the continued use of the department's legacy travel systems resulted in the underutilization of DTS and adversely affected the savings DTS could achieve.

We also reported in 2006 that DOD had not addressed several functional problems associated with weak requirements management and system

[4]GAO-06-18, GAO-06-980, GAO-07-208T, and GAO-05-998T.

[5]GAO-06-18, GAO-06-980, GAO-07-208T, and GAO-05-998T.

testing. Requirements represent the blueprint that system developers and program managers use to design, develop, test, and implement a system. Because requirements provide the foundation for system testing, they must be complete, clear, and well documented to design and implement an effective testing program. Adequately defined and tested requirements are one of the key elements to help reduce a project's risks to acceptable levels.[6] We identified 246 unique General Services Administration (GSA) city pair flights that should have been identified on one or more DTS flight displays according to the DOD requirements. However, 87 of these flights did not appear on one or more of the required listings. As a result, DTS users did not have access to needed flight information.

Furthermore, our 2006 report noted that DOD's September 2003 DTS economic analysis found that two key assumptions used to estimate cost savings were not well supported. Two primary areas represented the majority of the over $56 million of estimated annual net savings DTS was expected to realize—personnel savings of $24.2 million and reduced commercial travel office fees of $31 million. The $24.2 million estimated annual personnel savings were attributed to the Air Force and Navy.[7] However, Air Force and Navy DTS officials stated that they did not anticipate a reduction in the number of personnel with the full implementation of DTS, but rather the shifting of staff to other functions. Further, the Naval Cost Analysis Division stated that the Navy will not realize any tangible personnel cost savings from the implementation of DTS. DOD officials responsible for reviewing economic analyses stated that while shifting personnel to other functions is considered a benefit, it should be considered an intangible benefit rather than tangible dollar savings since the shifting of personnel does not result in a reduction of DOD expenditures.

In regard to the estimated annual savings of $31 million attributed to lower commercial travel office fees, we requested, but the PMO-DTS could not

[6]"Acceptable levels" refers to the recognition that any systems acquisition effort will have risks and will suffer the adverse consequences associated with defects in the processes. However, effective implementation of disciplined processes, which include: project planning and management, requirements management, risk management, quality assurance, and testing, reduces the possibility of the potential risks actually occurring and prevents significant defects from materially affecting the cost, timeliness, and performance of the project.

[7]The economic analysis identified annual savings of $11.3 million and $12.9 million for the Air Force and Navy, respectively.

provide, any analysis of travel data to support the assumption that 70 percent of all airline tickets would be considered "no touch"—meaning that there would be no or minimal intervention by the commercial travel office, thereby resulting in lower commercial travel office fees. We found that the 70 percent assumption was based on an article that appeared in a travel industry trade publication.[8]

In addition, as noted in our January 2006 report,[9] opportunities existed to achieve the vision of a travel system that reduces the administrative burden and cost while supporting DOD's mission. At that time, some of the actions we suggested that the department could take to help streamline its travel management practices, included (1) automating approval of changes to authorized travel expenses, (2) using a commercial database to identify unused airline tickets, and (3) utilizing restricted airfares where cost effective.

In our two reports, we made 14 recommendations to help improve the department's management and oversight of DTS. In commenting on our reports, the department generally agreed with the recommendations and described its efforts to address them. However, in commenting on a draft of our September 2006 report,[10] DOD disagreed with our finding that the estimated personnel savings are unrealistic. The department's comments noted that DOD is facing an enormous challenge and continues to identify efficiencies and eliminate redundancies to help leverage available funds. In our response, we noted that the department provided no new data that countered our finding.

Background

In September 1993, the National Performance Review called for an overhaul of DOD's temporary duty (TDY) travel system. In response, DOD created the DOD Task Force to Reengineer Travel to examine the travel process. In January 1995, the task force issued the *Report of the Department of Defense Task Force to Reengineer Travel.*[11] On

[8]*American Express News Releases: American Express' Interactive Travel Update*, (New York, N.Y.: Aug. 11, 2003), http://corp.americanexpress.com/gcs/cards/us/ni/pr/081303.aspx.

[9]GAO-06-18.

[10]GAO-06-980.

[11]DOD, *Report of the Department of Defense Task Force to Reengineer Travel* (Washington, D.C.: January 1995).

December 13, 1995, the Under Secretary of Defense for Acquisition, Technology, and Logistics and the Under Secretary of Defense (Comptroller)/Chief Financial Officer issued a memorandum, "Reengineering Travel Initiative," establishing the PMO-DTS to acquire travel services that would be used DOD-wide. In a 1997 report to the Congress, the DOD Comptroller pointed out that the existing DOD TDY travel system was never designed to be an integrated system.[12] Furthermore, the report stated that because there was no centralized focus on the department's travel practices, the travel policies were issued by different offices and the process had become fragmented and "stovepiped." The report further noted that there was no vehicle in the current structure to overcome these deficiencies, as no one individual within the department had specific responsibility for management control of the TDY travel system. To address these concerns, the department awarded a firm fixed-price, performance-based services contract in May 1998. Under the terms of the contract, the contractor was to start deploying a travel system and to begin providing travel services for approximately 11,000 sites worldwide, within 120 days of the effective date of the contract, completing deployment approximately 38 months later.

DTS Faced Numerous Challenges

Our reports and testimonies[13] related to DTS have highlighted various management challenges that have confronted DOD in attempting to make DTS the standard end-to-end travel system for the department. The issues we have reported on include underutilization of DTS, weaknesses in DTS's requirements management and system testing practices, and the adequacy of the economic analysis. These reported weaknesses are summarized below.

- **DTS underutilization.** Our January 2006 and September 2006 reports[14] noted the challenge facing the department in attaining the anticipated DTS utilization. More specifically, as discussed in our September 2006 report, we found that the department did not have reasonable quantitative metrics to measure the extent to which DTS was actually being used. The reported DTS utilization was based on a

[12]Office of the Under Secretary of Defense (Comptroller), *Department of Defense Travel Reengineering Pilot Report to Congress* (June 1997).

[13]GAO-05-998T, GAO-06-18, GAO-06-980, and GAO-07-208T.

[14]GAO-06-18 and GAO-06-980.

DTS Voucher Analysis Model[15] that was developed in calendar year 2003 using estimated data, but over the years had not been completely updated with actual data.

The DTS Voucher Analysis Model was prepared in calendar year 2003 and based on airline ticket and voucher count data that were reported by the military services and defense agencies, but the data were not verified or validated. Furthermore, PMO-DTS officials acknowledged that the model had not been completely updated with actual data as DTS continued to be implemented at the 11,000 sites. At the time, we found that the Air Force was the only military service that submitted monthly metrics to the PMO-DTS officials for use in updating the DTS Voucher Analysis Model. Rather than reporting utilization based on individual site system utilization data, DOD relied on outdated information in the reporting of DTS utilization to DOD management and the Congress. We have previously reported[16] that best business practices indicate that a key factor of project management and oversight is the ability to effectively monitor and evaluate a project's actual performance against what was planned. In order to perform this critical task, best business practices require the adoption of quantitative metrics to help measure the effectiveness of a business system implementation and to continually measure and monitor results, such as system utilization. The lack of accurate and pertinent utilization data hindered management's ability to monitor its progress toward the DOD vision of DTS as the standard travel system as well as to provide consistent and accurate data to Congress.

DTS's reported utilization rates for the period October 2005 through April 2006 averaged 53 percent for Army, 30 percent for Navy, and 39 percent for Air Force. Because the PMO-DTS was unable to identify

[15]DOD developed a model in calendar year 2003 that compares the expected usage against the actual usage. The expected usage was obtained by using historical data, such as ticket counts, to determine the expected number of vouchers processed by a given location. For example, if a location had 1,000 vouchers as its expected number of vouchers per the model, but processed 750 actual vouchers through DTS, then the PMO model considered that that location had achieved a 75 percent utilization rate. The model then took the individual computations for each DTS location and "rolled them up" to determine the total utilization for individual service performance on a monthly basis.

[16]GAO, *Financial Management Systems: Additional Efforts Needed to Address Key Causes of Modernization Failures*, GAO-06-184 (Washington, D.C.: Mar. 15, 2006), and *Financial Management Systems: Lack of Disciplined Processes Puts Implementation of HHS' Financial System at Risk*, GAO-04-1008 (Washington, D.C.: Sept. 23, 2004).

the total number of travel vouchers that should have been processed through DTS (total universe of travel vouchers), we reported that these utilization rates may have been over- or understated. PMO-DTS program officials confirmed that the reported utilization data were not based on complete data because the department did not have comprehensive information to identify the universe or the total number of travel vouchers that should be processed through DTS. PMO-DTS and DTS military service officials agreed that the actual DTS utilization rate should be calculated by comparing actual vouchers processed in DTS to the total universe of vouchers that should be processed in DTS. The universe would exclude those travel vouchers that could not be processed through DTS, such as those related to permanent change of station travel.

The underutilization of DTS also adversely affected the estimated savings. As discussed in our September 2005 testimony[17] there were at least 31 legacy travel systems operating within the department at that time. The testimony recognized that some of the existing travel systems, such as the Integrated Automated Travel System, could not be completely eliminated because the systems performed other functions, such as permanent change of station travel claims that DTS could not process.

However, in other cases, the department was spending funds to maintain duplicative systems that performed the same function as DTS. Since these legacy systems were not owned and operated by DTS, the PMO-DTS did not have the authority to discontinue their operation. We have previously stated that this issue must be addressed from a departmentwide perspective.

Further, because of the continued operation of the legacy systems at locations where DTS had been fully deployed, DOD components were paying the Defense Finance and Accounting Service (DFAS) higher processing fees for processing manual travel vouchers as opposed to processing the travel vouchers electronically through DTS. According to an April 13, 2005, memorandum from the Assistant Secretary of the Army (Financial Management and Comptroller), DFAS was charging the Army $34 for each travel voucher processed manually and $2.22 for each travel voucher processed electronically—a difference of $31.78.

[17]GAO-05-998T.

The memorandum noted that for the 5-month period, October 1, 2004, to February 28, 2005, the Army spent about $5.6 million more to process 177,000 travel vouchers manually rather than processing the vouchers electronically using DTS.

- **Requirements management and system testing.** Our January 2006 and September 2006 reports[18] noted problems with DTS's ability to properly display flight information and traced those problems to inadequate requirements management and system testing. As of February 2006, we found that similar problems continued to exist. Once again, these problems could be traced to ineffective requirements management and system testing processes. Properly defined requirements are a key element in systems that meet their cost, schedule, and performance goals since the requirements define the (1) functionality that is expected to be provided by the system and (2) quantitative measures by which to determine through testing whether that functionality is operating as expected.

  Requirements represent the blueprint that system developers and program managers use to design, develop, and acquire a system. Requirements represent the foundation on which the system should be developed and implemented. As we have noted in previous reports,[19] because requirements provide the foundation for system testing, they must be complete, clear, and well documented to design and implement an effective testing program. Absent this, an organization is taking a significant risk that its testing efforts will not detect significant defects until after the system is placed into production. We reported in September 2006[20] that our analysis of selected flight information disclosed that DOD did not have reasonable assurance that DTS displayed flights in accordance with its stated requirements. We

[18]GAO-06-18 and GAO-06-980.

[19]See, for example, GAO-04-1008 and GAO, *Army Depot Maintenance: Ineffective Oversight of Depot Maintenance Operations and System Implementation Efforts*, GAO-05-441 (Washington, D.C.: June 30, 2005).

[20]GAO-06-980.

analyzed 15 domestic GSA city pairs,[21] which should have translated into 246 GSA city pair flights for the departure times selected. However, we identified 87 flights that did not appear on one or more of the required listings based on the DTS requirements.

After briefing PMO-DTS officials on the results of our analysis in February 2006, the PMO-DTS employed the services of a contractor to review DTS to determine the specific cause of the problems and recommend solutions. In a March 2006 briefing, the PMO-DTS acknowledged the existence of the problems and identified two primary causes. First, part of the problem was attributed to the methodology used by DTS to obtain flights from the Global Distribution System (GDS). The PMO-DTS stated that DTS was programmed to obtain a "limited" amount of data from GDS in order to reduce the costs associated with accessing GDS. This helps to explain why flight queries we reviewed did not produce the expected results. To resolve this particular problem, the PMO-DTS proposed increasing the amount of data obtained from GDS. Second, the PMO-DTS acknowledged that the system testing performed by the contractor responsible for developing and operating DTS was inadequate, and therefore, there was no assurance that DTS would provide the data in conformance with the stated requirements. This weakness was not new, but rather reconfirmed the concerns discussed in our September 2005 testimony and January 2006 report[22] related to the testing of DTS.

- **Validity of economic analysis.** As noted in our September 2006 report,[23] our analysis of the September 2003 economic analysis found that two key assumptions used to estimate cost savings were not based on reliable information. Consequently, the economic analysis did not

[21]GSA awards contracts to airlines to provide flight services between pairs of cities. This is commonly referred to as the GSA city pair program. Under this program (1) no advanced ticket purchases are required, (2) no minimum or maximum length of stay is required, (3) tickets are fully refundable and no charges are assessed for cancellations or changes, (4) seating is not capacity controlled (i.e., as long as there is a coach-class seat on the plane, the traveler may purchase it), (5) no blackout dates apply, (6) fare savings average 70 percent over regular walk-up fares, and (7) fares are priced on one-way routes permitting agencies to plan for multiple destinations. We selected the first 15 city pairs that were provided by DOD to GSA in support of a GSA study on accuracy of flight displays and fare information by DTS and the GSA eTravel providers.

[22]GAO-05-998T and GAO-06-18.

[23]GAO-06-980.

serve to help ensure that the funds invested in DTS were used in an efficient and effective manner. Two primary areas—personnel savings of $24.2 million and reduced commercial travel office fees of $31 million—represented the majority of the over $56 million of estimated annual net savings DTS was expected to realize. However, the estimates used to generate these savings were unreliable.

The personnel savings of $24.2 million was attributable to the Air Force and Navy.[24] The assumption behind the personnel savings computation was that there would be less manual intervention in the processing of travel vouchers for payment, and therefore, fewer staff would be needed. However, based on our discussions with Air Force and Navy DTS program officials, it was questionable how the estimated savings would be achieved. Air Force and Navy DTS program officials stated that they did not anticipate a reduction in the number of personnel with the full implementation of DTS, but rather shifting staff to other functions. According to DOD officials responsible for reviewing economic analyses, while shifting personnel to other functions was considered a benefit, it should have been considered an intangible benefit rather than tangible dollar savings since the shifting of personnel did not result in a reduction of DOD expenditures. Also, as part of the Navy's overall evaluation of the economic analysis, program officials stated that "the Navy has not identified, and conceivably will not recommend, any personnel billets for reduction." Finally, the Naval Cost Analysis Division's October 2003 report on the economic analysis noted that it could not validate approximately 40 percent of the Navy's total costs, including personnel costs, in the DTS life-cycle cost estimates because credible supporting documentation was lacking. The report also noted that the PMO-DTS used unsound methodologies in preparing the DTS economic analysis.

We also reported in 2006 that according to DOD's September 2003 economic analysis, it expected to realize annual net savings of $31 million through reduced fees paid to the commercial travel offices because the successful implementation of DTS would enable the majority of airline tickets to be acquired with either no or minimal intervention by the commercial travel offices. These are commonly referred to as "no touch" transactions. However, DOD did not have a

[24] The economic analysis identified annual savings of $11.3 million and $12.9 million for the Air Force and Navy, respectively.

sufficient basis to estimate the number of transactions that would be considered "no touch" since the (1) estimated percentage of transactions that can be processed using "no touch" was not supported and (2) analysis did not properly consider the effects of components that use management fees, rather than transaction fees, to compensate the commercial travel offices for services provided. The weaknesses we identified with the estimating process raised serious questions as to whether DOD would realize substantial portions of the estimated annual net savings of $31 million. DOD arrived at the $31 million of annual savings in commercial travel office fees by estimating that 70 percent of all DTS airline tickets would be considered "no touch" and then multiplying these tickets by the savings per ticket in commercial travel office fees. However, we found that the 70 percent assumption was not well supported. We requested, but the PMO-DTS could not provide, an analysis of travel data supporting its assertion. Rather, the sole support provided by the PMO-DTS was an article in a travel industry trade publication.[25] The article was not based on information related to DTS, but rather on the experience of one private-sector company.

Streamlining DOD Travel Processes

As noted in our January 2006 report,[26] opportunities existed at that time to better achieve the vision of a travel system that reduces the administrative burden and cost while supporting DOD's mission. Some of the suggested proposals are highlighted below.

- **Automating approval of changes to authorized travel expenses.** The business process used at the time by DTS designated the traveler's supervisor as the authorizing official responsible for authorizing travel and approving the travel voucher and making sure the charges are appropriate after the travel is complete. Furthermore, should the actual expenses claimed on the travel voucher differ from the authorized estimate of expenses, the authorizing official was required to approve these deviations as well. For example, if the estimated costs associated with the travel authorization are $500 and the actual expenses are $495, then the authorizing official was required to approve the $5 difference. If the difference was caused by two different items, then each item

[25] *American Express News Releases: American Express' Interactive Travel Update*, (New York, N.Y.: Aug. 11, 2003), http://corp.americanexpress.com/gcs/cards/us/ni/pr/081303.aspx.

[26] GAO-06-18.

required approval. Similarly, if the actual expenses are $505, then the authorizing official was required to specifically approve this $5 increase. This policy appeared to perpetuate one of the problems noted in the 1995 DOD report—compliance with rigid rules rather than focusing on the performance of the mission. One practice that could be used to reduce the administrative burden on the traveler and the authorizing official was to automatically make the adjustments to the travel claim when the adjustments do not introduce any risk or the cost of the internal control outweighs the risk. For example, processing a travel claim that was less than the amount authorized does not pose any more risk than processing a travel claim that equals the authorized amount since the key was whether the claim is valid rather than whether the amount equals the funding initially authorized and obligated in the financial management system.

- **Using commercial databases to identify unused airline tickets.** We have previously reported that DOD had not recovered millions of dollars in unused airline tickets.[27] One action that DOD was taking to address the problem was requiring the commercial travel offices to prepare reports on unused airline tickets. While this action was a positive step forward, it required (1) the commercial travel offices to have an effective system of performing this function and (2) DOD to have an effective program for monitoring compliance. At the time, we suggested that a third party service, commonly referred to as the Airlines Reporting Corporation,[28] might provide DOD with the necessary information to collect unused airline tickets in an automated manner. If the information from the Airlines Reporting Corporation was utilized, DOD would not have to rely on the reports prepared by the commercial travel offices and would have been able to avoid the costs associated with preparing the unused airline ticket reports. According to DOD officials, at the time of our review, this requirement had not yet been implemented in all the existing commercial travel office contracts, and therefore, the total costs of preparing the unused airline ticket reports were unknown.

[27]GAO, *DOD Travel Cards: Control Weaknesses Led to Millions of Dollars Wasted on Unused Airline Tickets*, GAO-04-398 (Washington, D.C.: Mar. 31, 2004).

[28]According to the Airlines Reporting Corporation, it was established by the travel industry to provide prompt, efficient, secure distribution and settlement of travel purchased in the United States.

- **Utilizing restricted airfares where cost effective.** DOD's business rules and the design of DTS provided that only unrestricted airfares should be displayed. However, adopting a "one size fits all" policy did not provide an incentive to the traveler to make the best decision for the government, which was one of the stated changes documented in the 1995 DOD report. Other airfares, generally referred to as restricted airfares, may be less expensive than a given GSA city pair fare and other unrestricted airfares. However, as the name implies, these fares come with restrictions. For example, within the GSA city pair fare program, changes can be made in the flight numerous times without any additional cost to the government. Generally, with restricted airfares there was a fee for changing flights.[29] The *Federal Travel Regulation* and DOD's Joint Travel Regulations allow travelers to take restricted airfares, including on those airlines not under the GSA city pair contract, if the restricted airfare costs less to the government. Adopting a standard policy of using one type of airfare—unrestricted or restricted—is not the most appropriate approach for DOD to follow. A better approach would have been to establish guidance on when unrestricted and restricted airfares should be used and then monitor how that policy was implemented. Although development of the guidance is an important first step, we previously stated that management also needs to determine (1) whether the policy was being followed and (2) what changes are needed to make it more effective.

Concluding Remarks

In our two reports we made 14 recommendations to help improve the department's management and oversight of DTS and streamline DOD's administrative travel processes. In commenting on our reports, the department generally agreed with the recommendations and described its efforts to address them. The implementation of our recommendations will be an important factor in DTS's achieving its intended goals. We will be following up to determine whether and if so, to what extent, DOD has taken action to address our recommendations in accordance with our standard audit follow-up policies and procedures. We would be pleased to brief the Subcommittee on the status of the department's actions once we have completed our follow-up efforts.

[29]Other types of restrictions include purchasing the ticket in advance or staying over a specified number of days.

Mr. Chairman, this concludes my prepared statement. We would be happy to answer any questions that you or other members of the Subcommittee may have at this time.

Contacts and Acknowledgments

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Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this testimony. In addition to the above contacts, the following individuals made key contributions to this testimony: Darby Smith, Assistant Director; Evelyn Logue, Assistant Director; J. Christopher Martin, Senior-Level Technologist; F. Abe Dymond, Assistant General Counsel; Beatrice Alff; Francine DelVecchio; and Tory Wudtke.

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QUESTIONS AND ANSWERS SUBMITTED FOR THE RECORD

APRIL 15, 2008

QUESTIONS SUBMITTED BY DR. SNYDER

Dr. SNYDER. Some DTS users are unaware that 24-hour toll free telephone assistance exists, and others say that their calls are not always answered. What is the status of the all-hours worldwide support line for the DTS website? Are all Commercial Travel Offices required to provide all-hours support to both domestic and overseas travelers for trip changes? If so, how is their performance verified?

Mr. DOMINGUEZ. The Traveler Assistance Center (TAC) was established August 31, 2007, and is in the process of a three phase implementation, with the final phase scheduled to begin 1 October, 2008. Each phase of implementation will add greater levels of assistance to additional groups of travelers. The TAC is currently in phase II and provides Defense Travel System (DTS) related assistance to all travelers with the exception of the Army. This means Army travelers do not have, and are therefore largely unaware of, the 24-hour number. The TAC will become available to the Army in 4th quarter, 2008, and at that point, phase II will be completed. In phase III, service will expand to provide all travelers with assistance for all travel issues (rental car, air, hotel, policy, travel card), not just DTS.

For those currently being serviced, the TAC is available worldwide, 24 hours per day, 7 days per week, via toll-free telephone number, e-mail, and self-support web site. A state-of-the-art automatic call distribution (ACD) system logs each incoming call to ensure that all calls are answered as efficiently as possible. TAC ACD performance reports are reviewed monthly by the DTMO to verify that contractual performance standards are met.

Additionally, Defense Travel Management Office (DTMO) Commercial Travel Office (CTO) worldwide contracts, supporting both domestic and overseas travel, require standard all-hours support for trip changes. The remaining Service and Agency CTO contracts also contain all-hours support language; however, it is not standardized. Those contracts will transition to the DTMO worldwide acquisition by third quarter 2009.

The DTMO requires CTOs to perform quality control on their performance, to include all-hours support. Performance reports are provided to the DTMO by the CTOs as part of the government's quality assurance process. In addition, the government performs quality assurance surveillance to include addressing customer complaints, random inspections, and receiving feedback from field quality assurance evaluators.

Dr. SNYDER. How many different contracts does the Department of Defense have with Commercial Travel Offices? Are these contracts standardized, particularly as regards all-hours worldwide support for travelers? If not, what is the nature of these different contracts and what is the Department's plan to standardize them?

Mr. DOMINGUEZ. The Defense Travel Management Office (DTMO) is currently in the process of a Commercial Travel Office (CTO) consolidation initiative. Prior to beginning this effort, there were over 100 CTO contracts, managed by over 50 different organizations within the Department of Defense. Contracts currently managed by other organizations may include differing language, including that for after-hours support, based on the specific requirements of the managing organization. The DTMO awarded a worldwide CTO contract in September 2007, selecting eight vendors to further compete for 11 task orders. Task order issuance is currently in progress, with award of the first task order for Worldwide Commercial Travel having been awarded on May 15, 2008, for the Continental United States Marine Corps and select Defense Agencies. It is valued at over $14 million, with implementation scheduled to occur over the period July–November 2008. We anticipate all task orders will be awarded by the end of July 2008.

Upon completion of the CTO contract consolidation in 2009, there will be approximately 50 CTO contracts centrally managed by one organization, the DTMO. These 50 contracts will include small business, pending task orders (that will become formal contracts upon award), as well as a small few individually tailored contracts that provide a unique service. This consolidation will ensure all contracts contain standardized language that includes specific requirements for all-hours, worldwide support for travelers.

Dr. SNYDER. In 2006, the Government Accountability Office recommended that the Department identify unused travel tickets and process them for refunds. What is the status of this effort?

Mr. DOMINGUEZ. The Government Accountability Office's (GAO) report found 27,000 instances of potential improper payments and recommended that the Department of Defense (DOD) determine if improper payments were made and, if so, to recover the cost of the airline tickets. To date, all the potential improper payments have been researched. In those cases where an actual improper payment was found, and where extenuating circumstances (death of traveler/statute of limitations) did not preclude it, collection has been made, with the exception of 66 transactions that, for various reasons, cannot feasibly be researched further.

Additionally, as a result of GAO's recommendation, DOD Commercial Travel Office (CTO) contracts, both the Defense Travel Management Office (DTMO) worldwide contract and those contracts managed by the Military Services and Defense Agencies, require the CTOs to identify and cancel unused tickets 30 days after the planned trip date and then initiate the process for refund. CTOs are also required to provide quarterly unused ticket reports to DOD in accordance with policy guidelines. All CTOs will be required to provide monthly reports as the Department continues to consolidate management of CTO contracts, scheduled for completion by 3d Quarter, Fiscal Year 2009.

Dr. SNYDER. DTS currently allows a user to designate a "group travel" option if traveling in a party of ten or more, in accordance with airline ticketing policies for group discounts. Is it possible for DTS to also treat parties of less than ten as a group even without an airline discount, in order to relieve data entry and travel adjustment burden on the user?

Mr. DOMINGUEZ. Parties of two or more travelers can be treated as a group in the Defense Travel System (DTS). The DTS Group Travel function is a workflow tool that streamlines the administrative burden associated with data entry and reservations. A designated lead traveler is able to create a single travel authorization for all travelers, view airline, lodging and rental car information, e-mail a reservation request to the Commercial Travel Office, and route travel documents for review and approval.

Dr. SNYDER. You said that you plan on asking Congress for legislative help in simplifying and streamlining certain travel procedures and policies. When will your review be complete? When do you anticipate making a request to Congress? In general terms, what types of policies do you envision changing, and what kind of legislation would Congress be asked to consider?

Mr. DOMINGUEZ. We are currently working on a complete travel policy review with the General Services Administration (GSA). Overall, this is a major action that will require implementation of changes incrementally, working as an inter-agency effort. To materially reduce "travel types" and simplify travel policies will require two-to-three years extending into Fiscal Year (FY) 2010.

Specifically, Permanent Change of Station initiatives are currently being vetted and recommended temporary duty travel policy changes and legislative proposals will be developed/processed in the first quarter of FY 2009. It is anticipated that GSA/Department of Defense will propose legislation in FY 2010.

Dr. SNYDER. In reference to the "Buy America Act," isn't allowing DOD passengers to fly on foreign carriers as code-sharing partners creating a distinction without a difference in barring them from flying on foreign carriers otherwise? Would you recommend a change Congress could make to clarify this?

Mr. DOMINGUEZ. No, the distinction in allowing the Department of Defense (DOD) passengers to fly on foreign carriers as code-sharing partners does not create distinction without a difference in barring travelers from flying on foreign carriers otherwise. Code sharing is common industry practice that allows, by law, an airline to put its two-letter identification code on the flights of another airline. Code share flights are marketed by United States (U.S.) carriers as their own flights and as such, the U.S. carrier assumes responsibility for the flight.

DOD is currently performing a travel policy review in collaboration with General Services Administration. This effort will take an in depth look at the complexities of foreign travel, to include the "Buy American Act" (Fly America Act). During the review process, there may be areas identified that require congressional assistance, to include clarification of certain portions of the "Fly America Act," and recommendations will be made accordingly.

Dr. SNYDER. Why do DOD civilians not have to get non-availability statements for billeting and therefore can use DTS for hotel reservations, when military travelers cannot? Shouldn't uniformed and non-uniformed passengers, especially those traveling together, be either able to use DTS, or be required to get non-availability statements, equally?

Mr. DOMINGUEZ. Both Department of Defense (DOD) civilians and military members can use the Defense Travel System; however, in some instances, different regulations apply to each. Government civilians are not required to stay in government quarters in accordance with the Comptroller General (44 Comp. Gen. 626) decision interpreting Title 5, United States Code, Section 5911(e). That same decision contains language that allows the Services to require military members to stay in government quarters when available. However, DOD does allow the military member's supervisor to determine when use of government quarters will adversely affect mission performance and to subsequently approve commercial billeting. In those cases, service members do not need to obtain a non-availability statement.

QUESTIONS SUBMITTED BY MR. AKIN

Mr. AKIN. What is the Department's priority list and timeline for incorporating the different types of defense travel types into DTS? What is its priority list and timeline for phasing out legacy travel systems?

Mr. DOMINGUEZ. The Department's priority and timeline for incorporating different types of travel into the Defense Travel System by summer 2010 is specialized types of temporary duty travel (e.g., emergency and witness travel), permanent change of station travel, deployment travel, and recruit travel. A sunset plan for legacy systems will be developed by the end of Fiscal Year 2010. We anticipate these systems will be mandated for shutdown within two years following that date.

Mr. AKIN. What is the projected annual cost of maintaining the DTS administrative and technical infrastructure once it encompasses all Departments of Defense travel? What would be a standard industry projection of costs for required RDT&E and upgrades during sustainment?

Mr. DOMINGUEZ. That costs associated with maintaining the Defense Travel System (DTS) administrative and technical infrastructure (sustainment costs) once the system encompasses all Department of Defense travel, is on average, for the first five years (Fiscal Year (FY) 2011–FY 2015) $40 million per year. This estimate includes the following:

- DTS-Program Management Office support
- Technology refreshes; interface connectivity; testing
- Non-Classified Internet Protocol Router Network connectivity to DTS
- Business Intelligence software maintenance
- Defense Manpower Data Center archival of travel vouchers and related documents
- DTS reservation module's airline pricing and availability query services; the costs associated with the Defense Travel Management Office's (DTMO's) Travel Assistance Center
- DTMO's DTS training initiatives
- Service and Agency semi-annual DTS operations fees to run and maintain system operations and sustainment.

Additional requirements for enhanced capabilities would be over and above this level of system sustainment.

A standard industry projection of annual costs for required research, development, training and evaluation (RDT&E) and system upgrades, above and beyond system sustainment support as mentioned above, for large information technology systems, is approximately 17% of the lifecycle development costs (Gartner, Management Update: How to State Estimating Software Life Cycle Costs, July 2005). Throughout the sustainment phase of the DTS lifecycle, the projected annual costs for DTS RDT&E and upgrades is below industry standards (approximately 4% of the lifecycle development costs).

QUESTIONS SUBMITTED BY MR. CONAWAY

Mr. CONAWAY. What are the total travel costs per year managed by DTS over the past five years?

Mr. DOMINGUEZ. Below are the Defense Travel System (DTS) disbursements and Department of Defense total travel budget for Fiscal Year (FY) 2003 through FY 2007. DTS disbursement data was not consolidated for reporting until Fiscal Year 2005. DTS disbursements for FY 2003 and FY 2004 are estimates based upon the number of vouchers processed in DTS and the average disbursement per voucher in FY 2005. We expect DTS usage to continue to increase at a significant rate not

only because of further fielding and proliferation, but also as we expand the system's capabilities to handle additional types of travel through FY 2010.

DTS Disbursements	
Fiscal Year	Dollars (Millions)
2007	2,370
2006	1,131
2005	395
2004	111
2003	16

DOD Travel and Transportation of Persons	
Fiscal Year	Dollars (Millions)
2007	9,368
2006	8,461
2005	10,294
2004	8,828
2003	8,262

QUESTIONS SUBMITTED BY MR. JOHNSON

Mr. JOHNSON. Some travelers have complained that when they are on extended travel, their credit card bill comes due before their travel is complete. For long periods of temporary duty or travel to overseas locations this can be a lot of money, putting a burden on the traveler. The responsibility to pay credit card bills belongs to the traveler, but sometimes the reimbursement from the government arrives after the bill is due. Besides taking a limited travel advance before the credit card bill is due, what other policies have been put in place to prevent members from being charged late charges or being punished?

Mr. DOMINGUEZ. Cardholders who are on extended travel orders do not have to wait until they return from travel to submit vouchers for reimbursement or to pay their outstanding travel card bills. Cardholders have the option to submit vouchers at specified intervals during their travel through the Scheduled Partial Payment process. This allows them to receive reimbursement while on long-term temporary duty (TDY) so that payment can be made on their account through the bank's electronic access system. If a traveler knows ahead of time that this is not a feasible option, they can be placed in "mission critical status" by their Agency Program Coordinator prior to travel. "Mission Critical" is a designation used to accommodate the unique requirements of Department of Defense (DOD), and is designed for individuals who may be TDY to locations that preclude filing interim vouchers and making prompt payments. It requires prior approval by the cardholder's commanding officer/supervisor.

Reimbursement through the Defense Travel System currently takes, on average, 8 days or less, from the time the traveler signs his travel claim, including approval and disbursement. By law, DOD must pay reimbursements to travelers within 30 days. In cases where reimbursement is outstanding beyond 30 days, through no fault of the traveler, the traveler will be paid interest on authorized reimbursement

amounts. If a cardholder is charged a late fee as the result of a late payment, they will be reimbursed (interest rates are never applied to the DOD Government Travel Charge Card (GTCC)). However, a bill does not become delinquent until 60 days after the billing due date and late fees are not incurred until a delinquent account becomes 75 days past due. Further, an outstanding bill will not be reported to the credit bureau unless the bill has remained unpaid for 210 days. These are extraordinary measures, put in place to protect DOD travelers, that make the GTCC very different from other commercial travel cards.

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