

United States General Accounting Office

Report to the Chairman and Ranking Minority Member, Committee on Environment and Public Works, U.S. Senate

January 2003

ENVIRONMENTAL PROTECTION

Information on the Purchase, Use, and Disposal of Engine Lubricating Oil





Highlights of GAO-03-340, a report to the Chairman and Ranking Minority Member, Committee on Environment and Public Works, U.S. Senate

Why GAO Did This Study

Concerned with the time, money, and resources that the federal government expends servicing its vehicle and engine fleet, the Committee asked GAO to compile information on the government's use of engine lubricating oil.

GAO was asked to determine:

- How much engine lubricating oil the federal government bought in fiscal years 1999, 2000, and 2001;
- What costs are incurred for the disposal and recycling of engine lubricating oil;
- What costs are incurred for changing motor oil in military and civilian fleets;
- What logistical implications exist for the transport of engine lubricating oil during recent military operations; and
- What options exist for reducing purchase, maintenance, and disposal costs for engine lubricating oil.

To conduct its study, GAO focused on three agencies that account for 79 percent of all non-tactical vehicles owned or leased by the U.S. government: the U.S. Postal Service (USPS), the Department of Defense (DOD), and the General Services Administration (GSA). It compiled information only on engine lubricating oil used in ground vehicles and equipment and not in aircraft and ships.

www.gao.gov/cgi-bin/getrpt?GAO-03-340.

To view the full report, including the scope and methodology, click on the link above. For more information, contact William M. Solis at (202) 512-8365 or solisw@gao.gov.

ENVIRONMENTAL PROTECTION

Information on the Purchase, Use, and Disposal of Engine Lubricating Oil

What GAO Found

There is no aggregate data on the purchase, use, and disposal of engine lubricating oil for the federal government as a whole. However, the three agencies included in GAO's review—USPS, DOD, and GSA—collectively bought nearly 41 million quarts of engine lubricating oil, valued at about \$37.3 million, from fiscal years 1999 to 2001.

Only limited data is available on the costs for disposing and recycling engine lubricating oil used in the land-based vehicle fleets of these three agencies. The Army and Navy maintain some disposal data, but the Air Force, GSA, and USPS do not have any aggregate information available. In addition, information is not readily available on the number of labor hours and costs incurred in changing oil in the agencies' vehicles. Finally, it is difficult, if not impossible, to estimate the costs of transporting engine lubricating oil during military operations because the transportation costs depend largely on the specific scenario.

Several methods were identified for reducing the cost and use of engine lubricating oil:

- **Bypass filters**, used in conjunction with traditional oil filters, can substantially reduce the number of oil changes required by increasing the intervals between oil changes by two to ten times.
- **Synthetic lubricating oils** have the potential to increase the length of time between oil changes, reduce engine wear, and enhance the engine's operation over a greater range of temperatures.
- **Oil analysis programs** can also reduce engine oil use. These programs determine when it is time to change the oil by testing its condition in the engine rather than by following a regularly scheduled oil change based on mileage or usage.

Engine Lubricating Oil Purchases for Selected Agencies (FY 1999-2001)

DOD/Military								
Fiscal year	Army	Air Force	Navy	Marine Corps	Total	USPS	GSA	Total
Dollars in mill	lions							
2001	\$6.2	\$1.5	\$0.9	\$0.7	\$9.3	\$2.1	\$1.5	\$12.9
2000	6.1	1.4	1.0	0.6	9.1	2.0	1.5	12.6
1999	5.3	1.7	0.7	0.5	8.2	2.2	1.4	11.8
Total	\$17.6	\$4.6	\$2.6	\$1.8	\$26.6	\$6.3	\$4.4	\$37.3
Quarts in mill	ions							
2001	6.4	1.7	1.0	0.8	9.9	2.1	1.4	13.4
2000	6.8	1.8	1.3	0.7	10.6	2.1	1.3	14.0
1999	6.0	2.1	1.0	0.6	9.7	2.3	1.3	13.3
Total	19.2	5.6	3.3	2.1	30.2	6.5	4.0	40.7

Source: Data and estimates provided by USPS, GSA, and DOD.

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Abbreviations

AOAP	Army Oil Analysis Program
DLA	Defense Logistics Agency
DOD	Department of Defense
GSA	General Services Administration
NCDOT	North Carolina Department of Transportation
USPS	U.S. Postal Service



United States General Accounting Office Washington, DC 20548

January 2, 2003

The Honorable James M. Jeffords Chairman The Honorable Bob Smith Ranking Minority Member Committee on Environment and Public Works United States Senate

As you requested, we are providing you with information on the purchase, use, and disposal of engine lubricating oil by the federal government. You were concerned about the money, time, and resources that the federal government spends servicing its vehicle and engine fleet. As agreed with your offices, our work focused, to the extent that data was available, on the following five areas:

- How much engine lubricating oil did the federal government purchase and what did those purchases cost for each of the most recent 3 fiscal years for which such information was available?
- How much in direct costs did the federal government pay for the disposal and/or recycling of engine lubricating oil in each of the most recent 3 fiscal years for which such information was available?
- How much in direct contracted costs or federal employee labor costs were incurred by the federal government for the changing of motor oil in federal civilian and military fleet engines in each of the most recent 3 fiscal years for which such information was available?
- What were the costs and other logistical implications for the transport of engine lubricating oil by the military in recent military operations such as the Persian Gulf War and peacekeeping efforts in the Balkans?
- What are options for reducing the costs of the purchase, maintenance, and disposal of engine lubricating oil, including the use of technologies that would eliminate the need for frequent oil changes?

On November 21, 2002, we provided your offices with a briefing on the results of this review, including our scope and methodology. This report transmits the briefing, which is reprinted as an appendix.

Summary

There is no aggregate data on the purchase, use, and disposal of engine lubricating oil for the federal government. The three agencies included in our review-the Department of Defense (DOD), the General Services Administration (GSA), and the U.S. Postal Service-collectively purchased about 41 million quarts of engine lubricating oil, valued at about \$37.3 million, from 1999 to 2001. DOD's data reflects purchases that the military services made from the Defense Logistics Agency for both combat and commercial-type vehicles, but it does not include oil that the services bought from commercial vendors on the local economy.¹ DOD officials could not estimate the magnitude of these purchases from the commercial market. Because GSA does not perform oil changes itself, its data is based on estimates of the number of oil changes that commercial vendors or other federal maintenance facilities performed on the fleet. As such, the cost of the oil used in these changes cannot be identified separately from other maintenance costs. GSA's data excludes oil changes performed on GSA vehicles by other federal agencies' maintenance facilities. The Postal Service's data may not include some oil purchases, such as oil bought using petty cash, and oil changes performed by commercial vendors. However, Postal Service officials estimate that the amount of purchases not captured in this data is minimal (1 percent or less).

Our work indicated that only limited data on engine oil disposal and recycling costs is available from the agencies we reviewed. The Air Force and Postal Service do not have any aggregate disposal data available for engine lubricating oil. GSA also does not have disposal data because it relies on commercial vendors or other federal maintenance facilities to change and dispose of oil. However, the Army and Navy do maintain some information on engine oil disposal. For example, the Chief of Naval Operations and the Commandant of the Marine Corps report annually on disposal and recycling costs/quantities for waste oil for Navy and Marine Corps installations. On average, the Navy and Marine Corps annually disposed of 14,741 tons and 2,892 tons of waste oil, respectively during fiscal years 1999 to 2001. The Army has disposal data for only a few selected installations from its automated hazardous materials tracking system, which has been partially fielded only as a pilot project thus far.

Our review indicated that records on actual labor hours and costs incurred for oil changes are not readily available at the three agencies we reviewed.

¹ DOD's data includes engine lubricating oil used in internal combustion engines for ground vehicles and equipment, but does not include lubricating oil for aircraft or ship engines.

However, we noted that some data exists that would help them estimate labor hours and other costs for oil changes for selected vehicles. For example, Army officials told us that a draft Army Oil Analysis Program study includes estimated data on labor and other costs for oil changes on selected tactical vehicles. Also, GSA and Postal Service officials said they could estimate the number of oil changes for their vehicle fleets based on maintenance schedules. They could then calculate the costs for an oil change after making certain assumptions, such as the amount and cost of labor involved in making each oil change and that oil changes were actually performed as scheduled.

DOD officials told us that transportation costs for engine lubricating oil during military operations are scenario dependant and difficult, if not impossible, to determine. Typically, the military services store and transport oil to sustain them for the short term during contingency operations, usually for the first 30 days. They usually transport oil with other supplies and equipment or preposition oil supplies on ships or land overseas.

The Defense Logistics Agency (DLA) generally provides for follow-on supplies to the theater, which are requisitioned by the services as needed. DLA may transport oil to the theater from the United States or purchase it locally at overseas locations where needed, depending on the specific operation to be supported. In the case of Desert Storm, for example, DLA officials stated that some engine lubricating oil was provided by Saudi Arabia at no cost to the U.S. government, while some oil was purchased commercially by DLA from the United Kingdom.

Our limited literature search and discussions with agency officials to date have identified several options for reducing the costs of engine lubricating oil use. They are:

• **Bypass filters**, which are used in conjunction with traditional oil filters to remove smaller contaminant particles. These filters are currently in use in private industry, at the North Carolina Department of Transportation (NCDOT), and at some U.S. military locations. Studies have shown that bypass filters substantially reduce the numbers of oil changes required by increasing the intervals between oil changes from as much as 2 to 10 times. For example, in using these filters, NCDOT dump truck intervals increased from 5,000 miles to 10,000 miles and Scott Paper Company woodlands equipment intervals increased from 100 hours to 1,000 hours.

	 Synthetic lubricating oils, which can potentially increase the length of time between oil changes, reduce engine wear, and enhance the engine's operation over a greater range of temperatures. The Army is currently funding research in this area. Oil analysis programs, which determine when oil changes are due based on the condition of oil samples drawn from vehicles regularly and tested in labs. Oil changes are made only when they are recommended by the lab, rather than performed on a regularly scheduled basis. Preliminary analyses performed by the Army as part of the Army Oil Analysis Program (AOAP) have indicated that the Army has saved about \$81 million in oil change costs during the past 3 fiscal years, excluding disposal costs or AOAP lab operating costs. We have not validated the study's findings or its methodology. 				
Scope and Methodology	To conduct our review, we obtained information on engine oil purchases, disposal, and use from three agencies that account for 79 percent of the total non-tactical vehicles owned or leased by the U.S. government—the U.S. Postal Service (35 percent); GSA (29 percent); and DOD (15 percent). We held discussions or obtained data from GSA's Federal Supply Service; U.S. Postal Service headquarters; the White House Task Force on Recycling; DOD's Offices of the Deputy Under Secretary of Defense for Logistics and Materiel Readiness and the Deputy Under Secretary of Defense for Installations and Environment; DLA's Defense Supply Center Richmond and the Defense Reutilization and Marketing Service; and several other subordinate agencies and offices in each of the military services. We did not validate any of the data provided by the selected agencies or assess the merits of the options identified for reducing the costs of engine lubricating oil use. We performed our work from August through December 2002 in accordance with generally accepted government auditing standards.				
Agency Comments	In providing oral comments on the briefing slides pertaining to their agencies, GSA and Postal Service representatives stated that they agreed with the information presented. Additional comments on the material were incorporated as appropriate. DOD provided technical comments on a draft of this report, which we have also incorporated as appropriate.				
	We are sending copies of this report to the Chairmen and Ranking Minority Members of other Senate and House committees and				

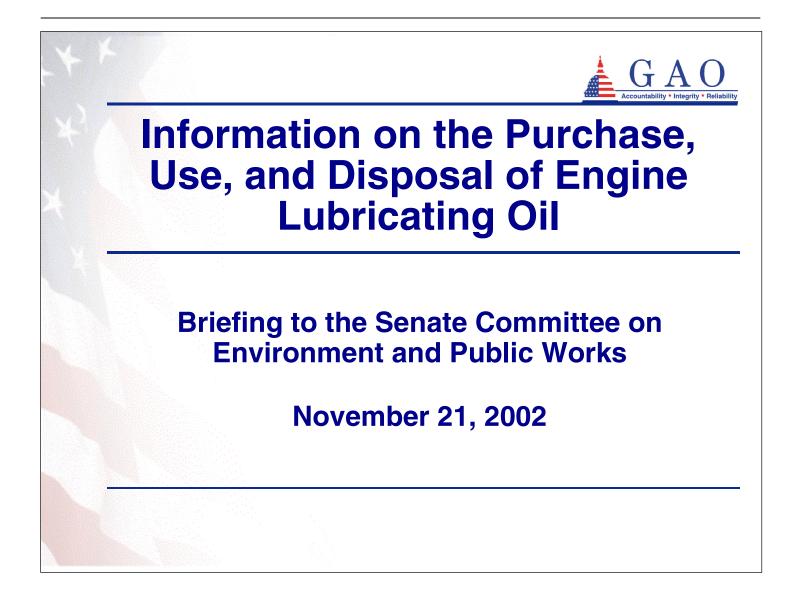
subcommittees that have jurisdiction and oversight responsibilities for DOD, GSA, and the Postal Service. We are also sending copies to the Secretary of Defense, the Administrator of GSA, the Postmaster General, and the Director of the Office of Management and Budget. Copies will also be available at no charge on our Web site at www.gao.gov.

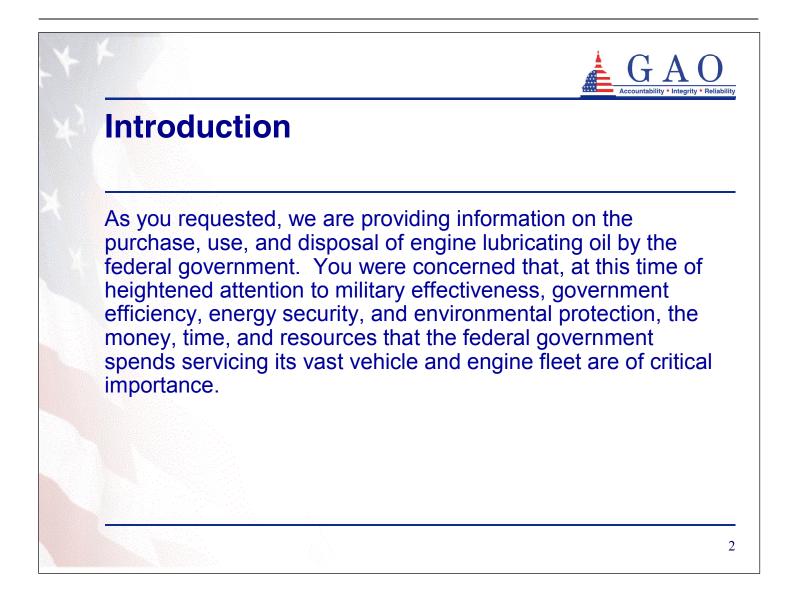
If you or your staff have any questions about this report, please contact me at (202) 512-8365 or e-mail me at solisw@gao.gov. Key contributors to this report were Ken Knouse, Cary Russell, Betsy Mead, and Andria Key.

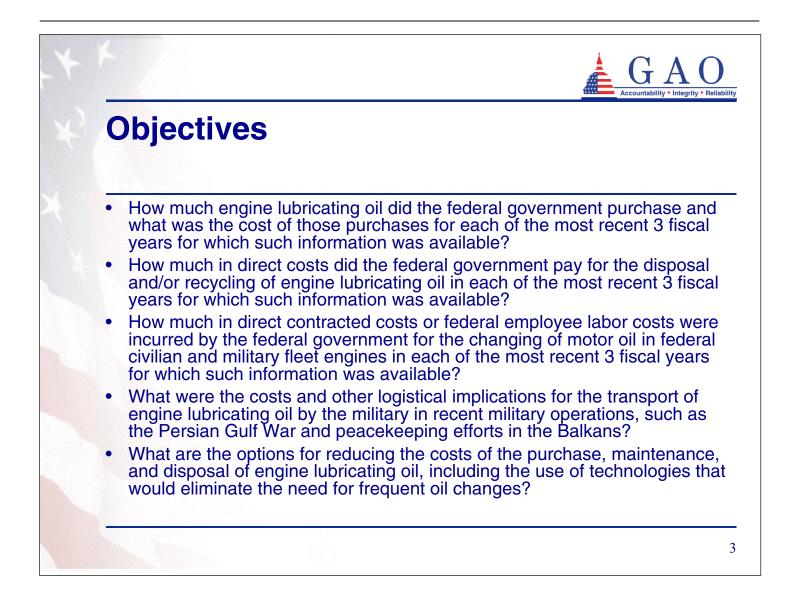
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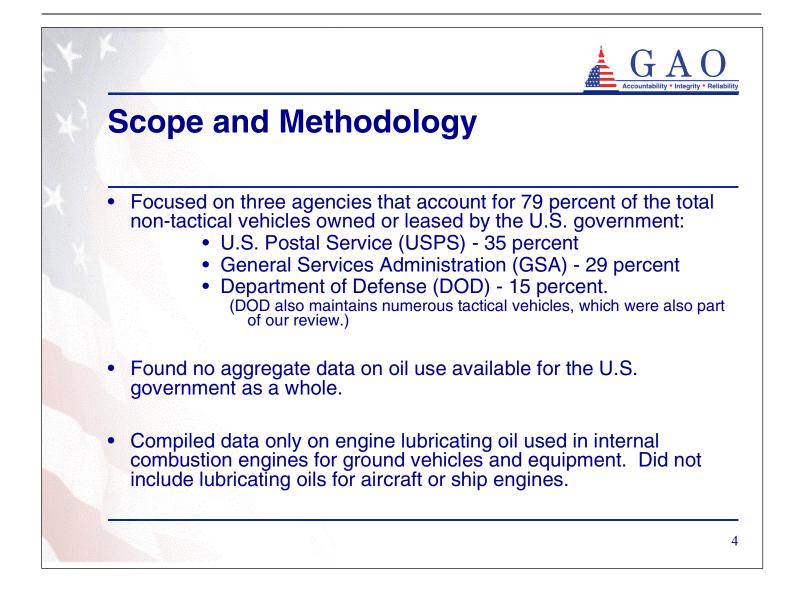
William M. Solis Director, Defense Capabilities and Management

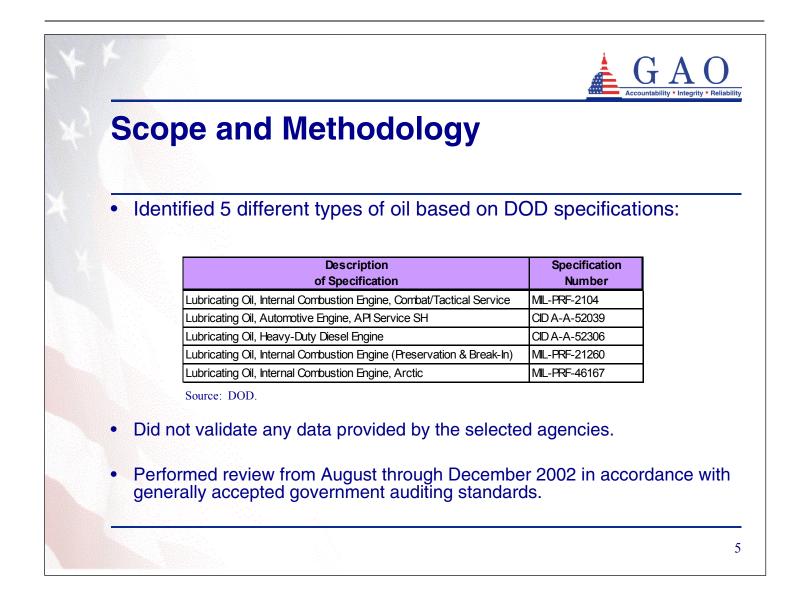
Appendix I: Briefing to the Senate Committee on Environment and Public Works

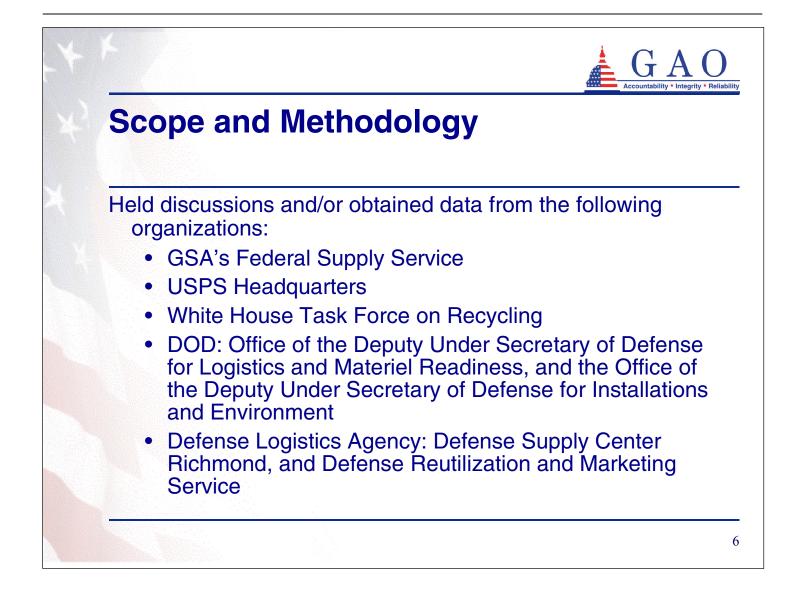


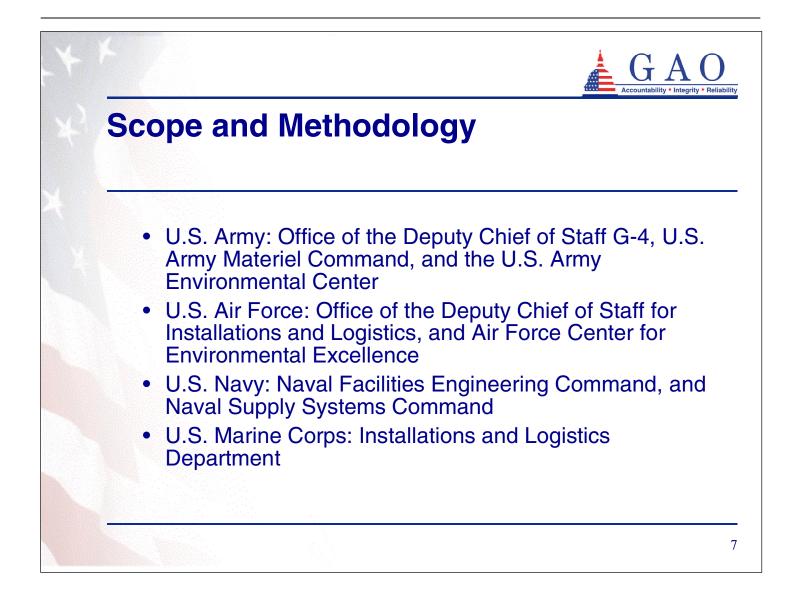


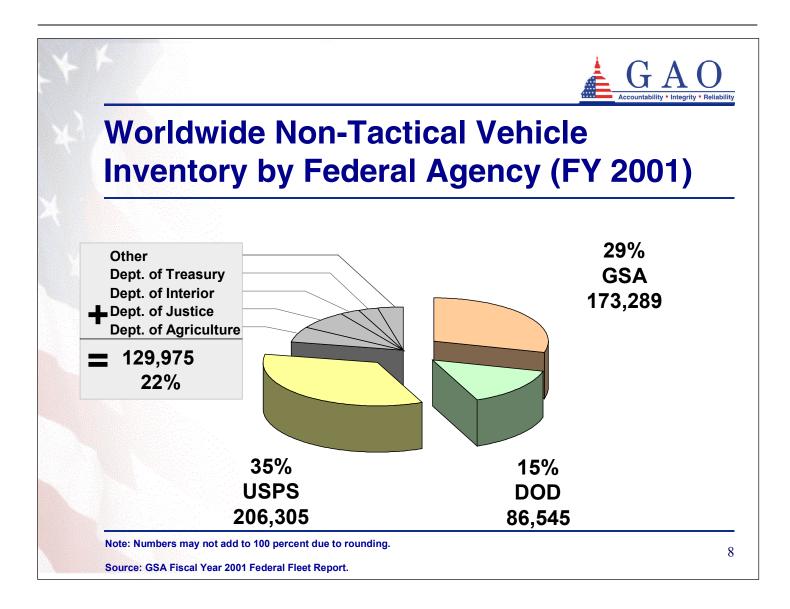


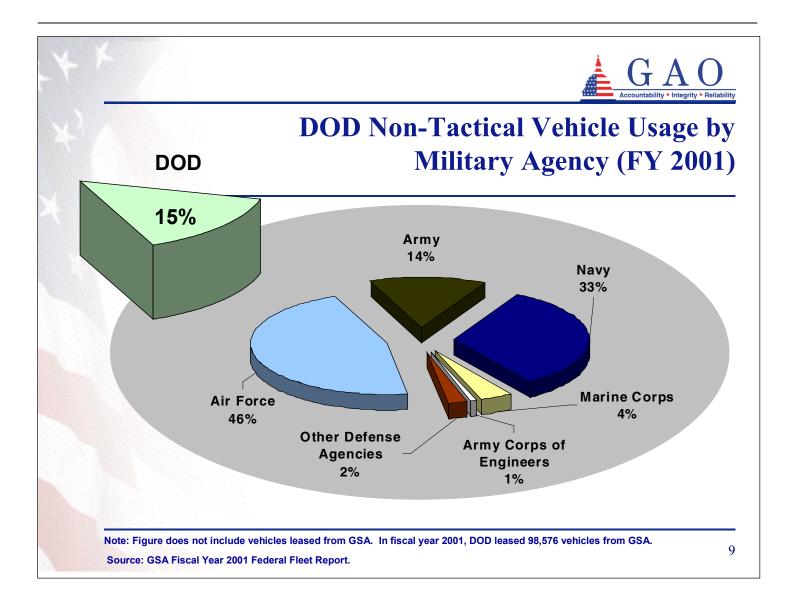


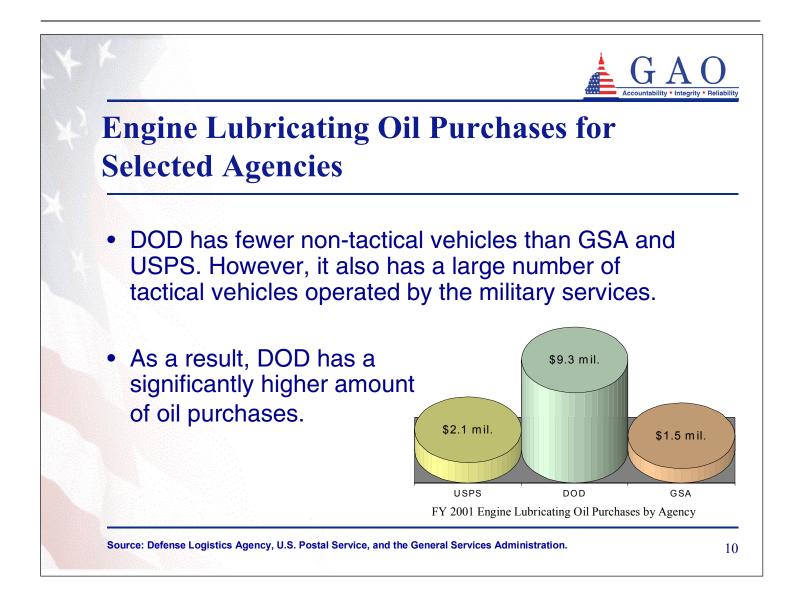


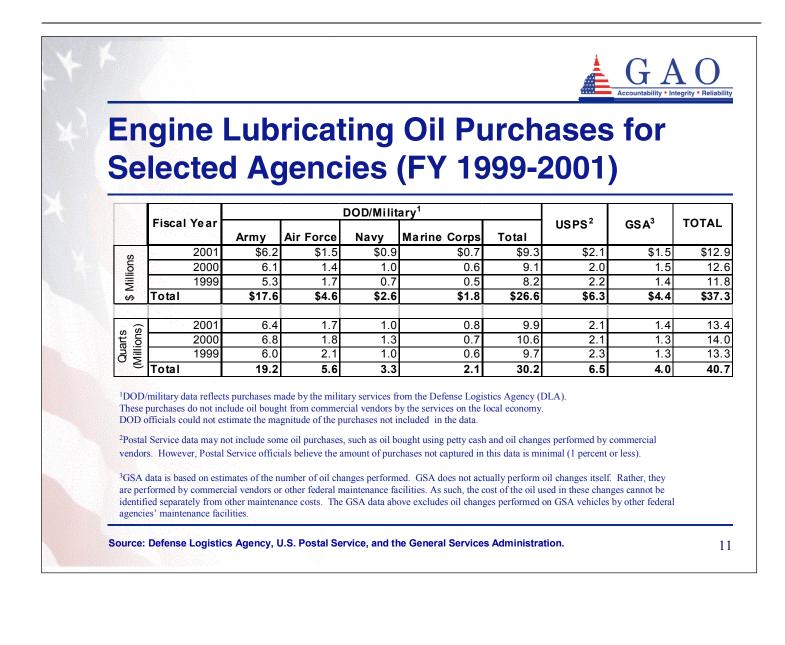


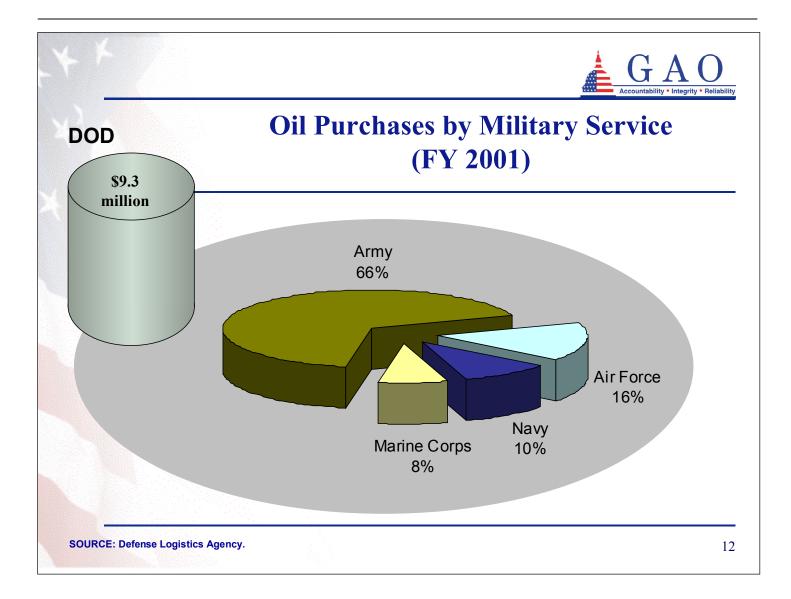


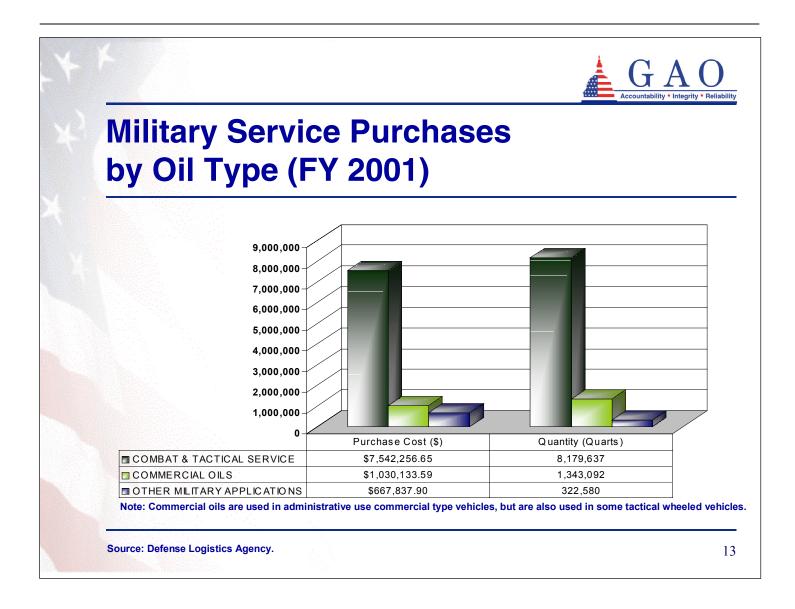




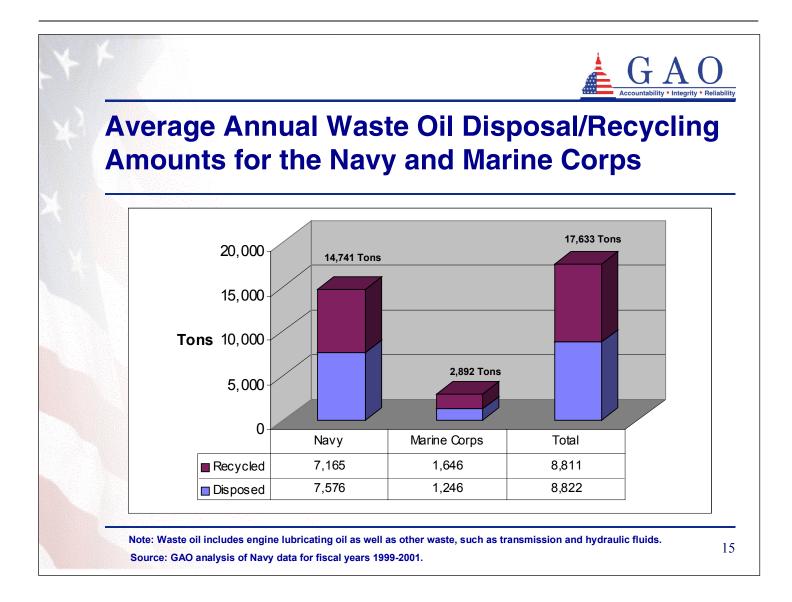


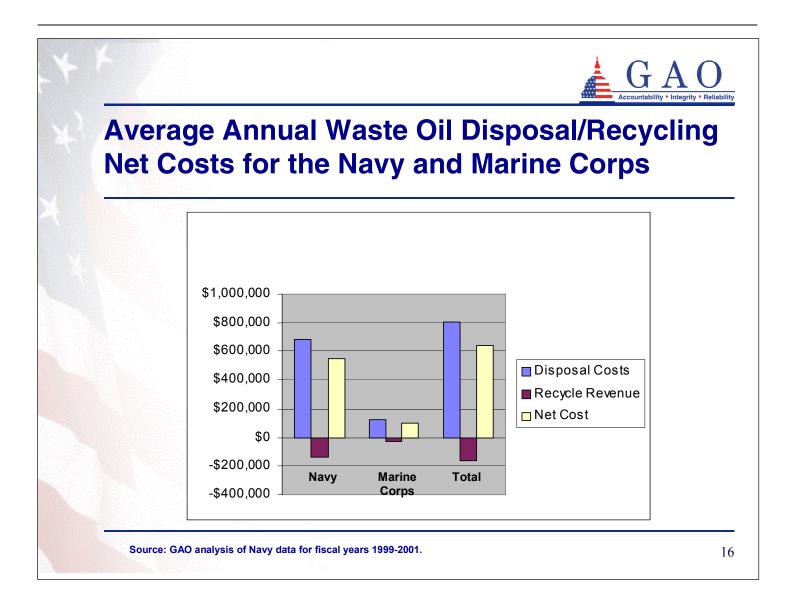


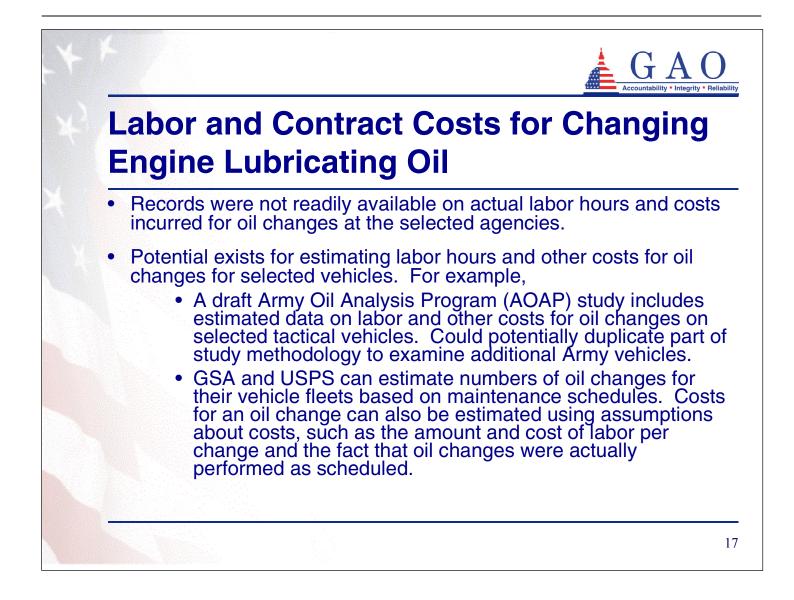


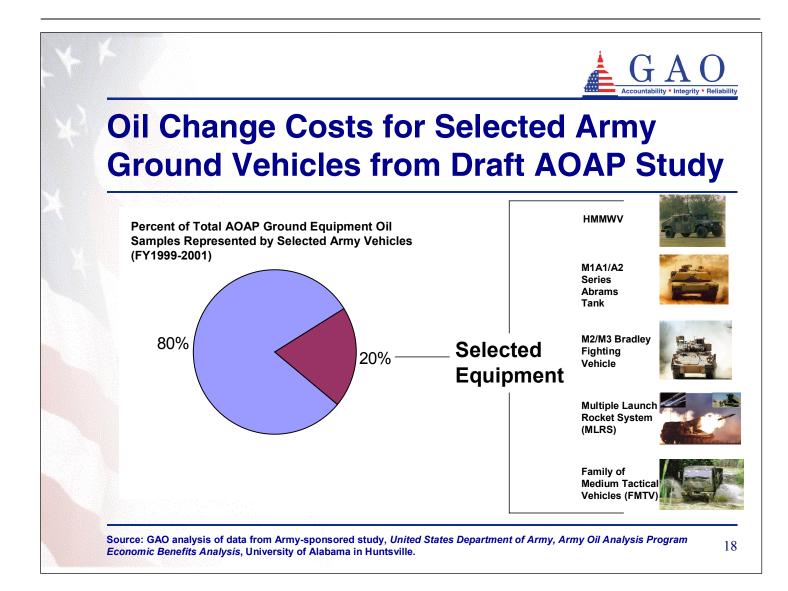


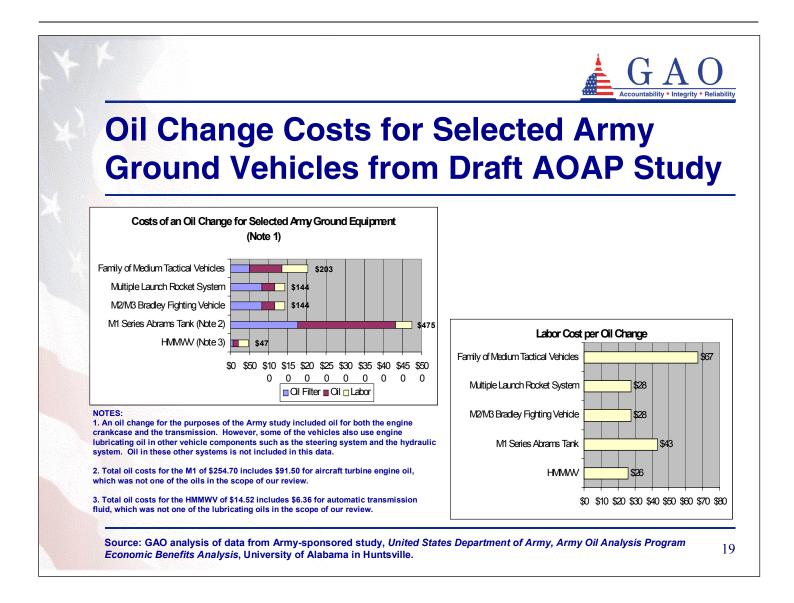


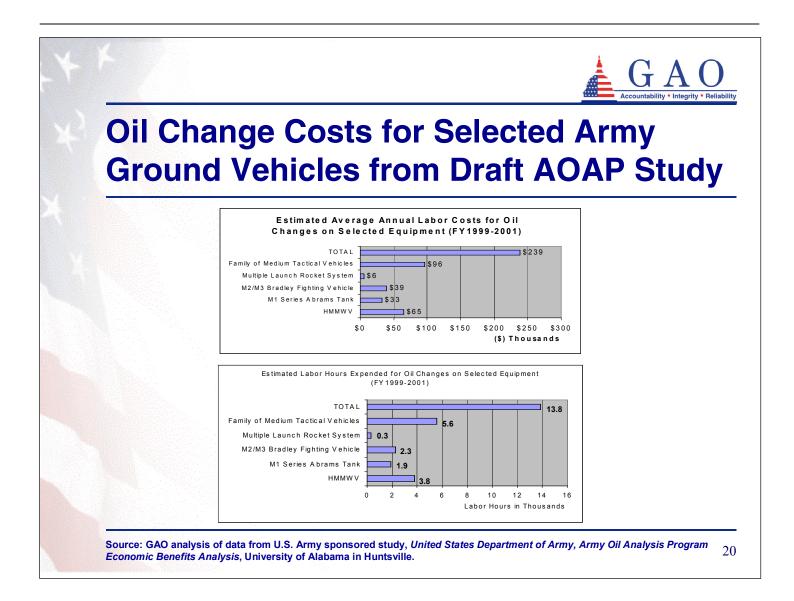




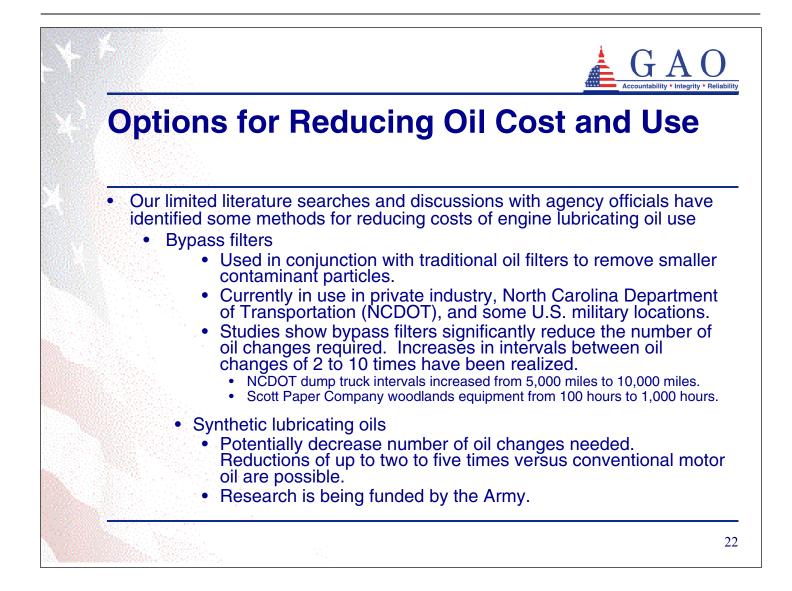


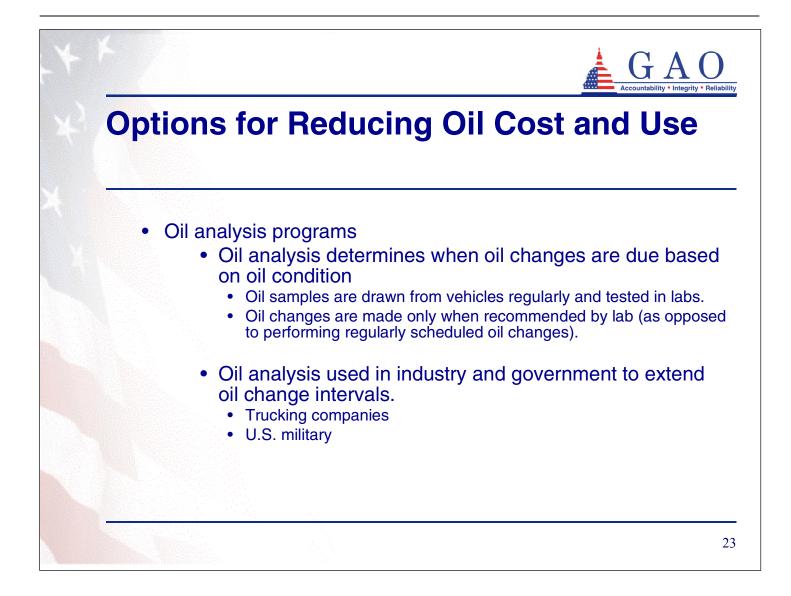


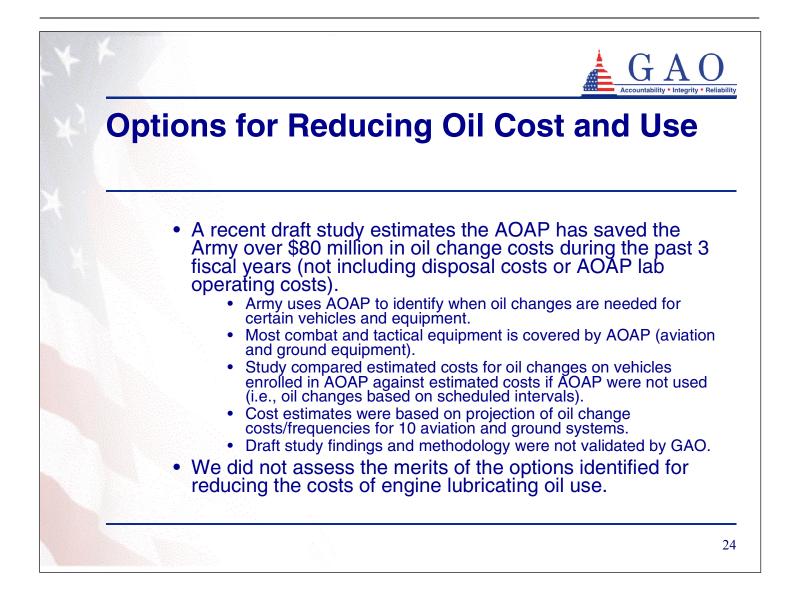












vings Estim Program (
Dollars in millions			
	Fiscal Year 2001	Total FY99-01	
Estimated Oil Change Costs Using AOAP	\$21.6	\$70.3	
Estimated Oil Change Costs Without AOAP	\$47.4	\$151.6	
Estimated Savings	\$25.8	\$81.3	

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