

STATEMENT OF
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Good Morning Chairman Meadows, Ranking Member Connolly, and Members of the Subcommittee. I appreciate the opportunity to come here today to discuss GSA's role in the Federal Fleet.

The mission of GSA's Office of the Motor Vehicle Management is to deliver safe, reliable, and low cost vehicle solutions that allow Federal agencies to effectively and efficiently meet their missions. The Federal fleet can be broken down into three categories of roughly equal size: one-third is owned by GSA and is leased to those entities designated as eligible, a second third is owned and maintained by the United States Postal Service (USPS), and the final third is owned and maintained by non-Postal Service Federal agencies. In accordance with the Federal Property Management Regulation, excepting the Postal Service, executive branch agencies are required to purchase non-tactical vehicles through GSA. Accordingly, those vehicles leased to Federal agencies by GSA and those non-tactical vehicles owned and maintained by non-Postal Service executive branch agencies are procured from the same GSA supply source.

GSA's status as a mandatory source for vehicle purchasing guarantees that all Federal agencies leverage the buying power and reduce government-wide administrative costs inherent in having a single strategically sourced point of purchase. In fact, in fiscal year (FY) 2014, GSA's negotiated discount on these vehicles averaged 17.6% below dealer invoice. Given GSA's FY 2014 procurement of 58,050 vehicles, this discount saved the American taxpayer an estimated \$314.9 million.

As a full service vehicle leasing option for federal agencies, GSA drives down costs for Federal customers by providing end-to-end fleet management services at an all-inclusive rate. The leasing program follows GSA's motor vehicle purchasing program model that has demonstrated year-after-year cost saving results. This model drives down costs by leveraging buying power and consolidating redundant Fleet management functions duplicated in many different agencies across government into one high-performing program. Our goal is to empower each Federal

agency to focus finite financial and human capital on their missions instead of spending those scarce resources on fleet management functions. GSA's motor vehicle program provides customers with a comprehensive fleet solution that includes:

- Vehicle acquisition
- Maintenance management
- Accident management
- A fleet services card for fuel and maintenance with a dedicated waste, fraud, and abuse detection team
- A fleet management information system designed to capture detailed vehicle data for purposes of efficiency analysis and cost reduction
- Operational support and vehicle management
- Vehicle tag management
- Vehicle remarketing
- A comprehensive training program for drivers and fleet managers

GSA Fleet leasing supports over 15,000 unique customers who collectively lease over 204,000 vehicles. To demonstrate our commitment to providing customers with the best possible value, GSA decreased its leasing rates over the past two fiscal years by 1% and 2%, respectively. These decreases were a result of the excellent sales proceeds generated on GSA Fleet vehicles by our dedicated remarketing program.

In addition to the leveraged buying power and government-wide administrative cost savings inherent in a centralized fleet management program, GSA prioritizes helping customers make smart decisions about the composition and size of their leased fleet. Specifically, the program actively works with customers to encourage them to use the most economical vehicle to meet their mission needs, help them select an alternative fuel vehicle wherever feasible, and eliminate unnecessary vehicles from their fleets. While GSA is proud of the progress it has helped customers make in optimizing their fleet size and composition, Federal agencies themselves are empowered to analyze their mission needs and, accordingly, to make the final decision about how many vehicles they need to successfully fulfill the mission tasked to them by Congress. In particular, GSA is not an enforcement agency and cannot require customers to turn in vehicles deemed underutilized. Ultimately, authority for vehicle purchasing and operating decisions remain with each Federal agency.

GSA partners with its customer agencies to help them stretch limited resources and maximize their mission impact. Additionally, GSA assists agencies in meeting Executive Order 13693 in regard to meeting sustainability goals. Some tangible successes in meeting overarching goals include:

- Each year, in accordance GSA's vehicle replacement standards, GSA Fleet replaces eligible vehicles in the GSA leased fleet with new, more fuel efficient vehicles. Vehicles added to the fleet in FY14 had an average of 20.5 percent higher miles per gallon rating than the corresponding vehicles they replaced.

- To ease the cost-burden of agency access to newer, more fuel efficient technology, GSA launched a hybrid initiative two years ago and to date has funded over 7,000 hybrid sedans, saving agencies an estimated \$6,000 per vehicle. GSA also introduced the first electric vehicles into the Federal fleet, and to date has integrated over 300 electric vehicles at no additional cost to customer agencies. To further support data capture and management, GSA also provided electric vehicle charging stations with data management software to customers participating in a pilot program, where needed.
- GSA supported Federal customers in purchasing alternative fuel vehicles to further realize the fuel efficiency of the Federal fleet. Nearly 81 percent of the vehicles purchased through GSA this fiscal year were classified as alternative fuel vehicles.
- GSA's Short Term Rental program is available to all Federal customers at no additional cost and allows customers to leverage GSA's best value rates to rent vehicles and construction equipment. The program eliminates the need for agencies to purchase expensive vehicles and equipment that may be utilized for only a season each year or during a disaster.
- The Dispatch and Reservation Module is an intra-agency car-sharing program offered by GSA that allows customers to combine GSA Fleet leased and agency-owned vehicles into motor pools, schedule vehicle reservations, and generate utilization reports all through an electronic system. This information technology car sharing solution allows agencies to track vehicle utilization and thereby identify potential reductions in fleet size to increase efficiency and productivity.

As a motor vehicle leasing provider, GSA also assumes responsibility for providing solutions that saves the American taxpayer money. Our strategy for meeting these goals involves:

- Maintaining vehicles in superior condition, which decreases the need for costly maintenance and repair and vehicle downtime.
- Replacing vehicles on schedules designed to maintain a safe, modern, dependable, and fuel efficient fleet while taking advantage of manufacturer warranties to minimize maintenance costs.
- Negotiating all maintenance and repairs over \$100 to ensure we receive competitive pricing.
- Actively remarketing our used vehicles to the public to ensure the highest possible proceeds are captured upon the sale of each vehicle.
- Providing automated management information systems that allow customers to update, query, analyze, and report on all of their fleet vehicle data and to leverage that data to more effectively manage their fleet.
- Creating an environment for predictable budget planning and removing the need for large capital outlays for vehicle replacements.
- Assisting in compliance efforts for mandates that agencies are required to meet, especially those mandates related to personal safety and procurement of environmentally sustainable products.
- Reducing the need for administrative overhead across the government by centralizing operational and administrative fleet support functions.

- Where appropriate, consolidating customer agency-owned vehicles and commercially leased vehicle requirements into the GSA Fleet to reduce government-wide costs and redundancies.

GSA supports the United States Postal Service (USPS) in a limited capacity for their administrative vehicles. A total of 389 vehicles are currently leased in the GSA Fleet program to the USPS for administrative purposes. Additionally, the USPS takes advantage of GSA's Short Term Rental program for surge requirements. In FY 2014, GSA Fleet provided 1,061 short term rental vehicles for an average of 77 days each for seasonal needs. The USPS and GSA are in discussions to acquire approximately 1,000 vehicles through GSA's 751 Schedule for a period of one year. Schedule 751 is GSA's Multiple Award Schedule that provides commercial motor vehicle leases to entities for periods from 1 to 3 years.

The recent GAO report, GAO-14-443, recommended that GSA examine the tradeoffs of changing our lease-rate structure so that agencies pay for their actual fuel use. GSA conducted an extensive analysis on the economic costs, mission impacts, and system changes required. We concluded that changing the billing model would dramatically increase internal and external administrative costs to support this decentralized process change as all agencies, individually, would be required to review transactional data and potentially impact customer agency missions as a result of no longer having a stable mileage rate for budgeting purposes. In addition, executive branch agencies are required by both statute and executive orders to dramatically reduce their fuel consumption. Agencies are diligently striving to comply with these mandates and fuel efficiency is improving. Therefore, GSA did not believe, given current circumstances, the additional cost to the taxpayer outweighed the benefits.

As cited in the GAO-13-659 report, best practices in fleet management include maintaining a formal fleet management information system, analyzing life-cycle costs to inform investment decisions, and optimizing fleet size and composition. Agencies that lease from GSA are afforded full access to a fleet management information system with the data available to make informed decisions for their fleet. In addition, GSA developed and launched a Federal Fleet Management System designed to assist in the management of Federal agency-owned vehicles. Offered to Federal agencies at no additional cost, this automated fleet management tool allows agencies to better control cost, establish utilization criteria, and manage fleet resources for maximum effectiveness and efficiency. This tool provides Federal agencies a solution to capture the necessary data elements essential to fleet management best practices.

GSA's mission is to deliver the best value in real estate, acquisition, and technology services to government and the American people. The GSA Office of Motor Vehicle Management is committed to this mission by delivering better value and savings, serving our partners, expanding opportunities for small businesses, making a more sustainable government, leading with innovation, and building a stronger GSA. In achieving these goals, GSA continually meets our promise in delivering the right vehicle at the right price with great customer service and the data required to effectively and efficiently manage a fleet. Our program strives to ensure that

safe, reliable, cost-saving vehicle solutions are provided to assist Federal agencies in successfully meeting their missions.

I appreciate your support of GSA's concerted efforts to drive continuous improvements in the Federal fleet and your partnership in delivering best value to the American taxpayer.

Thank you for the opportunity to testify today and I look forward to answering your questions.