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95-64 AUTHORIZATIONS RELATING TO TRAVEL IN THE
UNITED STATES

GOVERNMENT
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HEARING
BEFORE THE
SUBCOMMITTEE ON
MERCHANT MARINE AND TOURISM
OF THE
COMMITTEE ON COMMERCE,
SCIENCE, AND TRANSPORTATION
UNITED STATES SENATE
NINETY-FIFTH CONGRESS
SECOND SESSION

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ON
S. 2552

TO AMEND THE ACT OF JULY 19, 1940, RELATING TO TRAVEL
IN THE UNITED STATES, TO AUTHORIZE ADDITIONAL
APPROPRIATIONS

MARCH 15, 1978

Serial No. 95-64

Printed for the use of the
Committee on Commerce, Science, and Transportation



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AUTHORIZATIONS RELATING TO TRAVEL IN THE UNITED STATES

WEDNESDAY, MARCH 15, 1978

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION,
SUBCOMMITTEE ON MERCHANT MARINE
AND TOURISM,
Washington, D.C.

The subcommittee met at 10:05 a.m. in room 235, Russell Senate Office Building, Hon. Daniel K. Inouye (chairman of the subcommittee) presiding.

OPENING STATEMENT BY SENATOR INOUE

Senator INOUE. This morning the committee considers S. 2552 which reflects the administration's request for appropriations authority for fiscal year 1979 for \$1,008,000 for the domestic travel program of the U.S. Travel Service (USTS), which is an agency of the Department of Commerce.

The act of July 19, 1940, authorized and directed the Secretary of Interior to encourage, promote, and develop travel within the United States, its territories and possessions, providing such activities do not compete with the activities of private agencies.

By Public Law 93-193 enacted December 19, 1973, the authority contained in the Domestic Travel Act was transferred to the Secretary of Commerce. Appropriations to implement the act were finally authorized by Public Law 94-55, enacted July 9, 1975.

Thus, although the authority contained in the Domestic Travel Act of 1940 was transferred to the Secretary of Commerce in 1973, it was dormant for lack of funding authority until Congress, in spite of a Presidential veto, enacted appropriations authority almost 2 years later in 1975.

The value of the Federal domestic travel program as indirect support for State, local and private promotional activities lies in its potential rather than any demonstrable achievements by the U.S. Travel Service to date.

From the beginning, the USTS has ignored the expressed legislative intent of Congress to develop an "in-house" program after consultation with all substantial segments of the travel industry.

The agency has undertaken various initiatives on an ad hoc basis which are clearly inconsistent with the direction Congress intended the program to take.

After a joint inquiry made by the chairman of this subcommittee and the chairman of the House subcommittee, the Secretary of Commerce halted and then terminated one such program.

Another program for which the USTS furnished financial and personnel assistance was, at the request of this committee, audited by the General Accounting Office.

The GAO report concluded that the USTS had provided financial and personnel assistance "without acquiring sufficient information with which to adequately evaluate the need or to what extent it should contribute its support."

Most recently, during the current fiscal year, the USTS has committed or earmarked \$665,603 of its \$1,008,000 budget, or over 65 percent to activities to be done outside of the agency.

The previous fiscal year, the agency committed \$1.1 million, or over 75 percent of its \$1.5 million budget to outside contracts.

In view of express direction from Congress, it is difficult to understand the agency's reluctance or inability to develop an in-house program, for example, which would solicit good ideas, programs, strategies et cetera, from the States, cities, and the industry, and then distribute them to the industry through a series of workshops, newsletters, and other media.

In my judgment, this kind of an approach would have tied USTS closer to the public and private sectors of the industry, served to educate the agency staff and give it a better sense of direction and purpose.

Such an approach, I believe, would be more economical and stand a good chance of creating a good flow of ideas from innovators and users on a permanent, outgoing basis.

It comes as no surprise therefore that Congress has been less than enchanted with the way in which the Domestic Travel Act has been administered.

The committee has just received the final report and recommendations for a national tourism policy from Arthur D. Little, Inc.

That report and recommendations, together with draft legislation, are now being printed by the committee. Within the next month, they will be circulated among the agencies and departments of Government, the industry, and the public. After a sufficient period of time for analysis, the committee will begin extensive hearings.

As chairman of the NTPS, I invite, close, indepth analysis and constructive criticism of the report and legislation.

As a government we can and must do better, if we are to realize the national interests in travel and tourism and capitalize fully on the social and economic potential of this \$115 billion industry.

Pending the necessary reorganization and redirection of the Federal effort, however, our present programs should continue.

[The bill and agency comments follow:]

S. 2552

IN THE SENATE OF THE UNITED STATES

FEBRUARY 21 (legislative day, FEBRUARY 6), 1978

Mr. CANNON (for himself and Mr. PEARSON) introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

A BILL

To amend the Act of July 19, 1940, relating to travel in the United States, to authorize additional appropriations.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 5 of the Act entitled "An Act to encourage
4 travel in the United States, and for other purposes", approved
5 July 19, 1940 (16 U.S.C. 18d), is amended to read as
6 follows:

7 "SEC. 5. For the purpose of carrying out the provisions
8 of this Act, there are authorized to be appropriated not to
9 exceed (a) \$2,500,000 for the fiscal year ending June 30,
10 1976; \$625,000 for the transition period of July 1, 1976,
11 through September 30, 1976; (c) \$2,500,000 for the

1 fiscal year ending September 30, 1977; (d) \$2,500,000
2 for the fiscal year ending September 30, 1978; (e) \$1,008,-
3 000 for the fiscal year ending September 30, 1979; and (f)
4 such sums as may be necessary for fiscal years 1980, 1981,
5 and 1982.”.

GENERAL COUNSEL,
U.S. DEPARTMENT OF COMMERCE,
Washington, D.C., March 27, 1978.

HON. HOWARD W. CANNON,
Chairman, Committee on Commerce, Science, and Transportation, U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your request for the Department's views concerning S. 2552, a bill "To amend the Act of July 19, 1940, relating to travel in the United States, to authorize additional appropriations."

S. 2552 would amend the Act of July 19, 1940 (16 U.S.C. 18d) to authorize appropriation of \$1,008,000 for the fiscal year 1979, and such sums as may be necessary for fiscal years 1980, 1981 and 1982 to carry out the purposes of the Act.

By letter of March 14, 1978, Secretary Kreps transmitted to the Congress a draft bill "To amend the Act of July 19, 1940 to authorize additional appropriations and for other purposes."

Section 1 of the draft bill would provide identical authorizations for fiscal years 1979-1982 to those proposed in S. 2552. However, Section 2 of the draft bill would, in addition, provide authorization for appropriation for fiscal years 1980, 1981, and 1982 of such amounts as may be necessary to carry out the International Travel Act of 1961.

We recommend enactment of the draft bill submitted by the Secretary, in lieu of enactment of S. 2552 so that authorization for activities under both Acts may be provided until the end of fiscal year 1982.

We have been advised by the Office of Management and Budget that there would be no objection to the submission of the report and further that enactment of the draft bill would be in accord with the program of the President.

Sincerely,

C. L. HASLAM,
General Counsel.

Senator INOUE. This morning's first witness is the Honorable Fabian Chavez, the Assistant Secretary of Commerce in Charge of Tourism.

Secretary Chavez, we have received your statement, and without objection, it will be made part of the record. It would be helpful if you could summarize that statement.

STATEMENT OF FABIAN CHAVEZ, JR., ASSISTANT SECRETARY OF COMMERCE FOR TOURISM, DEPARTMENT OF COMMERCE; ACCOMPANIED BY LEE WELLS, DIRECTOR, OFFICE OF ADMINISTRATION; JEANNE WESTPHAL, DEPUTY ASSISTANT SECRETARY; BEVERLY SHIPKA, DIRECTOR, RESEARCH AND ANALYSIS DIVISION; AL KOGELMAN, DIRECTOR, ADVERTISING AND PROMOTION DIVISION; JOHN SNYDER, DIRECTOR, OFFICE OF STATE-CITY AFFAIRS; AND JEAN O'BRIEN, SENIOR ANALYST, OFFICE OF POLICY ANALYSIS

Mr. CHAVEZ. Thank you, Mr. Chairman.

I am pleased to appear before this subcommittee to testify on S. 2552, a bill to amend the act of July 19, 1940 relating to travel in the United States, to authorize additional appropriations.

S. 2552 would amend section 5 of the act to authorize to be appropriated, not to exceed \$1,008,000 for the fiscal year ending September 30, 1979; and such sums as may be necessary for fiscal years 1980, 1981, and 1982.

Mr. Chairman, the Department of Commerce supports the purpose of the proposed bill. At this time, however, we are recommending enactment of the administration's draft bill extending both the act of July 19, 1940 and the International Travel Act of 1961.

I am submitting a copy of this bill for the record.

[The document follows:]

A BILL to amend the Act of July 19, 1940 to authorize additional appropriations and for other purposes

Be it enacted by the Senate and House of Representatives the United States of America in Congress assembled, That Section 5 of the Act of July 19, 1940 (16 U.S.C. 18d) is amended by striking out "and" immediately after "1977," and by inserting immediately before the period at the end thereof, the words "\$1,008,000 for the fiscal year ending September 30, 1979, and such sums as may be necessary for fiscal years 1980, 1981, and 1982".

SEC. 2. The first sentence of Section 6 of the International Travel Act of 1961 (22 U.S.C. 2126) is amended by striking out "and" immediately before "(7)" and by inserting immediately before the period at the end of that sentence, the words "and such sums as may be necessary for fiscal years 1980, 1981, and 1982".

STATEMENT OF PURPOSE AND NEED

The Act of July 19, 1940 (16 U.S.C. 18-18d), enacted on July 19, 1940 (hereinafter referred to as "the Domestic Travel Act"), authorized and directed the Secretary of the Interior to encourage, promote and develop travel within the United States, its Territories and possessions, providing such activities do not compete with the activities of private agencies. By P.L. 93-193, enacted December 19, 1973, the authority contained in the Domestic Travel Act was transferred to the Secretary of Commerce.

The International Travel Act of 1961 (22 U.S.C. 2121 *et. seq.*) enacted on June 29, 1961, authorized the Secretary of Commerce to develop, plan and carry out a comprehensive program to stimulate travel to the United States by residents of foreign countries.

The proposed legislation would authorize appropriations of \$1.008 million for fiscal year 1979, and such sums as may be necessary for fiscal years 1980, 1981 and 1982 to carry out the purposes of the Domestic Travel Act. It would also authorize such sums as may be necessary for each of the fiscal years 1980, 1981 and 1982 to carry out the purposes of the International Travel Act.

A four-year appropriation authorization is requested for the Domestic Travel Act, while only a three-year authorization is requested for the International Travel Act of 1961, as amended, so both Acts will be on the same authorization cycle.

DOMESTIC TRAVEL PROGRAM

The domestic program conducted by the United States Travel Service (USTS) seeks to (1) expand job opportunities and sustain current employment by encouraging tourism to those areas of the country which account for the largest share of the Nation's total unemployment, possess viable and competitive tourist attractions and facilities, but are experiencing significant under-utilization of their existing tourist plants, and/or characterized by extreme labor force fluctuation due to seasonal travel patterns; (2) inform the public on ways to conserve energy and protect the environment as they travel; (3) motivate increased travel within the United States by Americans in order to improve the U.S. current account balance; and (4) improve tourism development and planning at the state and local levels as a means of achieving more balanced economic development.

INTERNATIONAL PROGRAM

The objectives of the international program are to (1) expand job opportunities in the tourism sector by generating foreign demand for U.S. travel services; (2) broaden knowledge of the United States' achievements in various fields by facilitating travel to the United States and exposure to U.S. institutions and the American way of life; (3) increase the U.S. export earnings by expanding foreign "imports" of U.S. travel services, and (4) fulfill the United States' obligations under the Final Act of the Conference on Security and Cooperation in Europe by encouraging increased tourism between selected signatory European nations and the United States.

Promotional efforts are conducted in selected foreign countries to (1) stimulate and encourage the production and marketing of tour programs to the United States by international tour producers; (2) motivate foreign travel agents, wholesalers and other travel sellers to feature and promote U.S. travel destinations; (3) create greater interest in and knowledge of U.S. vacation opportunities through consumer literature and mass media coverage and campaigns; (4) obtain market information on the characteristics and travel patterns of current travelers; (5) collect and disseminate, to U.S. convention cities, sales "intelligence" on international associations which are free to meet outside the seat of their respective headquarters and are considered to be prospective users of congress services and facilities.

Federal efforts to increase foreign demand for U.S. travel services will also contribute to the reduction of U.S. employment, a major national goal. Tourism is an economic stimulus. In 1976, 17.5 million international visitors spent \$6.7 billion on U.S. goods and services. This expenditure supported 270,000 U.S. jobs and contributed approximately \$830 million in Federal, state and local tax receipts. This \$6.7 billion in travel receipts "turned over" approximately 3.3 times and had an impact on the U.S. economy which was equivalent to roughly \$22.1 billion.

VISIT USA programs will focus on countries with tourism potential.

Our goal is to produce approximately \$375 million in additional foreign exchange in fiscal year 1979 through our program which, in turn, would create or support roughly 15,000 private sector jobs.

Strong Federal promotion is necessary to stimulate visits to the United States from many countries. In Western Europe, the United States faces formidable competition from other tourist destinations. Approximately 46 national tourist offices are located in Paris in addition to USTS, for example. Promotion by USTS can play an important role in bringing Europeans to the United States.

U.S. earnings from Japanese tourists totaled only about \$439 million in 1976. We must try to persuade Japanese travelers to include mainland destinations in their itineraries and to take trips of longer duration (median stay is currently 10 days). However, competition for the Japanese travel "dollar is extremely keen: 32 nations, in addition to the United States, maintain national tourist offices in Japan, and 70 percent of all tourist-spending by Japanese outside of Japan occurs in non-U.S. destinations. A strong U.S. promotion effort is necessary if the U.S. is to claim a larger share of the expanding Japanese travel market and to reduce the \$16 billion Japanese trade surplus.

Extension of the international program would also permit the United States to meet its tourism-related commitments to the other signatories of the Final Act of the Conference on Security and Cooperation in Europe. Some of these commitments include (1) encouraging increased tourism on both an individual and group basis; (2) promoting conferences and symposia on the planning and

development of tourism; (3) encouraging tourism outside the high season, and (4) facilitating the convening of meetings as well as travel by delegations, groups and individuals. Continued funding would provide for both facilitative activities and for promotional and educational efforts in nine of the 34 other signatory countries. Expanded funding would allow educational programs to be extended to additional countries which were parties to the accord but are not now served by USTS.

Mr. CHAVEZ. If I may add at this time, Mr. Chairman, the official transmittal of the bill, proposed bill, by Secretary Kreps is in the mail and will be received shortly by the President of the Senate.

We have been advised by OMB that this bill is in accordance with the programs of the President.

Enactment of the administration bill would place both the act of July 19, 1940 and the International Travel Act of 1961 on the same authorization cycle, and would permit concurrent review of both acts by the Congress each time the authorization expires.

At present, the acts expire within 1 year of each other. Consequently, separate sets of authorization hearings are necessary for each act.

This is not only cumbersome for both the administration and the Congress; it tends to result in independent examinations of domestic and international tourism policy as if domestic and international tourism were discrete and separate aspects of commerce. In reality, however, domestic and international tourism are not only related, but inextricably linked.

Enactment of the administration bill would facilitate more integrated and comprehensive reviews.

It is, therefore, our conviction that the Federal role in tourism should be viewed and evaluated in its entirety rather than in a domestic context in one year, and in an international context the next.

Mr. Chairman, the administration bill is in no way intended to influence either the content of, or action on, the legislation expected to flow out of the NTSP. We are proposing the extension of the act of July 19, 1940 and the International Travel Act of 1961 to facilitate both continuation of ongoing Federal programs in tourism until the contemplated legislation is enacted; and cooperation between the Congress and the administration in the development of the new legislation and in the further definition of the Federal role in tourism.

Mr. Chairman, my full statement which I have submitted for the record, explains why we believe that a continued Federal role in tourism is warranted.

If I may, I would propose to have that statement speak for itself and to make myself available at this time to answer any questions.

Thank you.

[The statement follows:]

STATEMENT OF FABIAN CHAVEZ, JR., ASSISTANT SECRETARY OF COMMERCE, TOURISM,
DEPARTMENT OF COMMERCE

Mr. Chairman, I am pleased to appear before this Subcommittee to testify on S. 2552, a bill to amend the Act of July 19, 1940, relating to travel in the United States, to authorize additional appropriations.

S. 2552 would amend Section 5 of the Act to authorize to be appropriated not to exceed \$1,008,000 for the fiscal year ending September 30, 1979; and such sums as may be necessary for fiscal years 1980, 1981, and 1982.

Mr. Chairman, the Department of Commerce supports the purpose of the proposed bill. At this time, however, we are recommending enactment of the Administration's draft bill extending both the Act of July 19, 1940 (16 U.S.C. 18d) and the International Travel Act of 1961 (22 U.S.C. 2126). I am submitting a copy of this bill for the record.

Enactment of the Administration bill would place both the Act of July 19, 1940 and the International Travel Act of 1961 on the same authorization cycle, and would permit concurrent review of both Acts by the Congress each time the authorization expires. At present, the Acts expire within one year of each other. Consequently, separate sets of authorization hearings are necessary for each Act.

This is not only cumbersome for both the Administration and the Congress; it tends to result in independent examinations of domestic and international tourism policy as if domestic and international tourism were discrete and separate aspects of commerce. In reality, domestic and international tourism are not only related, but inextricably linked.

Enactment of the Administration bill would facilitate more integrated and comprehensive reviews.

It is, therefore, our conviction that the Federal role in tourism should be viewed and evaluated in its entirety rather than in a domestic context in one year and in an international context the next.

Mr. Chairman, the Administration bill is in no way intended to influence either the content of, or action on, the legislation expected to flow out of the National Tourism Policy Study. We are proposing the extension of the Act of July 19, 1940 and the International Travel Act of 1961 to facilitate:

(1) Continuation of ongoing Federal programs in tourism until the contemplated legislation is enacted; and

(2) Cooperation between the Congress and the Administration in the development of the new legislation and in the further definition of the Federal role in tourism.

Mr. Chairman, if I may, I would now like to explain why we believe that a continued Federal role in tourism is warranted. I would like to begin by discussing the policy basis for the domestic tourism program conducted under the authority of the Act of July 19, 1940.

DOMESTIC PROGRAM

The objectives of this program are to (1) expand job opportunities and sustain current employment by encouraging tourism to those areas of the country which (a) account for the largest share of the nation's total employment; (b) possess viable and competitive tourist attractions and facilities, but are experiencing significant under-utilization of their existing tourist plant, and/or (c) are characterized by extreme labor force fluctuation due to seasonal travel patterns; (2) inform members of the public on ways to conserve energy and protect the environment as they travel; (3) motivate increased travel within the United States by Americans in order to improve the U.S. current account balance; and (4) improve tourism development and planning at the state and local levels as a means of achieving more balanced economic growth.

I. Unemployment

Unemployment is one of the most critical economic problems in the country today. The unemployment rates of all segments of the labor force are higher today than they were 20 years ago. In some instances, the rate in 1977 for certain groups was double what it was in 1957. Unemployment among non-whites, females and youth in 1976 was not only higher today than in 1956; it was above average and higher than the incidence of unemployment among whites, males and adults. (See table I).

Bureau of Labor Statistics Figures for 1977 show that 23 states, Puerto Rico and the District of Columbia had unemployment rates of 7 percent or above; fourteen of 8 percent or above; four of 9 percent or above. (See table II).

TABLE I.—UNEMPLOYMENT TRENDS, 1957-77

	Annual percentage rates				
	1957	1962	1967	1972	1977
Total.....	4.3	5.5	3.8	5.6	7.0
Nonwhite males, 16 to 19.....	18.4	22.0	23.9	29.7	37.0
Nonwhite females, 16 to 19.....	20.2	30.2	29.6	38.5	39.9
White males, 16 to 19.....	11.5	13.7	10.7	14.2	15.0
White females, 16 to 19.....	9.5	12.8	11.5	14.2	15.9
Nonwhite males, 20 plus.....	7.6	10.0	4.3	6.8	10.0
Nonwhite females, 20 plus.....	6.4	9.6	7.1	8.8	11.7
White males, 20 plus.....	3.2	4.0	2.1	3.6	4.6
White females, 20 plus.....	3.8	4.7	3.8	4.9	6.2

Source: "Economic Report of the President," transmitted to the Congress, January 1978, tables B-29 and B-30, pp. 291-292.

TABLE II.—Estimated annual State rates of unemployment— (Percent 1977)

State:	Percent	States—Continued	Percent
Puerto Rico.....	19.6	Ohio.....	6.5
District of Columbia.....	9.7	Montana.....	6.4
Alaska.....	9.4	Tennessee.....	6.3
New Jersey.....	9.4	Illinois.....	6.2
New York.....	9.1	Colorado.....	6.2
Washington.....	8.8	Maryland.....	6.1
Rhode Island.....	8.6	Idaho.....	5.9
Delaware.....	8.4	Missouri.....	5.9
Maine.....	8.4	New Hampshire.....	5.9
Arizona.....	8.2	Indiana.....	5.7
California.....	8.2	North Carolina.....	5.7
Florida.....	8.2	Texas.....	5.3
Michigan.....	8.2	Utah.....	5.3
Massachusetts.....	8.1	Virginia.....	5.3
New Mexico.....	7.8	Minnesota.....	5.1
Pennsylvania.....	7.7	Oklahoma.....	5.0
Mississippi.....	7.4	Wisconsin.....	4.9
Alabama.....	7.4	North Dakota.....	4.8
Oregon.....	7.4	Kentucky.....	4.7
Hawaii.....	7.3	Kansas.....	4.1
South Carolina.....	7.2	Iowa.....	4.0
West Virginia.....	7.1	Nebraska.....	3.9
Louisiana.....	7.0	Wyoming.....	3.6
Nevada.....	7.0	South Dakota.....	3.3
Connecticut.....	7.0		
Vermont.....	7.0	Average.....	7.0
Georgia.....	6.9		
Arkansas.....	6.6		

¹ 1976 figure.

Source: Bureau of Labor Statistics.

Rates of unemployment on American Indian reservations have been estimated to be even higher. The average rate for all reservations in 1973—latest year for which data are available—was 37 percent. In Juneau Area, comprising three Indian agencies, it was 63 percent; in the Anadarko Area, 47 percent, just to cite two examples.

There are many "pockets" of unemployment today, both within States and within specific industries. The travel sector is one such area. Job opportunities in the tourism sector tend to contract during the so-called "off-season". In 1976, nationwide employment in the hotel and lodging industry fell by about 200,000—from 1.2 million to 1.0 million, between high season and low, a drop of 17 percent.

Seasonal travel flows can exert an especially profound impact on employment in locales whose economies are underdeveloped and largely tourism-based. In Michigan's Eastern upper Peninsula, for example, lodging occupancy rates range from a low of about 20 percent in April to a high of more than 80 percent in August. Fifty-three percent of all establishments and 40 percent of all rooms are closed during the winter months. During the first quarter of the year, the area's share of the state's travel activity is less than 6 percent—compared to more than 55 percent during the third quarter. In 1976, unemployment in the region was 4.8 percent in August, in the middle of high season, but claimed to 16 percent in December, during the off-season. A study conducted by the Michigan Department of Commerce Travel Bureau suggests that if tourism expenditures in the region were increased 70 percent, in 1975 dollars, both employment and income would increase by the same percent.

The picture is similar in other touristic areas. In 1976, in Blaine County, Idaho, the location of Sun Valley, the rate of unemployment was 9.7 percent during the winter high season, but jumped to 22.7 percent in the Spring off-season, and then fell to 9.2 percent during the summer vacation period.

In Cape May County, New Jersey, the unemployment rate was 26.4 percent in January, but dropped to 6.8 percent during the summer high season, and then slowly claimed to 23.4 percent by December.

In Dare County, North Carolina, site of the Cape Hatteras National Seashore, the rate of unemployment was 18.8 percent in February, but slid to only 1.1 during the summer peak season and then began to rise again when the season was over.

I am submitting a number of graphs with my testimony to illustrate the nature of the seasonality problem. (See Figures 1, 2, 3, 4).

Monthly Unemployment Rate, Idaho State, Blaine County

1976

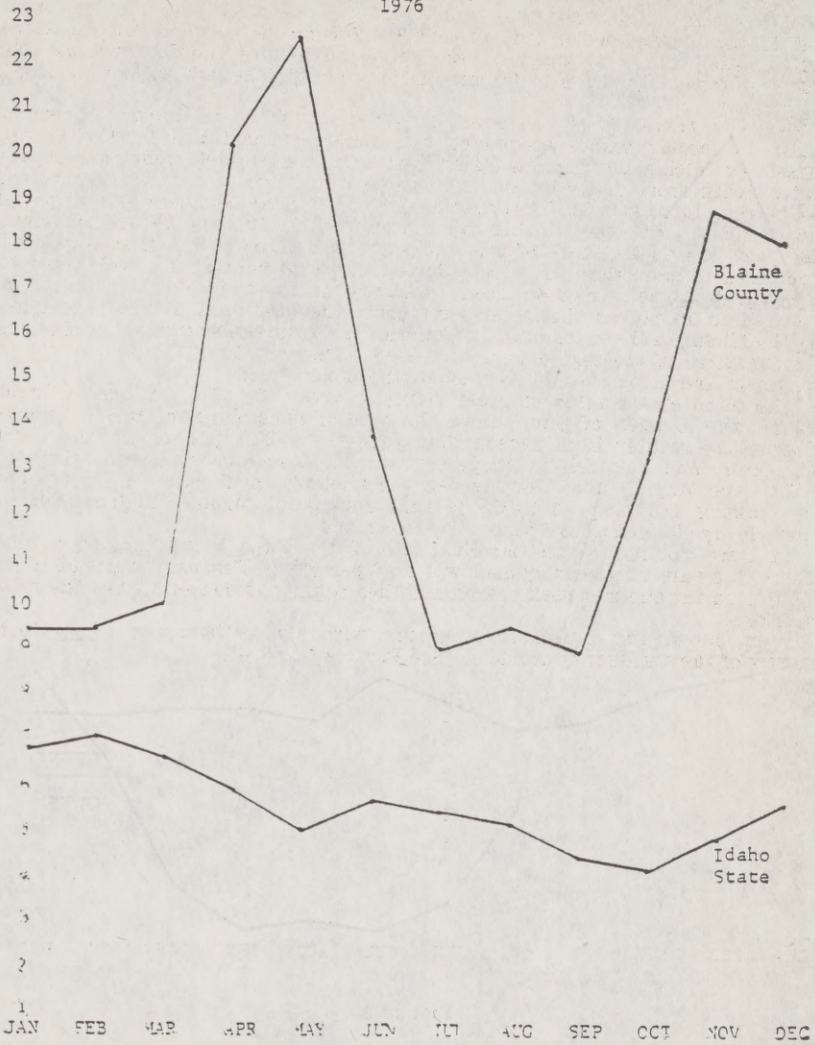


FIGURE 1

Monthly Unemployment Rate. North Carolina, Dare County

1976

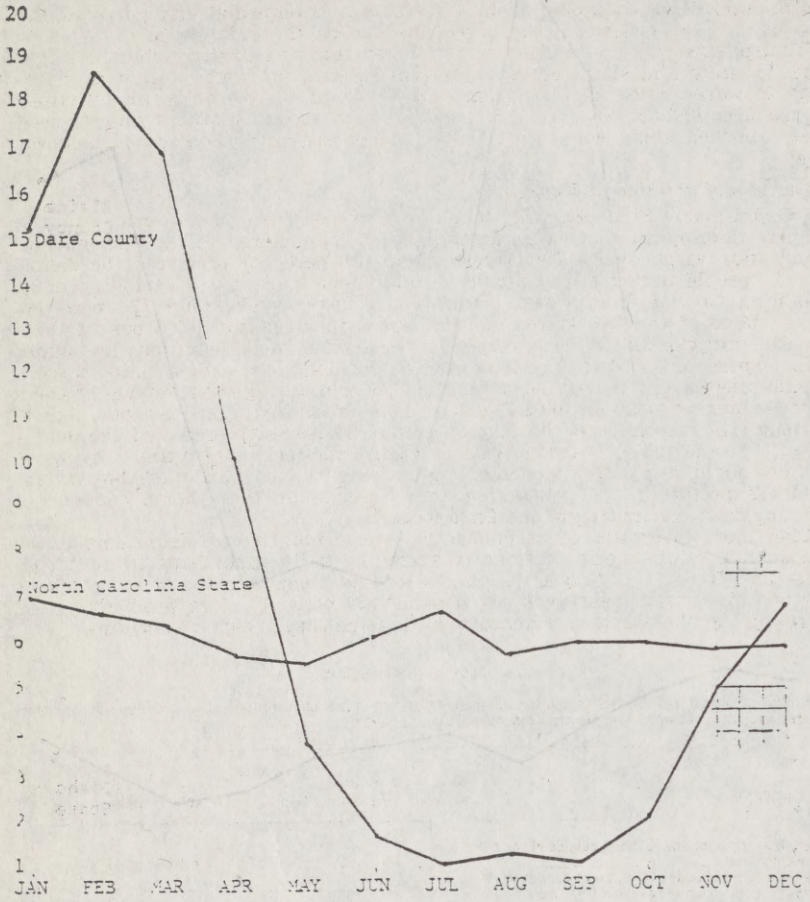


FIGURE 2

Monthly Unemployment Rate, California. Tuolumne County

1976

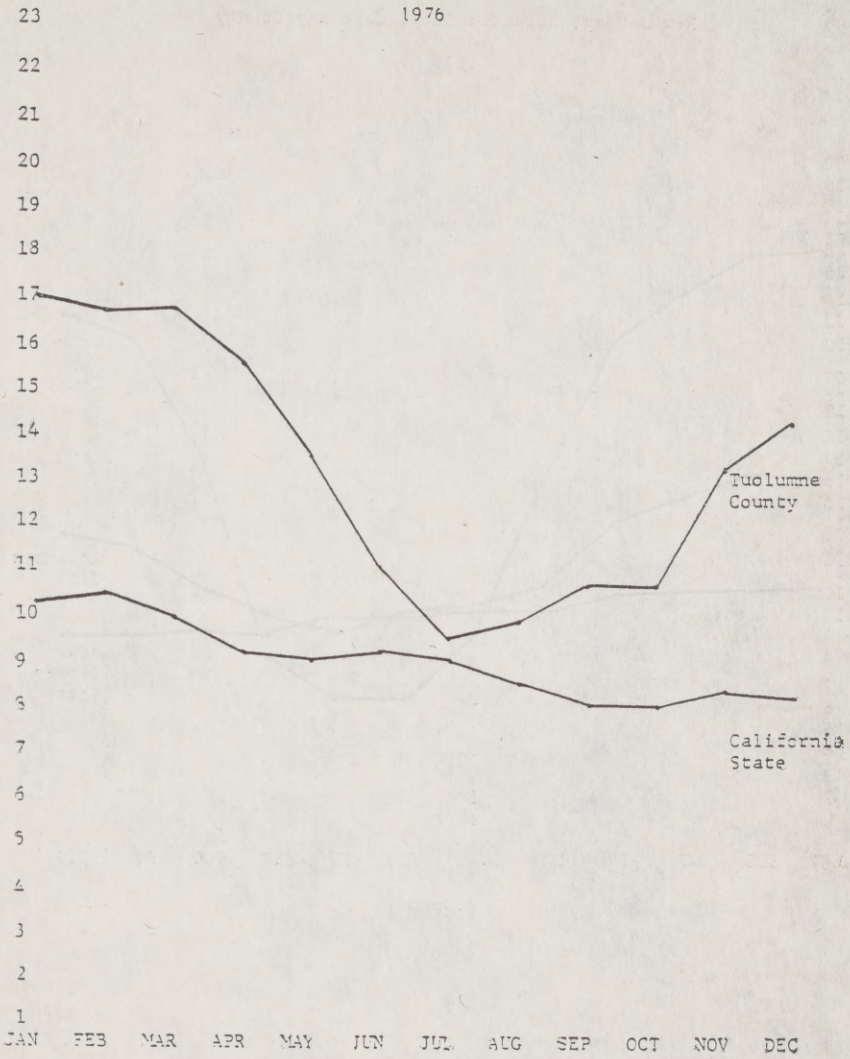


FIGURE 3

Monthly Unemployment Rate
 New Jersey, Atlantic City, Cape May County
 1976

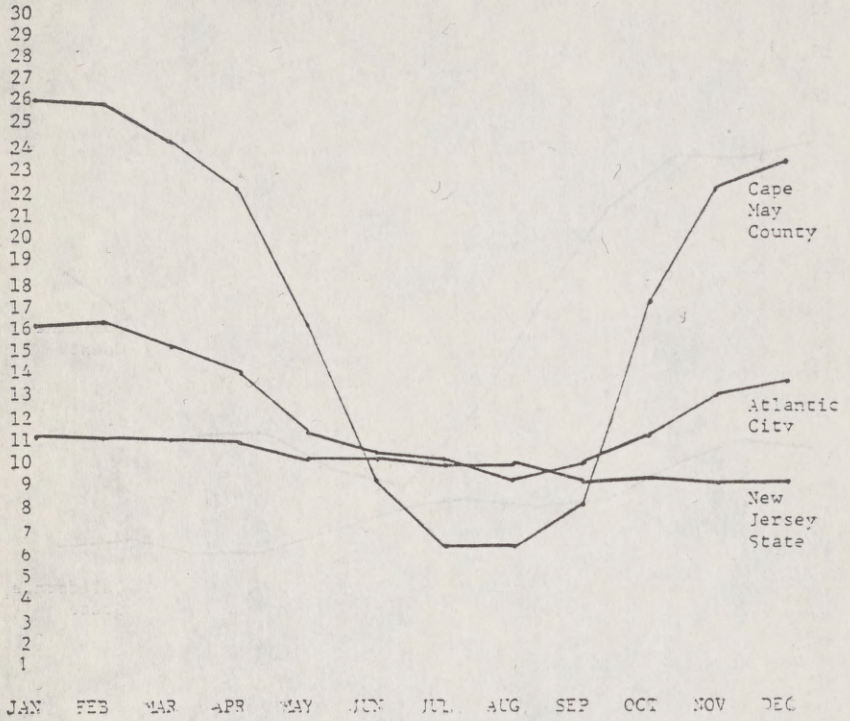


FIGURE 4

II. Uneven Development

Partially as a result of tourism seasonality and partially as a result of other factors, development in some areas of the United States has tended to be uneven. Significant over-utilization of tourist facilities—and often attendant environmental damage—has occurred in some locales, and under-utilization in others.

In some states and cities, the average annual hotel, motel occupancy rate seldom exceeds 60 percent. (See Table III).

Today, more than 130 national parks, monuments and other public lands in 41 states are considered to be under-utilized by the National Park Service. At the same time, however, national treasures such as the Great Smoky Mountains, Yosemite and Yellowstone national parks are suffering from overuse. (See Appendix).

Job-creation and balanced economic growth are urgent national priorities. Steps must be taken to promote solid progress toward these objectives. We must achieve an adequate rate of investment in new plant and equipment, increased productivity, advances in technology, efficient use of resources—steady development.

Targeted tourism development is one means of promoting such development. First, those states or jurisdictions with high incidences of unemployment have viable tourist attractions and the infrastructure in place to service tourists. Second, tourism is an "engine" of employment; it is labor intensive and creates and supports jobs. According to Bureau of Labor Statistics estimates, employment in the travel industry has grown 12 percent since 1958, or more than twice as fast as overall-non-agricultural payroll employment. The industry has contributed 10 percent of the 28 million new jobs created in the last two decades.

On the average, every \$25,000 in direct tourism expenditure generates or supports one job.

TABLE III.—TREND OF HOTEL/MOTEL OCCUPANCIES

[Averages for year, percent]

	1973	1974	1975	1976
Nationwide average	62	61	60	57
Atlanta, Ga.	74	67	57	57
Baltimore, Md.	57	51	44	55
Boston, Mass.	70	68	64	64
Chicago, Ill.	65	63	61	64
Denver, Colo.	62	61	57	64
Houston, Tex.	54	57	60	64
Los Angeles, Calif.	66	66	64	70
New Orleans, La.	59	62	65	64
New York, N.Y.	68	67	64	72
Philadelphia, Pa.	49	51	44	57
San Diego, Calif.	62	66	69	73
Washington, D.C.	65	63	65	68
Colorado State	62	60	54	62
Maryland State	52	48	45	58
New York State	67	65	64	71
Virginia State	59	55	56	56
Rocky Mountain area	62	61	56	68

Source: "Trends in the Hotel/Motel Business," 1975 and 1976 ed. Harris, Kerr and Forrester.

Third, tourism tends to create jobs for members of those groups which have tended to account for the nation's highest rates of unemployment. For example, 55 percent of all jobs in the tourism sector are held by women, whose rate of unemployment has been considerably above the national average. One-third of all jobs in the entertainment and recreation services segment of the tourism sector are held by youth, whose average rate of unemployment in 1976 was nearly 20 percent. According to the U.S. Travel Data Center the percentage of youth employment in the travel industry is greater than for any other industry for which data are available.

The encouragement of tourism especially to those areas with high unemployment, and the reorientation of seasonal travel demand through public education would: (1) facilitate the transfer of furloughed or terminated employees from obsolescent, non-competitive or dislocated industries to the tourism sector, which has experienced an above average rate of growth and has a viable and competi-

tive infrastructure in the high unemployment states; (2) reduce the need for creation of public service jobs in such areas; (3) create job opportunities for many of the hard to employ and lesser skilled, who have been the most resistant to broad, fiscal and monetary policies designed to stimulate economic expansion and job creation; and (4) help sustain employment in areas chronically impacted by seasonal travel patterns.

However, private sector tourism promotion and product development generally are undertaken without regard for national interest objectives such as full employment and balanced economic growth. Private sector investment and marketing decisions are based on profit considerations and market conditions, not on national economic priorities. Tourism—to the hotelier or the resort operator—is a business, not an economic development tool or a force which impacts local and regional economies and the environment.

If tourists are to be persuaded to (1) take advantage of facilities experiencing low occupancy or under-utilization—instead of touring already over-crowded and congested areas; (2) travel to areas which suffer from high unemployment but possess viable tourist and attractions; or (3) vacation during the off-season, then the public sector—government—must assist in the task of public education.

We believe that a Federal public education program could be a significant factor in creating and maintaining jobs where jobs are needed, promoting more balanced use of tourist and other public facilities, and reducing touristic threats to the environment.

III. Growing Gasoline Consumption

More gasoline was used in the United States during the summer of 1977 than ever before, and gasoline consumption now accounts for at least 50 percent of this country's total usage of oil. U.S. automobiles consumed 317 million gallons of gasoline per day during the 100 day summer peak driving period, according to the Department of Energy. This was 3 percent more than the 307 million gallons a day consumed during the 1976 Bicentennial summer driving season and nearly 6 percent more than was consumed during the summer of 1973, the last summer before the Arab oil embargo.

Despite the higher price of gasoline, 84 percent of all person trips in 1976—a person trip is one person on a trip—was by car, roughly the same as in 1972. Total person trips numbered 708 million, roughly 55 percent more than in 1972, and 7 percent more than in 1975.

Gasoline can be conserved if the traveling public can be persuaded to:

- Take shorter trips by car;
- Switch to alternative modes of transportation for vacations where possible;
- Make increased use of intermodal forms of transportation, such as AUTO-train or "fly-drive" arrangements; and
- Plan trips in advance and book ahead to minimize unnecessary driving.

Extension of the Act of July 19, 1940 would permit continuation of the Department's efforts to create public awareness of the need to conserve gasoline and to generate acceptance and use of energy-saving measures by American travelers.

INTERNATIONAL PROGRAM

The objectives of the international program are to (1) expand job opportunities in the tourism sector by generating foreign demand for U.S. travel services; (2) broaden knowledge of the United States' achievements in various fields by facilitating travel to the United States and exposure to U.S. institutions and the American way of life; (3) increase the U.S. export earnings by expanding foreign "imports" of U.S. travel services; and (4) fulfill the United States obligations under the Final Act of the Conference on Security and Cooperation in Europe by encouraging increased tourism between signatory European nations and the United States.

I. Trade Deficit

In 1977, the U.S. ran a trade deficit of \$26.7 billion, the largest ever. During the year, the dollar began to drop markedly in value relative to other major currencies, primarily reflecting exchange market concern over the U.S. trade deficit and the lack of an operative U.S. energy policy.

In January 1978, the dollar purchased 20 percent fewer yen and 11 percent fewer marks than in January 1977. Between January 1977 and January 1978, the yen increased 21 percent in value against the dollar and the Deutsche mark rose 13 percent.

Because the dollar is a reserve currency, and because contracts for oil are written dollars, a large number of countries, not the U.S. alone, are affected when the dollar declines in value.

For this, and other reasons, the U.S. took steps to prop up the price of the dollar. However, the results of market intervention and similar measures can be temporary and limited at best. The long-term solution is a healthy U.S. trade balance.

A number of analysts have attributed our current deficit to rising petroleum imports—and certainly, these imports have been a major factor in the trade deficit. However, as the Assistant Secretary of Commerce for Industry and Trade has pointed out, other imports have also expanded significantly.

Enactment of energy legislation, while essential, is therefore, only a partial remedy. We must also generate export growth.

Tourism to the United States from abroad results in "exports" of U.S. goods and services to foreign nationals. Expanded tourism can contribute as significantly to U.S. foreign exchange earnings as expanded trade in individual categories of goods. In 1976, foreign visitors spent \$6.7 billion here. (See Table IV). Tourism contributed 3½ times more to U.S. export earnings than exports of textiles or iron and steel. U.S. travel receipts for 1977 are estimated to have totaled \$7.5 billion, in current dollars. Receipts for 1978 are projected at about \$8.8 billion.

TABLE IV.—U.S. INTERNATIONAL TOURISM RECEIPTS, EXPENDITURES AND BALANCES, INCLUDING TRANSPORTATION, 1960-76

[In millions of dollars]

Year (1)	Receipts (2)	Expenditures (3)	Difference (4)
1960	1,025	2,255	-1,230
1961	1,057	2,292	-1,235
1962	1,070	2,514	-1,444
1963	1,133	2,729	-1,596
1964	1,357	2,856	-1,499
1965	1,545	3,158	-1,613
1966	1,785	3,412	-1,627
1967	1,881	4,037	-2,156
1968	2,035	3,915	-1,880
1969	2,361	4,487	-2,126
1970	2,708	5,195	-2,487
1971	2,959	5,663	-2,704
1972	3,311	6,638	-3,327
1973	4,130	7,316	-3,186
1974	4,845	8,075	-3,230
1975	5,606	8,680	-3,074
1976	6,743	9,398	-2,655
1977	7,500	10,410	-2,910

Source: U.S. Travel Service, based on data provided by the Bureau of Economic Analysis, U.S. Department of Commerce.

The Department believes that a strong and continuing Federal effort to develop tourism to the U.S. is essential—and could be particularly productive in Germany and Japan which are running large trade surpluses and whose currencies have appreciated rapidly against the dollar.

U.S. earnings from Japanese tourists totaled only about \$439 million in 1976. Seventy percent of all tourist spending by Japanese outside of Japan occurs in non-U.S. destinations. U.S. receipts from Japanese travelers can be significantly increased in the next decade if more Japanese travelers can be persuaded to include mainland U.S. destinations in their itineraries and to take trips in the U.S. of longer duration (median stay is currently only 10 days).

However, the U.S. travel industry faces formidable competition in Japan. The message to "visit the United States" must compete with similar messages to visit other countries. At least 31 air carriers, representing 26 countries serve Tokyo besides Pan Am, Northwest Orient and Continental, and these carriers vigorously promote their services, and the foreign destinations they serve, to Japanese nationals. In addition, thirty-two nations maintain national tourist offices in Japan.

A continuing and adequately funded U.S. promotion effort is necessary if the U.S. is to claim a larger share of the Japanese travel market and to reduce its \$8 billion trade deficit with Japan.

Such an effort is also essential if we are to further penetrate other foreign markets, expand exports of U.S. travel services and increase our international travel receipts.

Germany is the world's number one tourist-generating nation, ranking even ahead of the U.S. In 1976, an estimated 20 million Germans traveled abroad, yet only about 2 percent toured the U.S.

U.S. travel receipts from Germany in 1976 totaled approximately \$190 million, or only 2 percent of total German international travel expenditures, and only 3 percent of U.S. international travel receipts.

Competition faced by the U.S. Travel industry in Germany is even more keen than in Japan. For example, sixty-four international carriers representing some 60 countries serve Frankfurt, in addition to Pan Am and TWA. These carriers promote the foreign destinations they serve, not the U.S.

Enactment of the Administration's bill would make possible a strong U.S. tourism effort and a continued U.S. national tourist office presence in West Germany and in other countries which represent opportunities for export growth.

II. Diplomatic Commitments

Enactment of the proposed legislation would also permit the U.S. to meet certain diplomatic commitments. First, the U.S. is one of the signatories of the Final Act of the Conference on Security and Cooperation in Europe, held in Helsinki, Finland, in 1975.

The parties agreed, among other things, to: (1) encourage increased tourism on both an individual and group basis; (2) promote conferences and symposia on the planning and development of tourism; (3) encourage tourism outside the high season; (4) facilitate the convening of meetings as well as travel by delegations, groups and individuals; (5) increase, on the basis of appropriate agreements or arrangements where necessary, cooperation in the development of tourism, in particular by considering bilaterally possible ways to increase information relating to travel to other countries and to the reception and service of tourists; and (6) promote visits by encouraging the provision of appropriate facilities and the simplification and expediting of necessary formalities.

Continued funding would provide for both facilitative activities and for promotional and educational efforts in nine of the 34 other signatory countries.

Second, this country is a party to the treaty ratifying the Statutes of the World Tourism Organization which entered into force for the U.S. on December 16, 1975, and is currently a member of the Organization's Executive Council.

The aim of this international, intergovernmental body is, "the promotion and development of tourism with a view to contributing to economic development, international understanding, peace, prosperity and universal respect for, and observance of, human rights and fundamental freedoms for all without distinction as to race, sex, language or religion."

As the national government tourist office of the U.S., the United States Travel Service serves as technical advisor to the Department of State on WTO matters and participates as a member of the U.S. delegation in meetings of the General Assembly and the Executive Council.

Extension of the International Travel Act of 1961 would assist the U.S. in continuing to meet its obligations as a member of WTO and as a signatory of the Statutes.

In addition, it should be noted that the U.S. is a party to the Convention Relating to Official or Officially Recognized International Exhibitions, done at Paris, November 22, 1928, and which entered into force for the U.S., June 24, 1968, and is a member of the Bureau of International Expositions, an international, intergovernmental body which supervises the execution of the Convention.

The purpose of the Convention is to ensure the orderly planning and execution of international expositions.

Under Public Law 91-269, the Secretary of Commerce is charged with the evaluation of international expositions proposed for the United States. This authority is exercised by the Assistant Secretary of Commerce for Tourism.

III. Unemployment

Finally, extension of the International Travel Act would have the further advantage of contributing to the reduction of U.S. unemployment.

The \$6.7 billion spent by international visitors on U.S. goods and services in 1976 supported 270,000 U.S. jobs. Under our budget request for fiscal year 1979, the Department's international tourism program is expected to produce approximately \$375 million in additional foreign exchange in fiscal year 1979, which, in turn, will support roughly 15,000 private sector jobs. In other words, for every \$900 of program funds invested, one job is created or supported in the private sector, and roughly \$28,000 in foreign exchange is produced.

CONCLUSION

Mr. Chairman, before I close, I would like to make a few observations of a general nature.

First, while the interests of the private sector and the public sector frequently coincide, they are not always identical. The private sector cannot be expected to spontaneously shift its operations or modify its policies to further the national interest. Government must defend the national interest—and attempt to obtain private sector cooperation.

Second, the U.S. national interest is—and will continue to be—affected by the world in which we live, and that world is rapidly changing. Less than five years ago, oil and gasoline were cheap; the U.S. balance of trade with the OPEC nations was not \$20 billion in deficit.

Third, the U.S. national tourism interest will be served in this changing world only to the extent that that interest is defined.

Fourth, the private sector lacks the capacity to determine independently such facts as the size of the U.S. trade deficit, the number of visitor arrivals or the amount of U.S. travel receipts, from individual foreign countries. The private sector cannot define the U.S. economic, commercial or tourism interest. It can only establish its own objectives and priorities—and influence public policies.

Finally, for the U.S. national tourism interest to be defined, and redefined to reflect changing conditions, there must be a continuing Federal role in tourism.

Mr. Chairman, that concludes my testimony. I would be pleased to answer any questions.

NATIONAL PARKS: SUCCESS IS CAUSING A CRISIS

A SURGE of midyear travelers is reigniting a battle over the way America's national park system is used.

In many parks, the roads, campgrounds, restaurants and visitors' centers are jammed to overflowing. The result is a flood of complaints and requests for enlargement of park accommodations.

Judging by totals so far this year, officials of the National Park Service are predicting a record of more than 250 million visits to their 293 sites in 1977. The previous record of 265 million in the Bicentennial year of 1976 originally was expected to hold for some time.

Observes National Parks Director Gary Everhardt: "We have reached the crisis point in some areas. We will simply have to find more ways of controlling visitors, or else the parks will no longer be worth visiting."

That approach, supported by conservationists who would like to prevent further development of the parks, runs head-on into the views of other citizens who maintain that there is enough space to accommodate more visitors without harming the environment.

Even within the Park Service, which runs the diverse sites that are scattered from Puerto Rico to Hawaii, there is considerable disagreement over what direction the Federal Government should take in future planning.

Protective use. A prime example of land in limited use is Cumberland Island National Seashore, Ga., which is visited by only a few hundred people a day. The island is intended to remain an unspoiled semitropical paradise that man will not be allowed to ravage.

Under present plans, the maximum number of visitors allowed on the island each day will be limited to 1,460, including about 100 overnight campers. Access is easily controlled, since the park can be reached only by boat. The Park Service provides two round trips a day from its mainland headquarters at St. Marys, Ga., where all reservations are handled on a first-come, first-served basis.

The island includes 18 miles of some of the widest white-sand beaches on the East Coast, with stretches that are virtually deserted even in midsummer.

A concerted drive by conservationists who wanted to prevent intensive development of the island as a private resort led to creation of the National Seashore park in 1975.

Elsewhere in the park system, battles still are being fought over how much, if



Sign points up the increasingly common problem of the overcrowding in U.S. parks.

any, of relatively primitive lands should be developed.

Typical is the case of the Great Smoky Mountains in Tennessee and North Carolina, the most heavily used park in the chain. Pressures are mounting both for and against development there.

About 45 miles by 20 miles, the recreation area attracted 9 million visitors in 1976. To relieve some of the pressure, the relatively unused Catalochee Valley has been recommended for limited development.

A major portion of a plan that is still under study calls for improvement of what is now a rough, winding access road into the region of forests and meadows mainly visited by local fishermen and equestrians.

The proposal is strongly opposed by a group of about 500 citizens who formed a Committee to Save Catalochee. The organization argues that the project would ruin a serenely primitive area.

Observes Dr. Doris Hammett, a Waynesville, N.C., physician who is active in the drive: "We feel we have a fighting chance to stop the development. There aren't many places left like this, and if they disappear, they can't be replaced."

Others in the area, however, maintain that the project would do no ecological harm, especially if visits are limited. Critics say that some nearby residents regard the valley as their own and would like to restrict visitors from more distant regions.

"I think the park belongs to all the people," says David Felmet, a Waynes-

ville insurance executive who also is head of North Carolina's park, parkway and forests development council, a State agency. "It's only fair that they should be able to see this beautiful valley without endangering their lives on a very bad road."

Most traffic in the park now is funneled over about 40 miles of improved pavement. The main route, between Gatlinburg, Tenn., and Cherokee, N.C., sometimes is packed at both ends with bumper-to-bumper cars. Camping areas often are fully booked by midday.

Erasing the present. In some sections of the park, a deliberate attempt is being made to remove most traces of civilization. Even the Park Service vehicles have been or will be banned from many service paths leading to wilderness hiking trails.

"Our goal," says Great Smoky Park Superintendent Boyd Evison, "is to make it possible for backpackers to hike these trails without hearing any of the sounds of motorized civilization."

A decade or more ago, there was widespread sentiment in virtually all the parks to open more roads, campgrounds, restaurants and hotels to handle the crowds. But complaints from conservationists, coupled with drastic budget cuts, helped to reverse that trend in some areas.

Now campgrounds in such popular areas as Yellowstone and Yosemite are being reduced in size, and visitors are encouraged to spend the night in private camps and motels outside the national reservations.

Eventually, many federal officials believe, a nationwide reservation system for overnight spaces within the parks will be set up more or less along the lines tested briefly three years ago. Under that program, a space could be secured in advance by writing or telephoning a central office. Further in the future, reservations may be required even for only a day in some of the heavily used parks, following the techniques pioneered at Cumberland Island.

Officials also hope for more success in persuading Americans to bypass some of the most famous sites and explore instead such marvels as the Chaco Canyon National Monument, N.M. Thirteen Indian ruins are located in that area, which is reached by traveling over 29 miles of dirt roads. There were only 51,000 visits to the park in 1975.

All such plans worry the fortunate few who have discovered the offbeat parks and would like to keep them unspoiled.

"Don't tell too many people about this place," warned a young woman camping at Cumberland Island. "It's beautiful without too many people, and it would be a shame to change it."

Senator INOUE. Thank you, Mr. Secretary.

The USTS has a program which involves establishment of a corps of multilingual receptionists. Presently there are seven multilingual centers to welcome incoming international travellers and assist them in U.S. entry formalities at participating airports in the United States.

And I believe you provide part of the funds; don't you?

Mr. CHAVEZ. Yes, sir, I do.

Senator INOUE. How much do you spend on this program?

Mr. CHAVEZ. \$300,000, sir.

Senator INOUE. \$300,000.

Mr. HARDY. We are not talking about the USSR program.

Senator INOUE. We are talking about the seven airports that use the college work study program.

Mr. HARDY. That are partially funded by HEW.

Senator INOUE. These seven airports have been selected for USTS-HEW funding.

Mr. CHAVEZ. Yes.

Senator INOUE. You are aware of that; aren't you?

Mr. CHAVEZ. Yes; I am.

Senator INOUE. What was the rationale for selecting Bangor Maine?

I have nothing against Maine, I am just curious. What sort of entry problems do we have there, or language problems?

Mr. CHAVEZ. Mr. Chairman, frankly I have to request some information—

Senator INOUE. You are in charge of the program?

Mr. CHAVEZ. I'm in charge of the program. I am in charge of the program, Mr. Chairman. And Bangor, Maine, was selected as an important entry point.¹

Senator INOUE. Do they have language problems, visitor facilitation problems?

Mr. CHAVEZ. They would have, sir—²

Senator INOUE. How many flights do we have there daily, international flights?

Mr. CHAVEZ. Mr. Chairman, frankly I don't know.³

Senator INOUE. What about Philadelphia? What sort of entry problems do we have there; language problems?

Mr. CHAVEZ. Mr. Chairman, I am presuming the need was there or we wouldn't have established the bilingual program there.

We picked 12 international ports of entry for our program, Mr. Chairman.⁴

¹ The rationale for establishing a college work study multilingual receptionist program at Bangor, Maine, was to provide language assistance for non-English speaking international visitors arriving on charter flights from Europe. The program was established in 1974 and operates at a \$1,000 level only during the spring and summer months to provide assistance during the peak travel to Bangor, Maine. In 1976, Bangor had 17,248 overseas visitors and this number more than tripled in 1977.

² Bangor, Maine, receives a large and growing number of summer charter flights on supplemental carriers which bring non-English speaking European visitors into the United States at Bangor as the initial entry point. Germany provides the most arrivals of any country with 30 percent of total overseas air arrivals. France provides the second highest number of non-English speaking visitors. Thus German is the principal language offered but Spanish, Dutch, and French speaking capability is also available by the airport staff.

³ During the spring/summer months of 1977, there was a total of 1,600 international flights, primarily via supplemental carriers, which arrived in Bangor for an average of 10 a day during the applicable period.

⁴ Philadelphia receives incoming flights from 12 international carriers. In 1976, there were 22,697 international visitors from overseas and Mexico. The year-round program operated at a \$13,000 level was begun in 1972. Airport management is actively seeking to increase the number of international carriers using the airport in its new \$200 million overseas terminal. USTS receptionists provide language assistance in French, German, Italian, Japanese, Spanish, Chinese, Greek, Hungarian, Polish, Russian, and Yugoslavian.

Senator INOUYE. How much are you spending for the visitors' service representatives program? This is the one where you pay 100 percent of the wage costs?

Mr. CHAVEZ. About \$150,000 for each section of the program, Mr. Chairman, I am informed.⁵

Senator INOUYE. Mr. Secretary, who is the gentleman who is assisting you; just for the record?

Mr. CHAVEZ. Mr. Lee Wells, sir, head of our administrative division.

Senator INOUYE. You have spent \$150,000 for this program.

How much money was available for the VSR program?

Mr. CHAVEZ. For the total program—

Senator INOUYE. \$150,000?

Mr. CHAVEZ. The total is \$300,000, Mr. Chairman, for the multilingual program.

Senator INOUYE. Recently your travel service held a Gateway Receptionist Workshop in Washington, which was attended by employees of the VSR program.

Did you pay for the transportation and other expenses of these employees?

Mr. CHAVEZ. I am informed that we did not.

Senator INOUYE. You mean they paid their own way here?

Mr. WELLS. That is my understanding.⁶

Senator INOUYE. Are you sure of that, all the employees from all of the United States came here on their own time and paid their own way?

Mr. WELLS. I'd have to confirm that, sir.

Senator INOUYE. I would like to know how much was spent for this, of the \$150,000 you spent for the program.

Mr. CHAVEZ. Mr. Chairman, I might add at this time because of the importance that I feel for this program, that I have assigned this as one of the major programs to be administered by Deputy Assistant Jeanne Westphal.

Senator INOUYE. I agree with you, it is a very important program. Therefore, I thought you would know how much was spent on it.

Mr. CHAVEZ. Well, I knew about \$300,000, Mr. Chairman. As to the breakdown, I leave that to my staff.

Senator INOUYE. And I would also like to know how Philadelphia, and Bangor, and other places were selected for the college work study program.

⁵ In fiscal year 1978, USTS plans to spend \$240,000 on the visitor services representatives' portion of the \$300,000 multilingual receptionist program. When the multilingual program was initiated in 1970 it operated solely as a college work study program. Due to the uncertainty of funding from the Department of Health, Education, and Welfare program and the inability to use it at all major gateways, USTS initiated the visitor service representatives program in 1974 whereby USTS reimburses the gateways for 100 percent of the salary and benefit costs. By 1975, half the program was college work study, the other half was VSR. By 1977 funding was 20 percent for college work study and 80 percent for the VSR program. Currently USTS plans \$240,000 for the visitor service receptionist portion of the program with \$60,000 for college work study. Considering the HEW grants at an average of 80 percent of the cost, college work study amounts to a total annual program of \$300,000.

⁶ USTS subsequently corrected its testimony and informed the committee that the agency will pay for the transportation and other expenses as follows: USTS will reimburse the gateways a total of approximately \$4,500 for the recent training workshop when all the invoices are received. USTS contracts with the airports or convention and visitor bureaus provide for reimbursement for travel and lodging costs of the contractor's personnel while attending meetings or training, as required by the Government. In February of 1978, a workshop was held in Washington for 22 persons from 12 airports to provide training and operational procedures for the program.

Mr. CHAVEZ. Yes, sir, I will give you a complete report on the selection for each place.⁷

Senator INOUE. Do you intend to meet with the Arthur D. Little Co. to receive a briefing on the lengthy and complex report which they just concluded?

Mr. CHAVEZ. Yes, sir, I do.

As a matter of fact, about a month ago, representatives of Arthur D. Little & Co. came and met with me, and I have been awaiting their invitation to meet with them again.

I understand that they are in the process of coming up with a final report.

Senator INOUE. In setting up your domestic tourism program, have you consulted, conferred with all significant segments of the industry?

Mr. CHAVEZ. With all?

Senator INOUE. Yes; I presume you talked to the airlines, talked to hotels.

Mr. CHAVEZ. In the domestic tourism development program?

Senator INOUE. Yes.

Mr. CHAVEZ. I have met on occasion, sir, with representatives of the hospitality industries, transportation industries, including airlines.

I have addressed groups on the program on several occasions.

Senator INOUE. Have you worked with labor organizations?

Mr. CHAVEZ. Yes, sir.

Senator INOUE. Which ones?

Mr. CHAVEZ. Well we have been mainly in contact with Mr. Bob Juliano, of the Hotel and Restaurant Employees and Bartenders International Union.

Senator INOUE. Please describe your domestic marketing program for me, how much you are spending for that?

Mr. CHAVEZ. Our domestic marketing program is about \$450,000, Mr. Chairman, and I have a breakdown on the amounts, how they are spent and the results from them.

Senator INOUE. Is it going to be in-house or contracted out?

Mr. CHAVEZ. Part of it is in-house—a major portion of it is in-house, part of it is contracted out, sir, too.

Senator INOUE. How much is contracted out?

Mr. CHAVEZ. The present contract was with Young & Rubicam for \$135,000.

Senator INOUE. How much was that?

Mr. CHAVEZ. \$135,000—

Senator INOUE. According to my record here for your domestic program, you contracted out two-thirds of it, is that correct?

⁷ The United States Travel Service conducts a multilingual port receptionist program at major U.S. ports of entry to provide interpretative language assistance to non-English speaking international visitors. The program is funded at the annual level of \$300,000. Ports are selected based on information prepared by the research and analysis division, ranking the number of international air arrivals at the various ports with non-English-language needs, plus requests for the program from airport, convention, and visitor bureau, Customs, Immigration and Naturalization Service, agriculture and/or airline officials. The program is operational at 12 ports of entry which are at: Bangor, Boston, Chicago, Honolulu, Los Angeles, Miami, New York, Philadelphia, San Francisco, San Juan, Seattle, and Washington, D.C.

These 12 ports of entry are all in the top 16 U.S. ports for the total number of international arrivals by air. Of the remaining 4 ports, all have been previously approached about establishing a program but did not agree to do so. One of these, New Orleans, has expressed interest in operating a college work/study program in 1978.

Mr. CHAVEZ. You are talking about the whole program, Mr. Chairman, now?

Senator INOUE. Fiscal 1978.

Mr. CHAVEZ. Fiscal 1978.

Senator INOUE. About two-thirds of it.

Mr. CHAVEZ. I would guess it would be that much when you take into consideration the contracts that I had for the education development programs.

Senator INOUE. And the year before it was three-quarters?

Where is the in-house involvement?

Mr. CHAVEZ. The in-house program is establishment of policy and direction and the planning.

Mr. Chairman, if I could expound on this—

Senator INOUE. Please do.

Mr. CHAVEZ. All right.

For some time, even before I took this position, I was concerned about the fact that throughout the entire country there are few people that really understand the value of tourism as an economic development factor in this country.

I read a report from EDA, where they had arrived at the same conclusions.

The report by the Policy Study Committee had also indicated that they would arrive at those same conclusions from the information that I have read, which has been made available at this point.

It was my judgment that we have to go out to the country and inform the private sector and the decisionmakers at the State and local level, and educate them on the value of tourism as a major industry in this Nation that can be used most effectively as an economic development tool.

I then sought to develop an educational program, if you will, a tool that could be used by our department to do these things that I alluded to.

One of the organizations whom I had had experience with before, was the Council of State Governments. I determined that there was an important instrument which represents the governments, legislatures of the entire Nation, which could assist us in developing the educational tools that we could use to influence decisionmakers at the state level, mainly the Governors and State legislators, about including tourism in their economic development planning, and the implementations of tourism as a major factor in the economy of their State.

Further, after some meetings with the representatives of the Association of Cities of this Nation, as well as the Conference of Mayors, they requested assistance in trying to develop a program which would educate them on the needs for including tourism as part of the planning and economic development base.

Having read the report from EDA, I had noticed that there had been no relationship that I could see between the USTS and Economic Development Administration which is in the same department as USTS.

I determined that we should also find someone, or some entity who could develop economic development planning tools for the local level. I am talking mainly about cities and communities.

I then proceeded to write a memorandum to Mr. Robert T. Hall, Assistant Secretary of Commerce for EDA, requesting cooperation of

his department with mine in a project where we could develop these kinds of educational tools. And I was informed by staff that EDA does have existing contracts with various universities across the Nation, and that it would be possible to find a university who could do this for me.

I then requested of my staff that they get from EDA, a complete list of all these universities that were doing this kind of work for EDA and they brought me several—well, they brought me the entire university list.

After looking over carefully, the entire list, I then recommended that we choose the University of Missouri, because it did have programs in the record for providing management training for operations of tourist businesses, training employees in tourism-related businesses, work with local officials in communities in developing park and tourism facilities, and assisting in the establishment of tourism information facilities.

And another factor in my judgment, was that it was located in the geographic center of the United States.

These two programs, by themselves, I think total about \$400,000 or close to it. There is no way that I could develop an in-house staff to do the kind of work and to develop the kind of training tools that I expect to get from these two contracts.

In addition to that, a proposal, unsolicited proposal, was brought to our attention by West Virginia University, wherein, unlike the other two, they wanted to establish a demonstration project for a rural area or community; also to find a way which would develop another training tool on how to effectively use tourism as an economic development tool in rural areas.

This one, unlike the others, intrigued me in this manner. We would incorporate EDA, USTS, local-State government funds and university funds for this project.

In its initial phase, which was in 1977, it involved only USTS, and the government of the State of West Virginia.

In a proposal which has not yet been signed for the second phase, it will include not only the Governor's office of West Virginia, who has contributed \$65,533; West Virginia University, \$46,607; EDA, \$36,131; and the Department of Labor, \$31,000; plus \$25,000 from USTS for a total of \$204,354. This, to my knowledge, was the first time that we have been able to use the coordinated efforts of several, three in this case, departments from the Federal Government, plus the Governor's office and West Virginia University, a major university, in a single project aimed to develop a program that can be used throughout the entire Nation as an example for using tourism in the field of economic development.

The Council of State Governments, the University of Missouri, and the West Virginia University project, in my studied opinion, will give me the kind of tools that we will be able to use that will eventually, hopefully, allow me to expand a force within the USTS, that will be able to do this kind of work.

I might add at this time, Mr. Chairman, that as a practical matter, I am also restricted by personnel. The official authorization for personnel for USTS is 140 people. A ceiling was placed on me for this year, of 130; and for the coming year, 125.

I presently have 118, which means I only have 7 vacancies and those are through attrition and we are in the process of filling them up.

As a practical matter, to try to get even that limited amount of money, \$1,008,000, to try to develop an in-house program under the current restrictions, if you will, makes it physically impossible for me to do so. Yet, I am completely satisfied that the moneys that we have invested under contract to develop the basic tools that we will need to sell the United States of America both at the State, local, and the private sector, about the importance of tourism as a major economic factor in this country, are going to be accomplished with what we have done up to this point.

Senator INOUE. Thank you.

Now at the University of West Virginia, you awarded one contract for \$25,000.

Mr. CHAVEZ. Yes, sir.

Senator INOUE. For planning guidelines.

Mr. CHAVEZ. Yes, sir.

Senator INOUE. How many people do you think the University of West Virginia has set aside to come up with these planning guidelines? 50? Very likely 1 or 2, am I not right?

Mr. CHAVEZ. Mr. Chairman, I have a—

Senator INOUE. Did they submit a proposal to you?

Mr. CHAVEZ. Yes, they submitted a proposal to me.

Senator INOUE. Did you circulate this proposal throughout the industry?

Mr. CHAVEZ. I did not circulate it with the industry, no, sir.

Senator INOUE. Do you know what the cities and States really want from you?

Mr. CHAVEZ. The cities and States have asked me to develop something for them. I have met with representatives of them. They have volunteered in this particular aspect, very little.

Most of the requests from cities and States up to this point have been in terms of grants for promotional efforts, and these are mainly for international promotional activities.

Senator INOUE. Do you mean to tell me that the work that was done at the University of West Virginia, cannot be done by some staff person?

You don't have that talent on your staff, out of 118 people?

Mr. CHAVEZ. Not to develop an actual demonstration project in a rural community, to physically do that. No, we don't have that.

Senator INOUE. What is the contract award to the Highway Travel Service in Utah for \$25,000?

Mr. CHAVEZ. The reason I am asking—I am informed—this is Beverly Shipka from Research—we are not funding any highway—

Senator INOUE. USTS advised the committee it was awarding that contract.

Mr. CHAVEZ. We are not, sir. I am informed that they do one that is very good.⁸

⁸ By memo of November 25, 1977, Fabian Chavez, Jr., submitted answers to several questions asked by Senator Inouye. One of the answers depicted a proposed list of contracts or work to be done outside of the United States Travel Service. One of those listed was a highway travel survey with Utah in the amount of \$25,000. This project was not funded by USTS however, because the survey they do is already of high quality and is already recognized within the travel industry as a good example of state travel research. The aim of the USTS effort is to provide assistance for developmental purposes.

Senator INOUE. What is this syndicated survey for which USTS awarded a contract?

Mr. CHAVEZ. On the Highway Travel Service, at one time I am informed we were thinking of it. We haven't contracted—if you will allow me, Mr. Chairman, could I refer this question to Ms. Shipka?

Senator INOUE. Yes.

Ms. SHIPKA. Thank you, Mr. Chairman.

The syndicated survey is a nationwide survey that we buy into to get specific readings of American travelers on timely issues like energy and gasoline prices, to help us in our program efforts. It is a very small-scale effort.

Senator INOUE. What are these two or three contracts with States or universities to obtain data and finalize input for local travel survey and planning guidelines which amount to \$50,000?

Ms. SHIPKA. I believe that was some very initial planning—basically, if I may just digress, the research program which was developed after talking with States, cities, and industry, was geared to obtain data at two levels; the national level and the local level.

The local program is geared to help develop guidelines for individual State traveler surveys. I think at your own hearings on the national travel survey, it came out that many of the States do surveys, but they have different definitions, they ask different questions.

We are attempting to give some Federal guidance so that local surveys will be compatible with the national data.

The 1977 program was designed to test what elements we can incorporate.

Senator INOUE. Can your office conduct this survey?

Ms. SHIPKA. We are conducting it as an in-house survey.

Senator INOUE. Then why are these contracts with States and universities?

Mr. SHIPKA. We develop an idea; we poll the States and universities, and come up with a definition of what a tourist should be. Then we go and test whether it is really feasible to measure travel data on that definition, or is it feasible to have a highway survey in each State? We can come up with the concepts, but before we go to each State and city and say this is what we recommend, we want to be sure it is a workable concept.

Senator INOUE. And that is where you spent the \$50,000?

Ms. SHIPKA. We haven't spent \$50,000 as yet.

Senator INOUE. How much have you spent?

Ms. SHIPKA. We have spent \$57,000 with West Virginia in 1977, and then in 1978 we haven't spent any money yet but are in the process of spending \$25,000 with West Virginia.

Senator INOUE. West Virginia must be a very special university?

Ms. SHIPKA. This is more than just travel guidelines. This is a 5-year tourism development plan.

Senator INOUE. Do they have a special school on travel and tourism there?

Ms. SHIPKA. Yes; they are one of the leaders along with Hawaii and Florida and some others, in developing tourism as an economic tool.

Senator INOUE. Public service advertising. Who has the contract?

Mr. CHAVEZ. Pacificon Productions, Inc.

Senator INOUE. And what is the contract figure?

Mr. CHAVEZ. At \$130,600.

Senator INOUE. Do you provide any input for this?

Mr. CHAVEZ. Yes; we certainly do.

Senator INOUE. What do you do?

Mr. CHAVEZ. Through our Media Services Department, we work with them to develop the type of advertising programs and campaigns which would motivate Americans to travel more in the United States.

Senator INOUE. Would you submit to the committee, samples of what this agency has done for you?

Mr. CHAVEZ. Yes, sir, I would be glad to.

Mr. Chairman, I stand corrected. I was thinking of Young & Rubicam, which contracts we are in now.

We submitted the 1978 contract for bids, and it was awarded to Pacificon Productions, Inc., who are now developing a program together with us. As a matter of fact, we met with them about 2 weeks ago.

And we will submit the entire program.⁹

Senator INOUE. How much was the Young & Rubicam contract?

Mr. CHAVEZ. The Young & Rubicam contract, sir, was \$248,878.

Senator INOUE. What did they do for you?

Mr. CHAVEZ. They did a public service advertising campaign, plus a test paid advertising program. The public service portion of the contract was \$98,818 and we amended the contract to add \$150,000, which included the test paid program which was an educational program on how to travel, rather than a promotional destination program of where to travel.

Senator INOUE. What do you mean, how to travel?

Mr. CHAVEZ. We developed an experimental program which is still being studied, where we offered in key areas, a program which was something like this:

See more of America, with these travel-free aids from USTS, which included nine brochures on "Helpful Information Sources and Benefits of Using a Travel Agent," "Tips for an Energywise Vacation," "How To Get an Airfare Deal," "Helpful Hints for the Older Child to Learn," "Travel Tips for the Handicapped," "Getting the Best Value for Your Dollar," "Your Rights and Responsibilities," "Know Where to Go," and "Traveling with Pets," plus a map of the United States of America.

Senator INOUE. Where are these brochures available?

Mr. CHAVEZ. They are available from the USTS.

But we tested them in six—I think it was six key areas with coupon response. And I have the information on the responses up to this point. And not only the number of responses, but their category of helpful information on how to travel that was the most popular, clear down to the least popular.

On the average, up to this point, those who requested information averaged about six of the total, with the other three being down in the lesser percentage.

Senator INOUE. How many brochures have you circulated?

Mr. CHAVEZ. So far in excess of 60,000, sir, total brochures under the test paid program.

⁹ The program has been retained in the subcommittee files.

Senator INOUE. Where?

Mr. CHAVEZ. I have the cities here. Pittsburgh, Cleveland, Denver, Kansas City, San Jose, and Seattle.

Senator INOUE. These are places where information is required for traveling?

Mr. CHAVEZ. No, sir.

We would have hoped to be able to have a test made of the desire for this type of information nationwide. We couldn't afford it, so we selected the six centers.

Senator INOUE. What will you do now that you have the results?

Mr. CHAVEZ. When we get the results we will; No. 1, find out how popular, how desirable they are; No. 2, it will also give us information on the interest the public has on information of this type.

Up to this point, most of the brochures that we have developed, had to do with promotional tourism destinations.

These are on how to travel.

Senator INOUE. Who is conducting this survey on effectiveness of brochures?

Mr. CHAVEZ. We are. That is an in-house project, sir.

Senator INOUE. Now, in response to a previous inquiry from the committee, you indicated that you would establish survey methodology guidelines and tourism development guidelines.

Is this what you are talking about? The brochures? What are they, again?

Have you developed survey methodology guidelines or tourism development guidelines?

And if so, I would like to know how these guidelines were developed in-house or outside; and how much was spent on their development?

First, what is a survey methodology guideline?

Ms. SHIPKA. Mr. Chairman, I was trying to explain that earlier. That is the guidelines for State travel surveys that we are developing in-house and then testing.

Senator INOUE. What is a tourism development guideline?

Ms. SHIPKA. This is the West Virginia project, in terms of putting tourism in the economic planning context of a given community.

Senator INOUE. In your response you said that both of them will be done in-house.

Ms. SHIPKA. The development is. The testing and the implementation have to be done in an actual area, not in Washington.

Senator INOUE. Now what do you intend to do with these guidelines?

Ms. SHIPKA. This is part of Mr. Chavez' program.

Mr. CHAVEZ. When we get through, these are the guidelines that will develop those, what I call educational tools, that we will then carry out by various methods throughout the entire Nation to educate people at the local level, including State travel directors, people in regional programs such as your title 5 commissions who have not been used as extensively as I feel they could in tourism development, and at the community level. The thrust will be on how to influence the decision-makers at that level to include tourism as part of the economic development planning.

Senator INOUE. Regarding your contract with the Council of State Governments, did the council submit a written proposal to USTS?

Mr. CHAVEZ. Yes, they did.

Senator INOUYE. Did you send copies of this written proposal to the various cities and States throughout the United States interested in tourism?

Mr. CHAVEZ. No, sir.

What I did was, I called on the Council of State Governments to come and visit me and staff.

I then told them what it was I had in mind.

From that, working with us closely, we developed the proposal. I have had experience with the Council of State Governments before.

No, we did not send this type of proposal throughout the entire Nation, because the Council of State Governments, No. 1, is the only organization in existence that I know of, which works directly with the legislatures and the Governors of all 50 States.

My experience had been—

Senator INOUYE. So the council would know what Miami wants, and what San Francisco may want, and what Kaanali may want?

Mr. CHAVEZ. We would hope that they would develop a program so that it would be able to be used to fit any given situation; those communities or any other mentioned. Basically to be able to influence the legislature on the value of tourism for each State—for its State, would be sufficient enough then for the legislature to determine what kind of programs they would develop for themselves.

Senator INOUYE. In other words, you developed the program by sitting in your office, and telling the council what you want?

Mr. CHAVEZ. I gave them the ideas for what I wanted. They had some input from experiences of their own.

Mr. Chairman, I might want to add this—

Senator INOUYE. I hope it turns out well, because it is \$150,000.

When do you expect this contract to be concluded?

Mr. CHAVEZ. July 30, sir, of this year.

Senator INOUYE. Have you had any preliminary reports from the council?

Mr. CHAVEZ. Yes, sir, we have.

Senator INOUYE. Are you satisfied with what they are doing?

Mr. CHAVEZ. Up to this point, yes, sir.

That one, and the one at the University of Missouri, I am so personally interested, that I spend time personally to monitor them. I am satisfied up to this point.

Could I add, Mr. Chairman, something at this time?

Senator INOUYE. Certainly.

Mr. CHAVEZ. As you will recall, I was confirmed late last June and the end of the fiscal year was coming up. I knew the type of programs that I had in mind that were needed if we were going to effectively spread the word of the importance of tourism throughout the entire Nation as fast as possible.

The Council of State Governments is something that I had in mind for some time. I had thought, very frankly, Senator, on the local city study that I needed, of a method of trying to develop the program for them, just like I would with the Council of State Governments.

So with the deadline fast approaching, I looked around to see how I could best develop this type of program and I was informed— I had actually asked, are there any universities who can assist us in this type of program? And that was when I was informed about EDA having this list of universities that they have contracts with.

That is when I asked that they submit me a list of those universities and that is how I arrived at the selection of the University of Missouri.

To have delayed any longer, sir, would have made it much more difficult to get this kind of information which, I hope, will also be of some value to your NTPS Committee.

Senator INOUE. I had assumed that it was general practice in the Government, whether it is in the executive or legislative branch, that if contracts were going to be awarded, several groups would be limited to submit proposals. For example, the study that this committee is conducting, is now being conducted by the Arthur D. Little, Inc., for the most part. And the Arthur D. Little Co. submitted a thick proposal, as did other agencies.

From that, we sat down and we decided that Arthur D. Little would be selected. This was a copy of their proposal. [Indicating.]

Now apparently in your case, there is nothing like this.

You call in someone and you tell them what you want, and bingo, the contract is awarded.

Did you have any other proposals from other universities or other groups?

Mr. CHAVEZ. Not from other universities or other groups—

Senator INOUE. Now when you selected the advertising agency, how many agencies submitted proposals to you?

Mr. CHAVEZ. Those were competitive. For that there were—for advertising, there were several that were submitted. Because every other contract that we have—

Senator INOUE. What about the Council of State Governments, did you have any competition?

Mr. CHAVEZ. No, sir, because that is—there is only one Council of State Governments.

I felt in my judgment—

Senator INOUE. Has the council ever done any survey on tourism in the past?

Mr. CHAVEZ. Not directly on tourism.

Senator INOUE. They have never done one?

You have checked with them?

Mr. CHAVEZ. That's right.

Senator INOUE. This is the first time they have done one, and you made them experts overnight.

Mr. CHAVEZ. No, sir. I haven't made them experts overnight, but I feel they will be well educated on it when they get through with this.

Senator INOUE. They will be educated.

Mr. CHAVEZ. All of us.

Senator INOUE. So the council's being paid \$146,000 for on-the-job training.

Mr. CHAVEZ. I do not—Senator, I cannot agree with that statement.

The Council of State Governments has proven itself in the various fields of research which they did initially, which were a first time for them. The value of the Council of State Governments is that they are a good organization, and they also give us that arm in connection with the State government that is so badly needed in one fell swoop.

Senator INOUE. Did you know that the Council of State Governments, after receiving your contract, subcontracted it with two other firms?

Mr. CHAVEZ. Well, I knew that at the time. They brought the people who do some subcontracting work for them—

Senator INOUE. Why didn't you go to the two subcontractors yourself, and save the money?

Mr. CHAVEZ. Sir, for a survey of this—

Senator INOUE. The survey was going to be done by these two subcontractors, F. P. Neuenschwander and Guy Rossmarin Associates?

Mr. CHAVEZ. Yes. They brought these gentlemen with them, and they have worked with them on other projects before.

Senator INOUE. Wouldn't it have been cheaper if you just hired them?

Mr. CHAVEZ. No, sir, I felt that we needed the entire coverage—an umbrella that is offered to me by the Council of State Governments and their staffs.

It has included in their advisory board, people like Lt. Gov. Tom O'Neill of Massachusetts; Gov. Ray Blanton of Tennessee; Speaker of the House of Representatives from Texas, Bill Clayton; Gov. Pierre duPont of Delaware; Senate President pro tem, Luis Ferre of Puerto Rico; Representative Gerald Horton of Georgia; Gov. James B. Hunt of North Carolina; Lt. Gov. George Nigh of Oklahoma; Gov. Mike O'Callaghan, Nevada; Lt. Gov. Robert D. Orr, Indiana; and Senator Bernard C. Smith of New York.

We have a group here of legislators and Governors from throughout the entire Nation that are working, helping oversee this study, which I feel is very important.

The President talks about working closer with our State and local people; Congress talks about that; this is alluded to in the Tourism Study Committee report, and I have been trying to apply it as a practical matter by getting more and more people involved in this tourism development program.

When I said educational, I meant sir, that all of them as a result would be educated about the importance of tourism as an economic development entity, rather than some of the mostly general ideas that are conceived of tourism, as strictly a promotional type of business. It is just as important as a mineral industry, as a manufacturing industry, and I am trying to, quite frankly, educate everybody I can on this fact.

Senator INOUE. We have talked about the contract with Council of State Governments for \$146,000; West Virginia for \$25,000; and now the University of Missouri for \$232,000.

In looking over the general description of the work that is supposedly done by these three organizations, I gather that they touch upon the same subject matter.

Do you have any sort of coordination between the three, or are these three doing the same thing?

Mr. CHAVEZ. No, they are not doing the same thing.

The University of Missouri is working on the development of an educational tool to include economic development planning as part of a program for local communities.

The Council of State Governments is doing the same thing, only in this case to influence the decisionmakers at the State level, which are your governors and your legislatures.

The University of West Virginia is working jointly—and I would like to emphasize, to that \$25,000 that we contribute to the West Virginia University program, that the university itself puts out \$46,000; the Governor's Office, \$65,000; EDA and Labor, another \$61,000—a joint project, which is a demonstration project.

There is an interrelationship that when all three of them—there are certain phases of all of them that will be interrelated and can be joined in to develop a complete educational package on how to include tourism as part of the economic development base at the State, local, community and rural areas. In that way, sir, they are related.

Senator INOUE. In response to an inquiry by this committee, you said that the USTS selected the University of Missouri on the basis of a proposal it submitted.

Is that correct? Is that what you said in writing?

Mr. CHAVEZ. Yes.

Senator INOUE. Do you have a copy of the proposal?

Mr. CHAVEZ. Yes, we do.

Senator INOUE. Now, in response to an inquiry, you gave us a page and a half proposal.

Was that the proposal you received from the University of Missouri?

Mr. CHAVEZ. That was a summary. The actual proposal is larger than that.

Mr. Hardy called us this morning and asked us for copies of all three proposals, which we brought with us.

Senator INOUE. Oh, this is the one dated August 31, 1977.

Mr. HARDY. That would be the one, yes, sir.

Senator INOUE. And it says, "Scope of Work, Domestic Tourism Training Program"?

Mr. CHAVEZ. Yes, sir.

Senator INOUE. And was the university selected after receiving this, or before you received it?

There are five pages, incidentally.

Mr. CHAVEZ. After going through the process—

Senator INOUE. Just for the record, it is dated August 31, 1977. I want to know, was the University of Missouri selected before August 31, 1977, the date of the five page written proposal, or was as the university selected after?

Mr. CHAVEZ. The University of Missouri was selected as the one to do this work prior to the actual finalizing of the proposal, Senator.

Senator INOUE. You selected the University of Missouri not knowing what they would propose to you?

Mr. CHAVEZ. No, sir.

After the EDA submitted the list of universities that we could use for this type of program, I looked at several of them and then decided that perhaps the University of Missouri might be the one that could do the job. I mean—

Senator INOUE. What do you mean, you looked at several of them?

Mr. CHAVEZ. Well, they submitted a list, sir, of seven universities that they felt could do the type of work that I wanted, sir.

After looking at the list, and determining that perhaps the University of Missouri might be able to do it, I flew to Missouri and met with the university people.

Senator INOUE. Now you had a list of names; university of such and such, university so and so?

Mr. CHAVEZ. Yes, sir.

Senator INOUE. And then you went down the list and you said, University of Missouri is the best school, and so on August 15, you took a trip there?

Mr. CHAVEZ. Not quite that simple, Senator. I mulled over several universities, and then—

Senator INOUE. How did you mull over them?

Did you call up the university?

Mr. CHAVEZ. No, sir, I didn't. I did not.

Senator INOUE. You just mulled over by yourself?

Mr. CHAVEZ. Yes, sir, I did.

Senator INOUE. Did you confer with your staff people?

Mr. CHAVEZ. Yes; I conferred with staff.

Senator INOUE. Which ones?

Mr. CHAVEZ. Well at that time, Mr. David Nathan, mostly; and I think Mr. Lee Wells was in on this, Mr. John Snyder—

Senator INOUE. Did you confer with the man in charge of the domestic program?

Mr. CHAVEZ. That is Mr. John Snyder—oh, no, the domestic coordinator, he doesn't exist yet, sir.

Senator INOUE. What does Mr. Regh do?

Mr. CHAVEZ. He is director of marketing and planning. Mr. Regh, I think, was in on that conversation, too, as I recall.

Senator INOUE. And they all suggested you should go to the University of Missouri?

Mr. CHAVEZ. No, sir, the determination was purely mine. And as I said earlier in my testimony, after seeing these various good universities, any of which could have done the job, I felt, I selected quite frankly the University of Missouri after conferring with them, because they were conveniently right smack in the geographic middle of the United States of America.

It could have been the University of New Mexico, my alma mater, it could have been the University of New York, it could have been several on the list that they gave me. But I have to say—

Senator INOUE. May I suggest, Mr. Secretary, that you will be appearing before this committee again. From now on, when you give out contracts like this—and these are not \$5,000 contracts—that I would expect your office to at least call two or three other agencies and ask them to submit proposals.

In this case, there is no question that all you did was look over a list and for some reason, of which I am not aware, selected the University of Missouri; you visited the campus, and you told them that you are acceptable if there are no legal complications.

Isn't that correct?

You told them, you've got the job if there are no legal complications.

Mr. CHAVEZ. At the time I was at the campus, no, sir, I didn't tell them they had the job.

Then I came back and thought it over further, and then I checked with staff and I said I would like to have the University of Missouri, but it has to be legal.

Senator INOUE. When did you tell them that?

Mr. CHAVEZ. This was after I came back from—well, I have a letter here of August 22, which was written by Mr. David Nathan to Mr. Guy Chamberlain, which reads in part:

*** we believe that this program should be put out because the Assistant Secretary Chavez was confirmed late in June. His recommendations were transmitted to the Undersecretary in the middle of July, and the Undersecretary approved the proposed program on August 5th."

By that time the deadline for further 1977 procurement action had already passed. Procurement actions for which we sought approval were critical to the approved program not only for 1977, but for 1978 as well.

We planned to build part of the 1978 program on the work begun in 1977.

I frankly admit, sir, that we were trying to meet a deadline.

And yet, I do not feel—I do not feel that there was an unacceptable institution in that list of universities that was submitted to me including the University of Missouri. They are good institutions.

Senator INOUE. Can you just give me another reason why Missouri was selected.

I am not against Missouri, it is a great university. You have given one reason, it is supposed to be in the middle of the United States.

Mr. CHAVEZ. And it is a good university.

Senator INOUE. And it is a good university, reason No. 2. Give me reason No. 3.

Mr. CHAVEZ. They have previous experience in the tourism field.

Senator INOUE. Did you check the results of the university's previous work with the clients for whom it had done work?

Mr. CHAVEZ. No, sir, I didn't go to the extent of checking.

Senator INOUE. So you didn't know whether they were doing good or bad work?

Mr. CHAVEZ. We saw some examples of their work, sir. I will confess that I didn't check with anybody else, but I assumed that they would do the work; yes. Mr. Chairman, I wish I would have had the time to visit five or six of them. I did not.

Senator INOUE. I think you have a WATS line, haven't you, on the telephone?

Mr. CHAVEZ. Yes, sir.

Senator INOUE. You could have picked up the telephone and called up a dozen universities within 1 hour and say, I have got \$225,000 to award for a contract. I can assure you that on the other end a light would perk up, everyone would get excited. And if you tell them, send in a proposal, they will have it on hand in 24 hours.

Some universities have it all ready to go.

So you selected the University of Missouri, even if you didn't know the quality of their work. I hope you won't do this again, sir.

Mr. CHAVEZ. Thank you, sir.

[The following information was subsequently received for the record:]

U.S. TRAVEL SERVICE: DOMESTIC TOURISM, FISCAL YEAR 1977-78, SOLE SOURCE CONTRACTS

Contractor/agency	Description	Justification	Amount
1977			
Rand McNally & Co.....	Reprint of interstate travel maps..	Copyrighted by company which is sole owner of material.	\$7, 158t
Young & Rubicam.....	Advertising contract.....	Extension of original advertising campaign already produced under contract.	248, 878
Economic Development Administration (reimbursable agreement).	Development of a domestic tourism training program.	This was a grant under EDA's university center program. Of several institutions reviewed, the University of Missouri was selected based on experience in developing training programs related to tourism.	223, 482
Council of State Governments..	Technical study of State government travel and tourism programs.	Council has direct access to State government officials in order to obtain necessary data to conduct and complete this study.	146, 026
U.S. Travel Data Center.....	Subscription renewal fee, 1977....	Only national nonprofit organization dedicated to travel research.	10, 000
West Virginia Board of Regents, West Virginia University.	Conduct demonstration project for regional economic development in travel and tourism industry.	University has already developed research techniques which can be used as input to this project. Most familiar with the state of the art in travel research.	57, 773
Travel & Tourism Consultants International.	Travel pulse survey describing American travel in the United States.	Survey is syndicated by contractor and specifically designed to the needs of USTS and industry.	15, 000
Discover America Travel Organization.	Joint industry/government development of on-going domestic programs.	DATO is the only nonprofit travel industry wide association and is dedicated to the improvement of the travel industry. No other private organization of this type is in existence to develop this type of program.	50, 000
Discover America Travel Organization.	Cosponsor Discover America National Conference and Travel Mart.	Cosponsor of the only type of conference and travel mart representing all segments of the travel industry.	25, 000
1978			
Capitol Recording Co.....	Produce print assemble package, and distribute public service radio program services, Pathways USA.	Only company capable of meeting deadline and providing complete range of service and distribution.	10, 603
U.S. Travel Data Center.....	Subscription renewal fee, 1978....	Only national nonprofit organization dedicated to travel research.	10, 000
United States Conference of Mayors.	Study of city travel development programs.	Conference has access to city officials for data needed to complete this study. Staff of experts in marketing, statistical, and interviewing techniques.	36, 125

Mr. CHAVEZ. I have been informed by Mr. Snyder that the EDA had checked with several.

Senator INOUE. Well you are not EDA, sir.

Mr. CHAVEZ. No, sir, I understand, sir.

Senator INOUE. It is just like saying the State Department checked them out.

Now you indicated to us in your projected plans for fiscal year 1978, that you had earmarked \$285,000 for a national travel survey to be done by the Bureau of Census. Have you committed these funds?

Mr. CHAVEZ. Not yet, sir.

Senator INOUE. What do you intend to do, sir?

Mr. CHAVEZ. We intend to commit them.

Senator INOUE. With the Bureau of Census?

Mr. CHAVEZ. With the Bureau of Census.

For years, Senator, everyone, and I think including you and your committee, has been wanting to have an annual survey like the one they do every 5 years. We haven't been able to do that. It would take congressional authority and \$1 million a year to do it.

However, we can, with this kind of money—while it would not be as refined as the 5-year census report that we get, taking us down to the State and local level—it will give us an annual national survey that we feel is very badly needed by everyone to keep on top of the tourist industry.

Senator INOUE. Who is in charge of your domestic program?

Mr. CHAVEZ. Right now the domestic program is being—well, I am in charge, sir, for all practical purposes. Although—and my staff knows how important it is. Mr. John Snyder is very deeply involved in it, because his division is in constant contact with State and local people; and Ms. Jeanne Westphal is very deeply involved in certain aspects of it. It is a team effort, sir, with, quite frankly, me very interested in the success of its development.

So I would have to say that I believe I am in charge, sir.

Senator INOUE. What does Mr. Hans Regh do?

Mr. CHAVEZ. He is the Director of Program Services and Development.

Senator INOUE. Domestic?

Mr. CHAVEZ. Domestic and international, both.

Senator INOUE. He is not here, is he?

Mr. CHAVEZ. No; he is not here today, sir.

Senator INOUE. Where is he?

Mr. CHAVEZ. He is in Europe, I believe.

Today he is in London, and he will be back, I think, on the 18th, as I recall the travel order.

Senator INOUE. Since Mr. Regh has been with the USTS in Washington, how many International Tour Broker Conventions in Berlin has he attended?

Mr. CHAVEZ. Since he has been in Washington? Two of them, sir.

Senator INOUE. What does he do there?

Mr. CHAVEZ. This is the ITB in Berlin, Germany, sir. Because of his background and his knowledge of the German market, and because of the importance that we place on the German market, we feel that—well, he is there to assist.

There were some 70 cities and states—

Senator INOUE. Don't you have a Frankfurt office?

Mr. CHAVEZ. We do have a Frankfurt office; yes, sir.

Senator INOUE. Do they do anything there?

Mr. CHAVEZ. Yes, sir, they do.

Senator INOUE. Do they attend the ITB?

Mr. CHAVEZ. Yes, sir, they do.

Senator INOUE. And you have to send Mr. Regh there?

Mr. CHAVEZ. I felt that this year, because of the situation of the floating of the money and the dollar situation over there, that I want to put the emphasis on trying to get as much German tourism as we can. And this is a major tourism convention. We have some 60 or 70 representatives from the United States that go there, and I feel that they need all the assistance that they can.

And I think Mr. Regh, with his experience, can be of assistance; yes.

Senator INOUE. What was Mr. Regh doing in Paris, London, and Frankfurt?

Mr. CHAVEZ. He was assigned, sir, to go and check into their particular programs that are under his supervision, because those are our regional offices.

I think he spent a day or two in each one of them, after the ITB, and he is scheduled to come back the 18th since he was already in Europe.

Senator INOUE. I don't know how much cost is involved, but he arrives in Berlin, then he goes to Paris, then he goes to London, then he goes to Frankfurt.

Why couldn't he go from Berlin to Frankfurt? It is much cheaper than going from Paris, London, and then back to Frankfurt, if he starts from Berlin.

Mr. CHAVEZ. I would have to check on that.

I know he went directly to Berlin, and from there he was going to check the European offices. Why he went that route, sir, I would have to—

Senator INOUE. How often does he go to Europe?

Mr. CHAVEZ. Since I have been in office, sir, he has been there that I recall, only twice. And one was a very brief trip to Paris on some international convention business, and he came back—he was only there about 2 days.

Senator INOUE. He is not coming back on the 18th, is he?

Mr. CHAVEZ. Well, the travel order says that he was to come back on the 18th, and then I believe—

Senator INOUE. Then he goes on a 10-day vacation in Europe?

Mr. CHAVEZ. No, sir, that is not what the travel order says.

It says that when he comes back—he asked for a week or 10-day's leave, but it doesn't say Europe. I don't believe so. It doesn't, not that I remember.

Senator INOUE. I realize your work requires you to travel a lot. But could you just tell us, in the last 12 months, how many days you have spent outside of Washington?

Mr. CHAVEZ. Since June, since my confirmation, sir?

Senator INOUE. Yes.

Mr. CHAVEZ. We calculated the number of days, and I think out of the entire period, I was gone about 30 percent of the time.

I have submitted a letter, and I actually counted the days. I remember we worked out a percentage. I recall during my confirmation that you had alluded to a figure that my predecessors had been out about 70 percent of the time, and I don't know whether I have that letter with me or not, but at the request of Mr. Hardy, I had sent him my entire travel record.

But I think it calculates to about 30 percent of the time, Mr. Chairman.

I might add to that, at all times, with a couple of exceptions which I informed Mr. Hardy about, either Ms. Westphal or I are always here.

Senator INOUE. Now, Mr. Secretary, you are the person in the executive branch, who is responsible for seeing that the interests of the tourism and travel industry are upheld.

What is your position on the so-called three-martini lunch?

Mr. CHAVEZ. I support the President's stand, sir.

Senator INOUE. You support the President's stand?

Mr. CHAVEZ. Yes, sir.

Senator INOUE. Do you have any idea of what it will do to conventions, restaurants, et cetera?

Mr. CHAVEZ. I have received information of what the impact will be on them, sir; yes.

Senator INOUE. It has been suggested that all of us in our various endeavors, have different tools of trade. In your case, it is traveling about 30 percent of the time.

In the eyes of some, it may mean excessive, unnecessary traveling, but for you it is necessary and part of your trade.

The White House has sumptuous dinners, white-tie, black-tie, expensive entertainment.

And so now, our business people must go to McDonald's, but their competitors may go to the Pavilion.

So you think it is fair?

Mr. CHAVEZ. Mr. Chairman, I have made my views on both my programs and budget issues known to my superiors, and they have made their determinations, sir, and I stick with them.

Senator INOUE. How much did you request for your budget before OMB got to it?

Mr. CHAVEZ. I requested, in round figures, \$22,500,000, which went to the budget offices of the Department of Commerce.

Secretary Kreps approved a budget for \$20,400,000, as I recall.

She submitted that to OMB, and we have the figure that OMB recommended. It was \$14,543,000.

Senator INOUE. How much did you request for your domestic program?

Mr. CHAVEZ. An increase of—well, it totals about \$3,446,000, as I recall.

Senator INOUE. And they approved \$1 million?

Mr. CHAVEZ. That is the OMB approved \$1 million.

Senator INOUE. Did you appear before OMB to fight for your cause?

Mr. CHAVEZ. I did have a—yes, sir, as a matter of fact, I did.

I went to some offices of the OMB, and I fought for my cause.

Senator INOUE. Have other agencies had their budget requests cut by two-thirds?

Mr. CHAVEZ. I am not aware of the other agencies' results, sir. I have been focusing in on mine.

Senator INOUE. At times I may appear to be a bit critical, but Mr. Chavez, let me assure you that I am on the same team, at least I hope to be on the same team, because I happen to believe that tourism has a great potential, economically and socially for the United States.

I realize that this view is not shared by everyone in the Government, but you are our man in the Government.

Now I would hope that you realize this and you carry on with the seriousness that this endeavor deserves.

These little things that we have discussed—actually, they are not too little—may be the cause for undue grief for your operation.

The University of Missouri may be a fine university, and I have no question or doubt about that. But to select a university because it happens to be in the center of the United States and it is a good university, and it was on the EDA list, Mr. Secretary, is not sufficient for me.

And if we had the GAO go after you, I don't know what it would find.

But if I were you, I would not repeat that performance again, sir. What distresses me is that I am in favor of this kind of program, and whenever I see this endeavor being botched up it doesn't please me, believe me.

I will do everything within my power to support your organization, to get you the largest funds available. But I must tell you frankly, that I am not convinced, and maybe the OMB similarly, are not convinced, that your \$3 million request was a rational one.

I will do my best to hold on to your \$1,008,000, but I would expect on our next meeting, to get better responses from you, sir.

Do you have any statement you would like to make?

MR. CHAVEZ. No, Mr. Chairman.

Just, that I feel just as strong about the value of the tourist industry of this Nation as I probably could be. My whole aim is to assist in any and all programs that will convince the many people in and out of industry at the national, State, and local level, about the importance of tourism as a major economic contributing factor in this country. And that is my goal.

Senator INOUE. Well, you will find me on your side, sir.

Mr. Secretary, I thank you for being with us this morning, and we will be seeing each other again.

Until then, the meeting is adjourned.

[Whereupon, at 11:25 a.m., the hearing in the above-entitled matter was adjourned.]

[The following information was subsequently received for the record:]

METROPOLITAN DETROIT CONVENTION
AND VISITORS BUREAU,
Detroit, Mich., March 2, 1978.

Hon. DANIEL K. INOUE,
*Chairman, Senate Subcommittee on Merchant Marine and Tourism,
Washington, D.C.*

DEAR SENATOR INOUE: On March 15, 1978, the Senate Subcommittee on Merchant Marine and Tourism will conduct a hearing on an amendment to Senate Bill No. 2552. Passage of this amendment would authorize appropriations for a domestic travel promotion program to be conducted by the United States Travel Service.

The Metropolitan Detroit Convention and Visitors Bureau urges Subcommittee members to act favorably on this amendment. We believe that increased travel within the United States by Americans would have a beneficial impact on the national economy and would pay cultural and social dividends as well. The tourism industry offers job opportunities for thousands of unskilled workers and members of minority groups. Small business benefits from tourism and increased travel generates additional tax revenues for local and state governments. Travel by Americans to various sections of this country stimulates understanding and a greater appreciation of our heritage.

The United States Travel Service could undertake a broad scale multi-media public information program designed to motivate more travel within their own country. USTS could also help to eliminate doubt and uncertainty in the minds of potential travelers through the dissemination of accurate travel information.

Funds authorized to conduct such a program would be a wise investment and would be in the national interest. The United States Travel Service, working cooperatively with the travel industry could carry out such a program with success. For these reasons, the MDCVB urges your Subcommittee to recommend favorable action by the United States Senate in the proposed amendment to Senate Bill No. 2552.

Respectfully,

RONALD L. STEFFENS, *President.*

TRAVEL BUREAU,
DEPARTMENT OF COMMERCE,
Lansing, Mich., March 6, 1978.

HON. DANIEL K. INOUE,
*Chairman, Senate Subcommittee of Merchant Marine and Tourism,
Washington, D.C.*

DEAR SENATOR INOUE: Please be advised the Travel Bureau, Michigan Department of Commerce, strongly supports the amendment of Senate Bill No. 2552 authorizing appropriations for a domestic travel promotion program to be conducted by the United States Travel Service. We urge the subcommittee members to act favorably on this amendment at the March 15, 1978 hearing.

Increased travel within the United States by Americans will have a beneficial impact on the national economy and generate additional tax revenues for state and local governments with positive impact in urban and rural areas.

Our industry offers opportunities for the unskilled workers, members of minority groups, and skilled workers as well. The cultural and social dividends will be highlighted by greater understanding and a great appreciation for our heritage, thus promoting good will and unity.

As always, Senator, we in Michigan are most pleased to have you as the national spokesman in Congress. Your efforts have been and will continue to be greatly appreciated. Best personal regards.

Cordially,

JACK S. WILSON, *Director.*

INTERNATIONAL SNOWMOBILE INDUSTRY ASSOCIATION,
Washington, D.C., March 13, 1978.

HON. DANIEL INOUE,
Chairman, U.S. Senate Subcommittee on Merchant Marine and Tourism, Washington, D.C.

DEAR SENATOR INOUE: We recently received notification of hearings that the Committee on Commerce, Science and Transportation Subcommittee on Merchant Marine and Tourism will be holding on S. 2552, a bill relating to appropriations for the domestic tourism program of the U.S. Travel Service. Although a representative of the International Snowmobile Industry Association will not be able to be present at the hearing on March 15, 1978, we would like to submit our statement for the record.

ISIA has been strongly interested in tourism legislation for some years and we hope that the Subcommittee members will find our statement in support of the Travel Service's domestic program to be useful in their deliberations.

Sincerely,

M. B. DOYLE,
President and Chief Executive Officer.

STATEMENT OF MORTIMER B. DOYLE, PRESIDENT AND CHIEF EXECUTIVE OFFICER,
INTERNATIONAL SNOWMOBILE INDUSTRY ASSOCIATION

The International Snowmobile Industry Association (ISIA), on behalf of its members, the manufacturers of 90 percent of the snowmobiles sold in North America, would like to submit its statement on S. 2552, a bill authorizing appropriations for the domestic travel promotion program of the U.S. Travel Service, an agency within the Department of Commerce. Over the past several years, ISIA has had a strong interest in legislation affecting tourism. In 1974, we testified in support of Senate Resolution 281 which recognized, at the time of the oil embargo and subsequent energy shortages, the importance of allocation of energy resources to the tourism industry. Subsequently, ISIA participated in the National Tourism Policy Study, authorized in 1974 by Senate Resolution 347. We stated then, and we continue to believe now, that the well-being of the tourism industry is inextricably linked to the well-being of the United States, and as such should be the beneficiary of a coherent federal tourism policy. With this background, we come to the question at hand: the domestic travel promotion appropriations for the U.S. Travel Service.

Traditionally, of course, since its creation in 1961, the U.S. Travel Service has had a primarily international focus, that is, the promotion of travel by foreign visitors to the United States and its possessions. Not only was international

tourism seem as a way to offset the flow of U.S. tourist dollars abroad, but it was also perceived as a way to increase international understanding on a very individualized level.

As a result of this emphasis on international tourism, the domestic travel arm of the U.S. Travel Service has taken second place. In fact, although the function of promoting domestic tourism was transferred from the Department of the Interior to the Department of Commerce in 1973, it did not receive funding until fiscal year 1976. This lack of funding was not new with the Commerce Department, but a continuation of the situation at Interior. However, with the recognition of the importance of domestic tourism at the time of the energy crisis and the commissioning of an extensive tourism policy study, it seemed apparent that the short-sighted slighting of this essential element of U.S. tourism would end. Unfortunately, this does not seem to be the case.

We are distressed to see that S. 2552 calls for a drastic reduction in appropriations for the domestic programs of the U.S. Travel Service, a startling decrease from \$2.5 million to \$1.008 million. We fear that domestic tourism is about to be returned to its former "step-child" status before the finalization of the tourism policy study which, at the time of the June 1977 "Ascertainment Phase" report, pointed to the U.S. Travel Service as the keystone in the development of a domestic tourism policy.

ISIA would like to take this opportunity to point out the importance of domestic tourism to the well-being of the United States and we wish to share with the Subcommittee our particular perspective on this issue.

Anyone familiar with the tourism industry is aware of its heavily seasonal nature. Areas of the country that boom during the warmer months of the year, areas all across the American "snowbelt" can become virtually dormant in winter. Resorts close; motels close; restaurants close; unemployment rises. Recently, of course, areas that are blessed with a mountainous terrain can take advantage of the ever-increasing popularity of skiing. Other areas, not so blessed, are still faced with the economic hardships of winter. However, this situation can be and, in some cases, has been turned around. Communities have begun to recognize that tourism, the summer's vital economic force, can also be the winter's vital economic force. Perhaps a specific example will speak better than anything else.

The community of Old Forge, New York suffered from the classic problems of a summer resort town during the winter months: unemployment; under-utilized facilities; low cash reserves. However, the people of Old Forge saw the potential that winter tourism offered them and they actualized this potential. They began building and grooming snowmobile trails and encouraging snowmobile vacationers to come to their community. The results speak for themselves. In 1967, less than a half-dozen facilities were open during the winter months. Today, more than fifty hotels, motels and restaurants are year-round success stories. The area's unemployment has been reduced by 10% and the cash reserves during the winter are equal to those on hand during the height of the summer tourism season. This is certainly a success story and one that is being repeated throughout the snowbelt as numerous communities are revitalized.

The U.S. Travel Service, recognizing the potential for communities to achieve economic stability by overcoming the traditional problem of seasonality associated with tourism, has become interested in the role snowmobiling can play in successful winter tourism promotion. However, progress in this area will be severely threatened if the Travel Service has to cut its domestic operations in half. The possibilities for the compilation of research on the promotion of winter tourism that can be shared across the snowbelt will go unrealized. In fact, the idea of the U.S. Travel Service as the Federal Government's centralized voice of tourism, as the agency coordinating travel programs on the Federal, State, and local levels, and providing technical and financial aid in tourism research, planning and development will all go unrealized.

Of course, we readily admit that the snowmobile industry has a stake in the promotion of winter tourism. However, the American people in general have a stake here too. As described above, winter tourism allows communities the chance to pull themselves out of the winter's economic doldrums. In addition, it gives people a chance to enjoy themselves in a time of year previously written off as a series of days in front of the television set. Winter has a beauty all its own that more and more people are able to experience first hand. The development of winter tourism also provides the way for land managers to cope with a problem of increasing concern to them: the over-utilization of their areas during the summer. With more Americans having more money to spend on their leisure

activities, facilities are becoming over-crowded in the summer. In some cases, for example, certain National Parks are crammed to capacity with eager summer visitors. Surely, the promotion of winter tourism, a way to spread out this demand for vacation sites throughout the year, should not be given short shrift.

We appreciate this chance to present briefly our views on the importance of the promotion of domestic winter tourism and the role the U.S. Travel Service can play in that area. As the Subcommittee knows well, tourism is one of the leading industries in the United States. We urge the Subcommittee by its actions to avoid returning domestic tourism, an essential part of the total tourism picture, to secondary status and to allow the U.S. Travel Service the chance to achieve its potential as the focal point of an emerging federal policy toward tourism.

Thank you.

Each state office was also asked to submit a list of invitees to conferences.

Field interviews completed in Michigan, Hawaii, Tennessee, New Mexico, Nevada, Montana, Washington and Florida. Interviews are scheduled for Vermont and New York within the next week.

Conference arrangements are being finalized, and are scheduled as follows:

Boston, May 4 and 5 (Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Puerto Rico, Vermont, Rhode Island, and the Virgin Islands).

Atlanta, May 18 & 19 (Alabama, Delaware, Washington, D.C., Florida, Georgia, Kentucky, Maryland, Mississippi, North Carolina, Pennsylvania, South Carolina, Tennessee, Virginia, and West Virginia).

Chicago June 1 and 2 (Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, Ohio and Wisconsin).

Oklahoma City June 8 & 9 (Arkansas, Colorado, Louisiana, New Mexico, Montana, North Dakota, Oklahoma, South Dakota, Texas, Utah and Wyoming).

Las Vegas July 5 & 6 (Alaska, American Samoa, Arizona, California, Guam, Hawaii, Idaho, Maryland, Nevada, Oregon and Washington).

Second questionnaire will be sent in April and will be designed to fill any voids.

During April material obtained from questionnaire and in-depth interviews will be assembled into report form for dissemination of the findings to conference participants.

Final report will be developed following the seminars for completion July 30.

U.S. DEPARTMENT OF COMMERCE,
THE ASSISTANT SECRETARY FOR TOURISM,
Washington, D.C., November 25, 1977.

Hon. DANIEL K. INOUE,
Chairman, Subcommittee on Merchant Marine and Tourism,
Washington, D.C.

DEAR MR. CHAIRMAN: I am pleased to transmit the responses to your questions on the domestic tourism program.

As I indicated to you, both in private conversation and when I testified before your Subcommittee in connection with my nomination, a sound and viable domestic tourism program is my top priority. I hope you agree that the information I am transmitting to you today is indicative of that position.

If you need any additional information or want to discuss any aspects of the domestic tourism program, please do not hesitate to contact me.

Sincerely,

FABIAN CHAVEZ, Jr.

Enclosure.

DOMESTIC RESEARCH PROGRAM

USTS plans to establish guidelines for standardized definitions, data categories and methods for data collection.

Question 1(a). Is this work being done in-house, or is it being contracted out?

Answer 1(a). This work is being conducted in-house by our Research and Analysis Division.

(b). If it is being contracted out, to whom? Contract price? Sole source? Completion date?

(b). Not applicable.

(c). If it is being contracted out, what specific role in the program does USTS and its personnel have?

(c) Not applicable.

The guidelines which USTS is to establish for standardized definitions, etc. are to be based on "input from states and local governments."

Question 2(a). Is this "input" solicited from all states and local governments; and, if not, please indicate those whose input is being used, and the method for selecting them?

(b). Was the "input" solicited on a formal basis, i.e., a questionnaire, or other type of mailing; and, if so, who developed the methodology for obtaining the information, and how was it developed?

Answers 2 (a) and (b). Initial input was solicited by USTS in February 1977, from all states and 130 cities including city governments, convention and visitor bureaus and chambers of commerce by means of a questionnaire designed by Beverly Shipka, Director, Research and Analysis Division. The purpose of the questionnaire was to determine if preferences for definitions exist, as well as to obtain some indication of priorities among states and cities for the various components which should be included in an overall definition. A total response rate of 68% was achieved (75% of the states and 65% of the cities completed the questionnaire). An analysis of the replies was prepared and distributed to all who received the initial questionnaire. A copy of the analysis, including the questions, is attached.

ANALYSIS OF TRAVEL DEFINITIONS, TERMINOLOGY, AND RESEARCH NEEDS AMONG STATES AND CITIES

Research and Analysis Division, United States Travel Service, U.S. Department of Commerce, Washington, D.C.

In the past few years there has been considerable discussion about travel and tourism terminology and definitions. In an effort to determine if preference for definitions exist among representatives of the public sector of the tourism industry, the U.S. Travel Service solicited comments from 56 states and territories and 130 U.S. cities (City governments, Convention and Visitors Bureau, and Chambers of Commerce) during February, 1977.

In total, 75% of the states and 65% of the cities, for combined total of 68%, responded with comments about travel terminology, definitions, importance, and research needs.

1. Summary/conclusions

If any general conclusion can be drawn from analyzing the responses, it is that there is little consensus on definitions and terminology. Above all these findings again illustrated the difficulty in attempting to develop terminology and definitions which will be acceptable and helpful to the many diverse segments of the travel/tourism industry.

The two most popular definitions for travel/tourism appear to be "people taking trips outside of their home community excluding daily commuting to and from work" and "people taking trips outside of their home community and staying at least one night away from home."

Definitions including some mileage threshold ranked next in popularity, with a 50 mile limitation (one-way) being far more popular than a 100 mile limitation.

Opinion appears divided with respect to industry terminology between "travel" and "tourism", with "travel" being favored.

With respect to type of travel, nonresident motor vehicle travel was indicated to be the most important among both states and city respondents, followed by nonresident air travel and resident travel, which were thought to be nearly equal in importance.

Vacation/Pleasure/Recreation travel was perceived as important to both states and cities, although cities ranked Business/Convention travel nearly equal in importance. "Sightseeing" was indicated to be the most popular activity for vacation/pleasure travel by both states and cities.

Recognizing that travel research is expensive and it may not be possible to examine travel in its entirety at any one given time, an attempt was made to determine priorities or relative need for research among states and cities. Such a priority listing of research needs gives some insights into allocating limited resources for future research.

According to the responses received, it was the opinion of state and city leaders that research was most needed on nonresident motor vehicle travel. Research into both resident travel and nonresident air travel was perceived to be next in need after nonresident motor vehicle travel.

While any research into a particular type of travel (nonresident motor vehicle versus nonresident air) would be most useful if it examined all trip purposes, the respondents identified the need for research to be the greatest in the area of vacation/pleasure and recreation travel. When this was further subdivided into activities, state and city leaders expressed the greatest need dealt with sight-seeing. However, research into pleasure travel would likely examine all activities.

In the area of business travel, respondents expressed a relatively greater need for information about convention travel as opposed to nonconvention business travel.

II. Analysis of detailed findings

A. Definitions.—Five generally popular travel/tourism definitions, and the option to develop another, were among the choices offered to the respondents. Among state respondents, the largest group (36 percent) preferred the definition of, "people taking trips outside of their home community excluding daily commuting to and from work." However, a near equal group (33 percent) selected none of the five stated choices, but rather recommended one of their own. Generally speaking, these respondents modified their definitions by adding a trip purpose (preferring to restrict their definition to leisure or vacation travel) or combining two of the stated definitions (people taking trips outside of their home community of 50 or 100 miles from home *and* staying at least one night).

Among city respondents, the largest group (34 percent) preferred the definition of, "people taking trips outside of their home community and staying at least one night away from home." Approximately, one quarter of the city respondents preferred "people taking trips outside of their home community excluding daily commuting to and from work."

When the two groups of respondents were combined, the definitions of 1) trips outside of the home community excluding daily commuting to and from work (28 percent), and 2) trips outside of the home community in which at least one night was spent away from home (24 percent) were selected as best describing the phenomenon or activity with which they are most concerned.

TABLE 1.—DEFINITIONS

Regardless of what it is called (travel, tourism or whatever), which of the following definitions best describes the phenomenon or activity with which you are most concerned in your programs.

Definition	State		City		Total	
	Number	Percent	Number	Percent	Number	Percent
People taking trips, for any purpose, outside of their home community.....	3	7	3	4	6	5
People taking trips outside of their home community excluding daily commuting to and from work.....	15	36	21	25	36	28
People taking trips outside of their home community of 50 mi (100 mi round trip) or more from home.....	8	19	13	15	21	17
People taking trips outside of their home community of 100 mi (200 mi round trip) or more from home.....	0	0	6	7	6	5
People taking trips outside of their home community and staying at least 1 night away from home.....	2	5	29	34	31	24
Your definition, please specify.....	14	33	9	11	23	18
No answer.....	0	0	4	5	4	3
Total.....	42	100	85	101	127	100

B. Terminology.—When asked what the definitions should be named, the majority of state respondents (68 percent) recommended "travel" or some phrase incorporating the word "travel" (Table 2). City respondents were less agreed upon their choice of terminology and split between "travel" (42 percent) and "tourism" (38 percent). When the two groups were combined "travel" was chosen by a slim majority (51 percent) to be the preferred name for the activity with which they are most concerned in their programs.

TABLE 2.—TERMINOLOGY.

Once you have indicated your preference (for a definition), please write the name you think it ought to be called (travel, tourism, etc.)

Definition	State		City		Total	
	Number	Percent	Number	Percent	Number	Percent
Travel, traveler, travel industry.....	26	68	31	43	57	51
Tourism, tourist.....	8	21	28	38	36	32
Visitor, visitor industry.....	2	5	13	18	15	14
Other.....	2	5	1	1	3	33
Total.....	38	99	73	100	111	100

C. Type of Travel.—State and city respondents agreed that nonresident motor vehicle travel was the most important type of travel in their city or state. Both groups also generally agreed that, while nonresident air travel and resident travel were next in importance, they were nearly equal. While it is not evident from the average scores, when closely examining the raw data, it appears that some respondents held extremely divergent opinions of the relative importance of some types of travel. For example, as would be expected, coastal states perceived boat and ship to be relatively much more important than did inland states. Likewise, both city and state respondents were varied in their impressions of the importance of resident travel. City respondents also held extreme varying opinions on the importance of nonresident air travel. This is probably due to the fact that some cities are served by only limited scheduled air transportation.

TABLE 3.—RELATIVE IMPORTANCE OF TYPES OF TRAVEL

Please rank order (1 equals most important to 6 equals least important) the kind of travel, tourism, etc., with which you are most concerned and feel is most important to your State or business.

Type	State			City			Total		
	Number	Score	Rank	Number	Score	Rank	Number	Score	Rank
Nonresident (visitors from other States or countries) motor vehicle travel.....	36	1.28	1	84	1.39	1	120	1.36	1
Nonresident air travel.....	40	2.73	2	83	2.58	2	123	2.61	2
Nonresident bus travel.....	35	3.40	4	83	3.64	4	118	3.57	4
Nonresident train travel.....	35	4.91	5	81	4.79	5	116	4.82	5
Nonresident boat/ship travel.....	40	5.25	6	81	5.68	6	121	5.53	6
Resident (your own State) travel.....	40	2.73	2	83	2.81	3	123	2.78	2

Note: The lower the score the greater the importance.

D. Purpose of Trip.—Vacation/Pleasure/Recreation travel was indicated to be the most important among both state and city respondents, with city respondents also ranking Business/Convention travel nearly as high.

TABLE 4.—RELATIVE IMPORTANCE OF TRAVEL BY GENERAL TRIP PURPOSE

Please rank order (1 equals most important to 3 equals least important) the general kind of trip purposes with which you are most concerned and believe are most important to your State or business.

Type	State			City			Total		
	Number	Score	Rank	Number	Score	Rank	Number	Score	Rank
Vacation/pleasure/recreation....	41	1.07	1	81	1.44	1	122	1.31	1
Business/convention.....	41	1.95	2	81	1.56	1	122	1.69	2
Personal/medical affairs.....	40	2.97	3	81	3.00	3	121	2.99	3

E. Vacation/Pleasure Travel By Activity.—While state and city respondents agreed that "sightseeing" and "outdoor recreation" were the two most important activities, they were divided in their attitudes toward "visiting friends and relatives" and "entertainment". As might be expected city respondents ranked "enter-

tainment" higher in importance (2nd) than did state respondents (4th), whereas states ranked "visiting friends and relatives" higher (3rd) than did city respondents (4th).

TABLE 5.—RELATIVE IMPORTANCE OF VACATION/PLEASURE TRAVEL BY TRIP PURPOSE

Now being more specific, please rank order (1 equals important to 4 equals least important) the specific kind of vacation/pleasure trip purposes with which you are most concerned and feel are important to your State or business.

Type	State			City			Total		
	Number	Score	Rank	Number	Score	Rank	Number	Score	Rank
Visit friends and relatives.....	41	2.85	3	82	3.38	4	123	3.21	4
Outdoor recreation.....	41	1.90	2	82	2.49	2	123	2.30	2
Entertainment.....	41	3.20	4	82	2.55	2	123	2.73	3
Sightseeing.....	41	1.63	1	82	1.61	1	123	1.62	1

F. Research Needs.—Generally speaking, respondents felt that the greatest need for research was in those areas which they perceived to be most important to their programs. Specifically with respect to travel type, it can be seen in Table 6 that both states and cities believe that they have the greatest need for research in the nonresident motor vehicle travel segment with the nonresident air travel segment and the resident travel segment tied for second place.

It is interesting to note that, in some cases, the difference between average scores is not as great as it was when respondents ranked the relative importance of the travel types. This may indicate that, while respondents feel one type of travel is more important than another, they feel they have a better knowledge of the most important type and need to expand research into other areas where less information is available.

TABLE 6.—RELATIVE NEED FOR RESEARCH BY TRAVEL TYPES

Please rank order (1 equals most needed to 6 equals least needed) the area for which you feel you have the greatest need for data and research information.

Activity	State			City			Total		
	Number	Score	Rank	Number	Score	Rank	Number	Score	Rank
Nonresident (visitors from other States or countries) motor vehicle travel.....	35	1.91	1	82	1.68	1	117	1.75	1
Nonresident air travel.....	39	2.74	2	82	2.70	2	121	2.71	2
Nonresident bus travel.....	35	3.26	4	81	3.58	4	116	3.48	4
Nonresident train travel.....	35	4.69	5	77	4.53	5	112	4.58	5
Nonresident boat/ship travel.....	39	5.21	6	80	5.60	6	119	5.47	6
Resident (your own State) travel.....	39	2.77	2	82	2.66	2	121	2.69	2

With respect to trip purpose, both city and state travel leaders indicated the greatest need for research in Vacation/Pleasure/Recreation travel when compared to the two other travel segments of Business/Convention and Personal/Medical.

TABLE 7.—RELATIVE NEED FOR RESEARCH BY GENERAL TRIP PURPOSES

Please rank order (1 equals most needed to 3 equals least needed) the type of trips for which you have the greatest need for data and research information.

Type	State			City			Total		
	Number	Score	Rank	Number	Score	Rank	Number	Score	Rank
Vacation/pleasure/recreation....	41	1.23	1	81	1.15	1	122	1.18	1
Business/convention.....	41	1.83	2	79	1.97	2	120	1.92	2
Personal/medical affairs.....	40	2.95	3	80	2.85	3	120	2.88	3

In analyzing various activities on a Vacation/Pleasure/Recreation trip, of the four listed in Table 8, the need for research into sightseeing, outdoor recreation and entertainment segments were seen as having higher priority than research into the visiting friends and relatives segment.

TABLE 8.—RELATIVE NEED FOR RESEARCH OF VACATION/PLEASURE TRAVEL BY TRIP PURPOSE

Please rank order (1 equals most needed to 4 equals least needed) the specific type of trips for which you have the greatest need for data and research information.

Activity	State			City			Total		
	Number	Score	Rank	Number	Score	Rank	Number	Score	Rank
Visit friends and relatives.....	41	3.02	3	80	3.06	4	121	3.05	4
Outdoor recreation.....	41	1.88	1	80	2.68	3	121	2.41	2
Entertainment.....	40	3.05	3	82	2.38	2	122	2.60	2
Sightseeing.....	41	2.07	1	82	1.85	1	123	1.92	1

While both state and city respondents ranked the need for research in convention travel greater than nonconvention business travel, the city respondents ranked the need for research in both areas more closely.

TABLE 9.—RELATIVE NEED FOR RESEARCH OF BUSINESS TRAVEL BY TRIP PURPOSE

Please rank order (1 equals most needed to 2 equals least needed) the specific type of trips for which you have the greatest need for data and research information.

Activity	State			City			Total		
	Number	Score	Rank	Number	Score	Rank	Number	Score	Rank
Business/sales/professional.....	41	1.88	2	81	1.65	2	122	1.73	2
Conventions.....	41	1.12	1	81	1.35	1	122	1.27	1

According to USTS, one of the purposes of establishing guidelines for standardized definitions, etc. is to assist state and local governments in the development and planning of tourism programs.

Question 3 (a). On what basis did USTS determine there is a need for these guidelines to assist state and local governments to plan tourism programs?

Answer 3 (a). USTS determined the need to develop standardized guidelines for travel/tourism definitions, planning techniques and methodologies, to assist state and local government to plan tourism programs based on:

(1) A review of pertinent tourism documents including:

(a). United States Senate, Senate Committee on Commerce, Subcommittee on Foreign Commerce and Tourism, 1977 National Travel Survey hearings, April 2, 1976.

(b). The attached United States Travel Service's "Analysis of Travel Definitions, Terminology and Research Needs Among States and Cities," April 1977, referred in Question 2.

(c). United States Senate, Committee on Commerce, Science and Transportation, National Tourism Policy Study (Ascertainment Phase), June 1977.

(2). Feedback from government agencies and private industry during:

(a). The 1976 State Days Conference.

(b). Individual conversations and correspondence with government and industry persons at meetings both in and out of Washington.

(b). Will this goal of establishing guidelines for standardization be achieved within FY '78; if not, has USTS set a date certain for completing the program?

(b). There are two general categories of guidelines: (a) survey methodology guidelines and (b) tourism development planning guidelines. The survey methodology guidelines, which are used to measure travel patterns, etc., will be completed during FY 1978. The tourism development guidelines will be completed in calendar year 1979. However, portions of the development guidelines, which can be used by states and local governments, will be available at the end of calendar year 1978.

It should be understood that these guidelines will be periodically refined and updated as use and experience warrant.

Question 4. Will the guidelines for standardization be compatible with similar guidelines which WTO is doing in this area? If not, should they be?

Answer 4. Yes, they will be compatible.

Question 5. Does USTS now know what it will do with these guidelines for standardized definitions, etc., once they are established? Please explain.

Answer 5. Once the standardized guidelines are established, USTS will encourage states and cities to use them to obtain better tourism data than are now available in order to assist in tourism development plans.

Through the use of these Federal guidelines, states and cities will be able to compare their performance to the nation as a whole, as well as to determine where they rank with other states in terms of tourism volume and economic impact.

Such comparisons cannot be made now due to the variety of definitions and survey methodologies employed at the local level.

Within a nine-month period (September 1977 to June 1978), USTS and the Council of State Governments plans to perform a review and analysis of those state organizations that have developed significant state tourism programs as economic development tools.

Question 6 (a). Describe in detail the respective roles of USTS and the Council of State Governments.

Answer 6 (a). The United States Travel Service is the contractor. The contract administrator is John K. Snyder, Jr., Director, Office of State-City Affairs. He is monitoring the contract. Mr. Snyder will be assisted by Karen Cardran, Manager, Speakers and Awards Unit, Office of State-City Affairs, in the day-to-day, administration and supervision of the contractor's activities. Assistant Secretary Chavez, of course, has been and will continue to be personally involved in the review of the work being performed under this contract.

The Council of State Governments will conduct the study and submit a report containing the results of the study. Plans are to hold meetings with appropriate state tourism officials where USTS will disseminate the findings of the report.

(b). Is USTS contracting with the Council of State Governments; and, if so, what is the contract price?

(b). Yes, USTS is contracting with the Council of State Governments to carry out the work. The contract is for \$146,026.

(c). If there is a contract, did USTS solicit proposals from entities other than the Council of State Governments, and if not, why not?

(c). No, USTS did not solicit proposals from other entities. This study requires close liaison with state governments. It was felt that the Council of State Governments would be the most appropriate source to carry out the requirements of the contract. In each state, the Council is an extension of the state government and is regarded as a tool to be used by the Governor of each state.

The Council of State Governments is a joint agency of all state governments—created, supported and directed by them. It conducts research on state programs and problems; maintains an information service available to state agencies, officials and legislators; issues a variety of publications; assists in state-federal liaison; promotes regional and state-local cooperation, and provides staff for affiliated organizations.

Consequently, use of that built-in system of government-to-government relationships, the only one of its sort ensures the project a much higher probability of success. Besides having an established rapport with the executive branches of each state, the Council has worked closely with high-level contacts in the legislative research area and other high-level commissions within each state. Thus, the Council has demonstrably better access and cooperation than any other organization of its type.

(d). Please list examples of other tourism studies, reviews, and analysis which the Council of State Governments has done.

(d). The Council has not done any studies on tourism. However, it has done studies in a wide range of issues, some of which have tourism implications. Some of the Council's studies are:

"To Stem the Tide" Effective State Fisheries Management, 96 pages, 1975.

"Natural Resources Data Need" 36 pages, 1976.

"Zero Base Budgeting in the States" 36 pages, 1976.

"Coal: State Coal Severance Taxes and Distribution" 40 pages, 1976.

"Energy Conservation Policy Council for the States" 56 pages, 1976.

"Integration and Coordination of State Environmental Programs" 172 pages, 1975.

"Technical Study Report—State Government Conducted International Trade and Business Development Programs" published by DOC, Domestic and International Business Administration, June 1977.

"Strategies for Preserving State and Rural Rail Transportation" 152 pages, 1975.

"The States and Rail Preservation Including Model Legislation" 24 pages, 1975.

"Railroad Rehabilitation" 64 pages, 1976.

"Acquisitional Land for Highway Use" 1958.

"Expressway Legislation" 1958.

"Regulation of Billboards" 1959.

"Model State Energy Act" 1975.

"State Energy Agency Act" 1975.

"State Energy Management—The California Approach" conducted in cooperation with the National Science Foundation, 1976.

"Information System—Technology in State Governments" 1976.

"State Growth Management Policies" 96 pages, 1976.

"Principles for State Executive Budget Offices" 1975.

"Budgetary Process in the States" 1975.

"Scenic Rivers Legislation" 1974.

"Snowmobile Legislation" 1969.

"Shore and Beach Erosion Control" 1951.

This sample of titles indicates the Council's experience in doing a wide variety of studies which requires close cooperation with state governments.

(e). Does the USTS contract with the CSG contemplate that CSG will sub-contract any of the work? If so, please explain.

(e). Yes, the CGS has worked regularly with two consulting firms in a number of their projects and the two firms have the same high-level access to state offices as does the CSG. The CSG expects to draw on their services for this project.

The two firms are F. P. Neuenschwander and Associates, 50 West Broad, Columbus, Ohio, 43215, and Guy Rosmarin Associates, Inc., 1128 Connecticut Avenue, N.W., Washington, D.C. 20036. Neuenschwander specializes in economic development consulting at the state, national and international levels. Rosmarin is an economic consultant specializing in manufacturing and commodities in cooperation with state development offices. Both principles have had experience in state governments, Neuenschwander with the Ohio Department of Economic Development for 8 years, Rosmarin with the Massachusetts governor's office for five years and with other elements of the Massachusetts state government as well.

One of the objectives of the USTS/Council of State Governments (CSG) study is to "determine ways to make the Federal role in tourism more effective and responsive to the national interest in tourism."

Question 7 (a). Has USTS studied or otherwise defined what the current Federal role in tourism is?

Answer 7 (a). No, in Article 1 of USTS' contract with the Council of State Governments, the term "Federal role in tourism" is used in its narrowest sense. It refers to those authorities expressly vested in the Secretary of Commerce by the International Travel Act of 1961 and by the Act of July 19, 1940. It does not extend to authorities exercised by agencies other than the U.S. Travel Service.

(b). What do you mean specifically by "determining ways to make the Federal role in tourism more effective and responsive to the national interest in tourism?"

(b). As indicated in the answer to question 7 (a), we are not looking at the Federal role. This matter, of course, is being addressed by the National Tourism Study and there is no intent to duplicate that study. As the tourism office of the United States, USTS is viewed by the states, cities, and the private tourism interests as the "federal" tourism office. That role is seen as working with the state and cities consistent with the law and with administration policies. It is within that framework the term is used.

In addition, the results of the CSG project will be submitted to the Committee for its consideration in reviewing the findings and recommendations of the National Tourism Policy Study.

The USTS/CSG study is being financed and undertaken pursuant to USTS' mandate to develop a domestic tourism program.

Question 8. Isn't a study to make the Federal role in tourism "more effective and responsive to the national interest in tourism" beyond the scope of that statutory mandate? Isn't such an undertaking beyond the scope of any statutory authority USTS has?

Answer 8. As indicated in answers to questions 7(a) and 7(b), the term "Federal" should be construed as to mean "USTS."

Question 9. Specifically on that basis did USTS determine there was a need for the study, analysis, etc. which it is undertaking with the CSG?

Answer 9. Our determination was based in large part on our belief that tourism should play a stronger role in the nation's economy. This is based on analyses of the potential economic impact of tourism.

While tourism has been said to be this nation's third largest industry, it does not receive support commensurate with its economic importance. Therefore, the need for states to assume a greater role in travel and tourism is more important than ever before. The study being undertaken by USTS is designed to facilitate and assist the states in that role.

Question 10 (a). The USTS/CSG study is to take 9 months. Does USTS expect to complete all three phases of the study within that time?

Answer 10(a). The contract will run for a period of 10 months. It became effective on September 30, 1977, and will conclude on July 31, 1978. We plan to complete all phases by then.

(b). As to the information which the study will produce, does USTS *now* know specifically how and by whom it will be used?

(b). The primary intended audience will be those officials at the state level in executive and legislative branches who are responsible for travel and tourism activities, including state travel officials, state legislators, local government officials, and other elected officials who will adapt the material for use with private sector representatives and educational groups.

The study will include a prototype model which can be used, in part or in whole, by states to create an effective travel and tourism program as part of their economic development. The study will provide an analysis of techniques and methods used within the states to upgrade travel and tourism programs as a function of economic development, and will identify ways used in individual states to use travel and tourism budgets to best advantage.

Question 11. Who at USTS will participate in the USTS/CSG study, and what will be the extent of their involvement?

Answer 11. Please see answer to question 6(a).

According to USTS, in 1978 the agency "will fund exclusively a national travel survey to obtain more frequently updated data on volume of traveler, their economic impact" etc.

Question 12 (a). Who will conduct the 1978 'national travel survey'?

Answer 12(a). A National Travel Survey funded in FY '78 will cover American travel during calendar year 1979. We plan to have the Bureau of the Census conduct the survey and discussions are under way with them on the details.

(b). At what cost to USTS?

(b). The cost is estimated at \$285,000.

(c). If it is being conducted under contract by a 'non-federal' agency, were proposals for the study sought from more than one organization?

(c). As stated in our answer to question 12(a), we plan to have the Bureau of the Census conduct the survey. If, for some reason, it cannot do it, we expect to go out on a competitive bid.

(d). What is USTS' role?

(d). The USTS role is to design segments and USTS' internal program needs. region, states, cities, industry segments and USTS' internal program needs. USTS played a similar role in the design of the 1977 National Travel Survey by soliciting input from all states, cities and industry segments in the following areas:

(1) Overall data needs and priority ranking,

(2) Questionnaire design,

(3) Tabular format for data analysis plan, and

(4) Subject material for individualized tailored reports such as traveler and trip profiles for each of the 50 states, analysis by tourism activity such as skiing, analysis of air travelers vs. other modes of transportation, etc.

USTS will also participate in a 'syndicated survey' focusing on traveler reaction on key issues, etc.

Question 13 (a). Who will conduct this syndicated survey?

Answer 13 (a). Travel and Tourism Consultants International, 1 Park Avenue, New York, New York 10016. The firm specialized in research services and marketing and management data on travel-related subjects.

(b). At what cost to USTS?

(b). The estimated cost in FY '78 is \$20,000.

(c). If it is being conducted under contract by a 'non-federal' agency, were proposals for the study sought from more than one organization?

(c) This survey is a syndicated survey and, by definition, means that this type of research is unique and the only research of its kind currently available. Such research qualifies for sole source contracts.

Such syndicated surveys serve as a cooperative effort whereby all participants with similar needs benefit from a considerable greater amount of information than the amount that each \$20,000 would buy. In essence, if USTS or any other single public or private agency were to design a similar study to collect the data being obtained in this syndicated survey, the cost would be approximately \$450,000 instead of \$20,000.

(d). What is USTS' role?

(d). USTS participants in the design of the survey including the scope of the research, identification of the specific topics to be addressed, review of the questionnaire, planning for analysis of data and development of the reporting format.

Question 14. Who has expressed a need for the specific information which the '1978 national travel survey' and the 'syndicated survey' are intended to produce? (To the extent your answer relies on testimony at Subcommittee's hearings on the subject, please cite to the specific page of the testimony).

Answer 14. Since 1971, there have been a number of expressions of need for the kinds of information being gathered in national travel surveys and the data collected from the syndicated survey. User needs have been expressed both formally through a USTS questionnaire sent to all regions, states, cities and members of the Travel Research Association in May 1976, and informally in discussions, speeches and meetings over a period of six years.

The following is a summary of the needs for such surveys as expressed to USTS:

Individuals testifying at the Senate Commerce Subcommittee on Foreign Commerce and Tourism on April 2, 1976, including Messrs: Mort Rovelstad (pp. 51-2), Alfredo Michaud (pp. 54-5), Richard Sanders (p. 71), Douglas Frechtling (pp. 111-112), and Ronald Moitzfield (p. 45).

The Urban Systems Laboratory of the Massachusetts Institute of Technology, which recommended that "the national travel survey be conducted either annually or biennially, that is, on a continuing basis."

National Tourism Resources Review Commission (NTRRC), which recommended that "the Bureau of the Census be authorized and adequately funded to conduct an annual tourism survey."

Discover America Travel Organizations (DATO) membership which "strongly supports a program of annual National Travel Surveys. . . ."

The Travel Research Association Executive Board, which "strongly supports a program of annual National Travel Surveys. . . ."

The Travel Industry Policy Development Council, which "strongly endorses the (NTRRC) recommendation to conduct an annual National Travel Survey. . . ."

According to USTS, in 1978 the agency will complete guidelines for a uniform data collection system leading to wider use by states in the years ahead.

Question 15. Is this a continuation or otherwise a part of the agency program "to establish guidelines for standardized definitions, etc." which USTS said it will begin in 1977? Please explain the interrelation of the program, including costs.

Answer 15. Yes, the guidelines for uniform data collection are related to the guidelines for standardized definitions. These activities represent a total program of local tourism data development which is designed to provide travel planning and marketing tools to states and cities.

In order to collect data that are meaningful and useful, standard definitions are needed for the various elements for which information is being sought. These data are then incorporated into the planning guidelines. The costs for developing uniform data collection guidelines is estimated at \$100,000 for 1978.

According to USTS, "under a local tourism data development program, USTS will participate in jointly funded projects with states and local governments."

Question 16. Have funds been committed for this program? If so, please explain and give a specific breakdown of the funds which have been committed.

Answer 16. Funds for this program have not yet been committed in 1978. However, USTS will commit funds to the local tourism data development program in FY 1978.

DOMESTIC TOURISM TRAINING PROGRAM

During 1977 and 1978, USTS will develop a training program for state and local officials which is intended to help them establish tourism programs.

Question 1 (a). Will USTS be the sole 'federal agency' involved in this program? If not, please explain.

Answer 1 (a). USTS has provided the funding for this project, which is being carried out through the mechanism of an Economic Development Administration grant to the University of Missouri.

(b). What is the cost to USTS?

(b). The cost to USTS is \$223,482.

(c). Describe the role of USTS in the program, especially in the extent to which it has supervisory control over the contractor.

(c). EDA is responsible for administering the grant. USTS is responsible for making sure that the scope of work is being carried out satisfactorily.

(d). Were several proposals sought for the work to be done under the contract? Please explain.

(d) No, the grant system does not require that additional proposals be solicited. However, we worked with EDA to identify an appropriate university participating in EDA's University Program. As a result of the University of Missouri's proposal, they were selected. It should be pointed out that the University is contributing \$74,495 to the grant project.

Question 2. If the program is being done pursuant to a contract, what is the completion date of the contract?

Answer 2. This program is being developed through a grant. The completion date for this project is September 15, 1978.

Question 3. Specifically, on what basis did USTS determine there was a need for this particular program, and how was the concept developed?

Answer 3. Phase II of the National Tourism Policy Study expressed this need on page 65 and it is reflected also in the experience of the Assistant Secretary as a former State Tourism Director.

The concept was developed through the efforts of the University of Missouri in close cooperation with the in-house USTS Domestic Task Force.

Question 4. Does USTS now know specifically how and by whom this program will be used?

Answer 4. The program is designed to be used by approximately 500 state and local officials to enable them to train and educate others involved in tourism activities.

The training module will be designed in such a manner so that portions of the package can be used independently of each other, but it is important that all segments of the package can be tied together for use as one general training unit. The unit will include the necessary training tools and materials to be used by state and local tourism officials to educate other members of their regions or communities involved in tourism related activities.

Phase I of the domestic tourism training program will assess the present plans/programs of state and community travel organizations.

Question 5(a). What do you mean by "state and community travel organizations"?

Answer 5(a). "State travel organizations" means state tourism offices, while "community travel organizations" refer to the city and county convention and visitors bureaus as well as other county and regional organizations.

(b). Specifically, which state and community travel organizations will be assessed?

(b). Assessments will be carried out in 50 states, and in the territories and selected communities in each. The individual communities will be selected after the state assessment has been completed.

Phase I of the domestic tourism training program will assess the desires and requirements of the consumer.

Question 6 (a). Please explain what is meant by "the desires and requirements of the consumer."

Answer 6 (a). "Desires and requirements of the consumer" means the consumer's leisure, recreational and travel pursuits and what motivates the consumer to engage in them.

(b). Please explain the methodology and sampling technique which will be used.

(b). The consumer desire and requirements assessment is being built into the questionnaire survey instrument which will be sent to all state tourism offices and used during on-site inspections in the selected communities. Each service industry or attraction will also be asked to identify the method used to extract this information from the consumer and to explain their interpretation and follow-up of the information.

Question 7. Phase III of the training program will identify and compare alternative means and costs for delivering the training packages to state and local officials. Please explain in detail what this means, including whether the determination of costs for delivering the training package will take into account the fact that the organization and structure of state and local tourism entities differ greatly.

Answer 7. The grantee has been requested to identify alternative methods to deliver the training program to the users. We want to deliver the program in the most cost-effective and efficient way possible.

Moreover, any delivery system which requires significant numbers of federal employees will probably not be acceptable because of the policy to hold down federal employment. In selecting the appropriate alternative, we will, of course, take into account the fact that the organization and structure of state and local tourism entities differ greatly.

CONSUMER INFORMATION

Question 1 (a). When will the consumer information program be operational?

(b). Please explain it in detail.

Answer 1 (a) and (b). The program was begun in the spring of 1976 as part of an overall promotional program that included public service advertising, media relations and a fulfillment program for information on travel opportunities centering around the Bicentennial.

In FY 1976 and 1977, the promotional program consisted of a public service and advertising campaign using television and radio spot announcements and advertisements in newspapers and national magazines. It included:

(1). Motivational travel literature produced as back-up for the public service consumer advertising campaign.

(2). A media services program consisting of the distribution of travel theme, destination-oriented and how-to-travel (e.g., fuel-efficient travel) features and the airing of USTS-produced radio travel broadcasts ("Pathways USA").

(3). A nationwide, toll-free travel information service, which had been set up originally for the use of the travel trade, was made available to public inquiries. It was through evaluation of inquiries that the need for thematic travel guides was determined.

The promotional part of the domestic tourism program continued during FY 1978 with:

(1). Media Services Programs: Familiarization tours for U.S. journalists; production and dissemination of feature and news articles and radio and television travel programs.

(2). Advertising Programs: Motivational public service advertising campaigns in print and air media, a test paid advertising campaign to inform the American public of the availability of destination and educational travel information and to gather information to improve marketing techniques.

(3). Promotion: Production and distribution of destination and educational travel brochures and cooperative travel programs with specific consumer groups such as labor unions and government and industry recreation associations.

(4). National Travel Information Service: A toll-free travel information service for the U.S. travel trade and the consumer for testing the overall program.

This program is expected to peak in 1979, reaching 120 million Americans repeatedly and leveraging U.S. investment through media coverage valued at about \$15 million.

(c). How much money has USTS committed to this program for FY '78; FY '79?

(c). In FY 1978, USTS plans to use \$485,000 for the program as follows:

Media services.....	\$125,000
Advertising production costs.....	150,000
Brochures (production and distribution).....	88,000
National Travel Information Service.....	122,000

With regard to FY 1979, the President is still considering budget proposals and the exact costs cannot be provided until he has made his decisions, which will be reflected in the FY 1979 budget he submits to Congress in January.

RESPONSIBILITY FOR THE DOMESTIC PROGRAM

According to information furnished the Committee by USTS, Deputy Assistant Secretary Westphal was responsible for the domestic tourism task force.

Question (a). Does Ms. Westphal have responsibility for the development and implementation of the domestic program?

Answer (a). The Assistant Secretary initially set up a Task Force for the development of the program headed by the Deputy Assistant Secretary, Ms. Westphal. The Task Force consisted of representatives from each of the major program areas of USTS: Research and Analysis, Advertising and Promotion, Media Services, State/City Affairs, and Office of Policy Analysis.

Once the program was developed, Assistant Secretary Chavez reviewed it in great detail, made modifications and approved it.

With respect to the implementation, as with any other major program, the Assistant Secretary provides overall direction and guidance. As Deputy Assistant Secretary, Ms. Westphal participates in that process.

Responsibilities for the day-to-day implementation have been assigned to the appropriate program officer. (See answer to the next question.)

(b). Please describe in detail how responsibility for the domestic program is allocated within USTS, and the duties of each of the key personnel involved.

(b). The Assistant Secretary has directed that responsibilities for the domestic program will follow existing organizational and functional lines. In each office and division, the key personnel are as follows:

Research and Analysis Division.—For overall guidance and direction, Beverly Shipka; day-to-day operation, Marie Gillespie.

State/City Affairs.—The Domestic Training Program: John K. Snyder, overall; Barbara Slaweki, National Information Service; Karen Cardran, domestic tourism training program, i.e. CSG, University of Missouri, etc.

Media Services Division.—David Koch, Acting Director, overall guidance; familiarization tours and feature news articles, Carolyn Perroni; radio and TV travel programs, Brenda Curtis.

Advertising and Promotion Division.—Al Kogelman, overall direction; Jackie Clarke, public service consumer advertising, paid travel trade advertising, production and distribution of travel brochures, cooperative programs with specific consumer groups and labor unions.

Obviously there is overlap and liaison among program personnel and their activities.

USTS FY '78 BUDGET

Question 1. USTS' FY '78 budget for its domestic program is \$1.5 million. How much of that amount is allocated to contracts, grants, etc. outside of the agency?

Answer 1. The FY '78 budget for the domestic program is \$1,008,000, not \$1.5 million. Of this amount, a total of \$665,603 is planned for contracts or work to be done outside the agency on a reimbursable basis as follows:

National travel survey.....	\$285,000
Syndicated survey.....	20,000
Planning guidelines (University of West Virginia).....	25,000
Highway travel survey (Utah).....	25,000
2-3 contracts with States or universities to obtain data and finalize input for local travel survey and planning guidelines.....	50,000
Telephone information service.....	60,000
Pathways USA.....	10,603
Mailhouse contract.....	40,000
Public service advertising (production costs, fees, etc.).....	150,000

ADDITIONAL PROFESSIONAL STAFF

Question 1 (a). How many additional professional staff persons has USTS hired or plan to hire during FY '78?

Answer 1 (a). USTS plans to hire one additional professional staff member during FY '78 for the domestic tourism program.

(b). Please specify each position and indicate whether the position is or will be newly created.

(b). The position title will be Domestic Program Coordinator. The position is newly created.

(c). If newly created, please explain why it is necessary to create the position.

(c). This position is needed to establish a position of responsibility to coordinate all facets of the proposed domestic tourism program. It is now anticipated that each phase of the domestic tourism program will be carried out by the appropriate program office (see answer to question 1 (b)) within USTS with the responsibility for proper planning and implementation resting with the domestic tourism coordinator.

(d). As to newly created positions which are being filed by personnel from outside USTS, please explain why it was necessary to hire from outside the agency?

(d). This position, domestic tourism coordinator, will be filled competitively. Once the position is posted and announced, any employee of USTS, any other government agency or other private citizen can apply under the Civil Service regulations. When a list of highly qualified applicants is received from the Office of Personnel, the individual who can best carry out the responsibilities of this position will be selected.



