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Katherine Lugar
President & CEO

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Members of the Government Travel Advisory Committee (GTAC)

Dear Members of GTAC:

On behalf of America's lodging industry, I would like to thank you very much for volunteering your time and expertise to assist the U.S. General Services Administration (GSA) in reviewing existing federal travel policies and providing recommendations to improve them.

I would also like to thank GSA and Administrator Tangherlini for creating GTAC in order to ensure that federal travel resources are being utilized in a responsible and efficient manner.

The lodging industry is proud of its history of working with the federal government in providing lodging and meeting accommodations at the best value in furtherance of agencies' missions. Although providing these accommodations can be challenging at times because of the additional services agencies often require at per diem rates that are below market rates, the industry looks forward to continuing to serve the needs of the federal government.

The mission of GSA incorporates the commitment to "deliver the best value" to government and the American people. The lodging industry is committed to working closely with GSA to strive for increased efficiencies in travel policies that will save money without compromising GSA's support of other agencies and their missions.

LODGING PER DIEM RATES

It is important to remember that the law states that federal travelers are entitled to "reimbursement for the actual and necessary expenses of the travel" (5 U.S.C. Section 5702).

In other words, the federal lodging per diem rate is meant to reflect, not establish, average room rates in markets throughout the country and provide a reliable and high-value price to the federal government for accommodations.

This methodology was established in 2003 after an eight-month study by the Government-wide Per Diem Advisory Board and is driven by actual room rate data, not projections or assumptions. A premier lodging analytics firm, STR, provides data to GSA from hotels in the “mid-price range.” The data is derived from actual hotel receipts and includes all discounts provided to a range of corporate and leisure clients as well as travel intermediaries.

GSA omits rates from economy and luxury hotels from the data as these segments are outside the mid-price range (too low and too high, respectively). A full five percent is deducted from these averages to set the federal per diem.

The methodology is data-driven, accountable, and transparent.

Dramatic alterations to this methodology to create an artificially low lodging per diem rate (rather than reflect rates that are necessary for travel) would have significant negative impacts on the GSA mission and government travelers.

Federal travelers generally require accommodations in locations and markets and with timing that closely matches other demand sources for the hotel industry. The existing per diem process has established a balance in the industry that is generally and consistently successful in providing approved rates in locations and at times desired by travelers. An arbitrary change in the lodging per diem methodology will place federal travelers in jeopardy of finding accommodations that are proximate to their areas of locational need.

Rather than increase efficiencies in travel policy, significant changes to the methodology would result in a dramatic disruption of travel patterns and force government workers to stay in locations based solely on an artificially low rate. This will add to the cost, complexity, and difficulty of government travel. Mission effectiveness at a fair and appropriately valued cost will not be achieved by that type of change.

MEETINGS AND CONFERENCES

Government meetings and travel help the government accomplish its goals while also contributing to economic growth. We encourage responsible travel policies that account for the positive impact of government meetings and travel.

Government travel and meetings have a strong record of efficiency and far-reaching value:

- Spending on government meetings and event operations in 2011 was significantly lower than the private sector – an average of \$173 per delegate, per day, compared to \$339 for the private sector;

- Seventy-four percent of private-sector executives said that having government employees present at meetings and events added value to their firms through knowledge transfer; and
- Eighty-nine percent of government supervisors believe that government meetings and events benefit citizens; 85 percent of government respondents agreed that meetings and events added value to employee development and training.

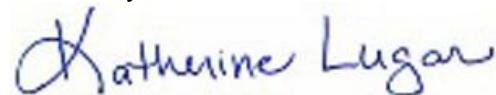
We embrace sensible meeting guidelines; and to promote travel as an economic solution. Through repeated studies it has been shown that travel for face-to-face meetings increases worker productivity in the private and public sectors. We also know that meetings, conferences and events are critical to our economy and support 845,000 U.S. jobs.

The Obama Administration has taken significant steps to strengthen federal travel regulations. In September 2011, the Office of Management and Budget issued a memorandum to Executive Branch agencies requiring a comprehensive review of all conference spending policies. In November 2011, President Obama issued an Executive Order directing federal agencies to reduce government travel by adopting a "local first" policy for conferences and employee travel.

If properly followed, federal travel rules and regulations enforce competitive bidding, cost limitations on food, beverages and lodging, and a host of other restrictions that ensure limited spending while allowing productive government business to take place.

Once again, thank you very much for volunteering your time to this important endeavor. We stand ready to assist you in any way we can and look forward to your recommendations.

Sincerely,

A handwritten signature in blue ink that reads "Katherine Lugar". The signature is fluid and cursive, with "Katherine" on top and "Lugar" below it.

Katherine Lugar