

Daniel George

From: Stacy Schubert <sshubert@ahfc.us>
Sent: Wednesday, March 23, 2016 1:23 PM
To: Daniel George
Subject: Travel analysis -- AHFC

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Hi Daniel:

See below for the information we discussed this morning. It came from our procurement director and went to the legis auditor, Dawn Borjesson. If you have any follow-up questions, please let me know.

-Stacy

Good morning Dawn:

Alaska Housing Finance Corporation (AHFC) administrative staff have completed an FY15 cost comparison using AHFC's current system for acquiring travel (airlines and lodging) versus using the State Travel Office (STO) system for the period of FY15. For this exercise staff used the following information provided by the State Travel Office to complete the comparison:

Assumptions:

1. Discounted airfare costs were based on a stated 6% savings off the published rate received and provided by the STO for FY15.
2. Discounted hotel costs were based on a stated 14% savings off the published rate received and provided by the STO for FY15.
3. Rental car rates for both AHFC and STO were identical.
4. Airfare and hotels costs for AHFC were based on actual expenses incurred in FY15.
5. AHFC overhead costs were based on training/monitoring/maintenance of moving to the STO system.
6. The current travel agency contract expires in November of 2016.
7. AHFC's corporate travel will decrease given current travel restrictions.

Results:

1. Direct costs associated with the purchase of airline tickets were \$1,777 less for AHFC than they would have been using the STO during FY15.
2. Direct costs associated with the purchase of lodging were \$2,856 less for AHFC than they would have been using the STO during FY15 even using the 14% reduction in published rates that the STO receives.
3. Direct costs associated with rental cars indicated no significant difference between using the two systems.
4. Estimated costs regarding first year staff training and system implementation/maintenance to move from our current system to the STO system are \$14,359.
5. Total costs associated with having AHFC use the STO system are estimated to be \$18,992.

6. If training and system implementation costs were \$0 AHFC would still see a slight cost increase.

7. While not included in the analysis AHFC's receives a rebate on the total spend using the AHFC Pcard. (unable to confirm rebate amount with the STO at the time of this email)

Conclusions:

As documented in our analysis the current system used by AHFC provides our staff with the opportunity to obtain the best value in all areas related to travel. AHFC's current system(fully electronic/automated from Travel Authorization to M&EI reimbursement); coupled with our travel guide contains several checks and balances requiring the traveler to fly the most direct and cost efficient route. The Travel Authorization requires the traveler to substantiate all associated costs prior to travel and obtain management approval before incurring any associated expenses. This review ensures that the most reasonable cost is always obtained by AHFC staff when traveling. As our total "air travel spend" of \$257,468 for FY15 represents only 1.4% of the State of Alaska's (SOA) FY15 total air travel related expense of \$19,515,981 it does not seem a financially viable idea for AHFC to incur an additional 7.4% in associated costs to move from our current system to the STO.

Should you require any further information or additional clarification please feel free to contact me directly.

Respectfully submitted,

Greg Rochon

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