

SUBJECT: Expanding the number of state contract travel agencies

COMMITTEE: State Affairs — committee substitute recommended

VOTE: 10 ayes — Seidlits, Black, Bosse, Carter, Craddick, Hilbert, B. Hunter, D. Jones, McCall, Wolens

0 nays

2 present, not voting — Danburg, Hochberg

3 absent — S. Turner, Alvarado, Ramsay

SENATE VOTE: On final passage — April 26 — voice vote (Leedom recorded nay vote)

WITNESSES: For — John C. Shands, S. W. American Society of Travel Agents; Gloria Pickett-Wright; Stuart Godwin, American Society of Travel Agents and Consolidated Travel Services

Against — None

On — Michael Powers, General Services Commission

BACKGROUND: The travel division of the General Services Commission (GSC), created in 1987, monitors travel reservations and arrangements and negotiates contracts with travel agents, airlines, rental car companies, hotels and credit card companies for state travel services. Executive-branch agencies are required to participate, in accord with commission rules, with GSC contracts for travel services.

By rule the General Services Commission has authorized the travel division to negotiate contracts with from six to 10 travel agencies.

DIGEST: CSSB 1295 would require, instead of allow, the GSC travel division to negotiate contracts with private travel agents, travel and transportation providers and credit card companies for travel services. The travel division would be required to contract with as many travel agencies as possible and to give preference to Texas agencies.

To the greatest extent possible, GSC would be required to use electronic means to solicit and receive bids for travel-service contracts.

The bill would require the travel division of the GSC to set up reasonable requirements for travel agents, including cost-saving requirements, and to contract with travel agents that met the requirements.

State executive-branch agencies would be required to participate in GSC contracts for travel services if all travel agents approved by the GSC were allowed to contract with the state and provide travel services to all state agencies.

The bill would allow local law enforcement officers or employees transporting a state prisoner under a felony warrant to participate in the GSC's contract for travel services to reduce the cost of airline fares for the employee and the prisoner. The GSC would be required to adopt rules and amend contracts to comply with this requirement.

The bill would require the GSC travel division to undergo sunset review and be abolished September 1, 1997, unless reauthorized by the Legislature.

The bill would also prohibit the GSC from hiring new employees to comply with the bill's provisions, which would take effect September 1, 1995.

**SUPPORTERS
SAY:**

SB 1295 would give more travel agencies the opportunity to be on the state travel agency vendor list. Currently, GSC limits the number of agencies that it contracts with to 10. The state has about 2,000 travel agencies and should give more of them a shot at business with the state. The state spends about \$80 million a year on airfares, hotels and rental related to official state travel.

The travel division would set the standards to ensure that only quality agencies could work for the state. The effect of this bill would be to increase the number of travel agency vendors by about 60, not 600 as some have indicated.

Increasing the number of state travel agency vendors would not increase costs to the state, but would allow agencies located in wide-spread parts of the state to use local travel agencies.

**OPPONENTS
SAY:**

The GSC commissioner has authorized the travel division to contract with up to 10 travel agencies because that is the number of agencies that the division can reasonably manage and monitor. Expanding the number of travel agencies would likely lower the ability of the travel division to maintain adequate quality for state-vendor travel agencies.

The state chose to create the travel division to consolidate travel service contracts for efficiency and economy. Having fewer travel agency vendor gives the GSC the ability to better monitor the travel agencies to see that they are using state-negotiated contracts in making travel arrangements. Furthermore, having fewer agencies gives the state better leverage in negotiating with travel agencies. Also the state currently receive rebates on a portion of the commission travel agencies receive from airlines.

The state should decide whether it wishes to consolidate the travel contracts for efficiencies and savings that result from economies of scale or whether a desire to spread state travel business to more firms outweighs any monetary savings.

NOTES:

The committee substitute added the sunset provision, the local law enforcement travel provision and the prohibition against GSC's hiring new employees to implement the bill.