

DOCUMENT RESUME

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[Merits of Using Privately Owned Vehicles instead of Leased Vehicles]. LCD-78-238; B-158712. July 26, 1978. 4 pp.

Report to Rep. Larry Pressler; by Donald J. Horan (for Richard W. Gutmann, Director, Logistics and Communications Div.).

Issue Area: Facilities and Material Management (700).

Contact: Logistics and Communications Div.

Budget Function: Commerce and Transportation: Ground Transportation (404).

Organization Concerned: General Services Administration; Department of Housing and Urban Development.

Congressional Relevance: Rep. Larry Pressler.

A constituent employed in a Department of Housing and Urban Development (HUD) regional office made allegations concerning the use of General Services Administration (GSA) vehicles for official business. The allegations involved: the cost of GSA vehicles versus privately owned vehicles on official business, GSA costs to lease vehicles commercially, whether GSA motor pools are losing money at various locations, and time wasted by users of GSA vehicles in picking up and returning vehicles to motor pools. Federal Travel Regulations authorize use of a privately owned vehicle only when it is determined to be the most advantageous mode of transportation. At the HUD regional office where the constituent is employed, it appears that when all six personnel travel at the same time and each needs a vehicle, the four personnel who use their own vehicles should be reimbursed at 17 cents per mile. If the travelers use their own vehicles as a matter of personal preference, the agency is justified in reimbursing them at a lower rate. GSA realizes that leasing is usually more expensive than ownership; the practice of leasing vehicles is an interim measure to accommodate agency vehicle needs until sufficient funds can be obtained to purchase the necessary vehicles. Operating losses experienced by motor pools in high-cost areas may be offset by gains in other areas. In fiscal year 1977, the total motor pool system experienced a net gain even though 41 of the motor pools operated at a loss. (RRS)

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UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

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LOGISTICS AND COMMUNICATIONS DIVISION

B-158712

JULY 26, 1978

The Honorable Larry Pressler  
House of Representatives

Dear Mr. Pressler:

On May 15, 1978, you asked us to investigate statements contained in a constituent's letter regarding the use of General Services Administration (GSA) vehicles for official business. Specifically the constituent asked that we investigate

- the cost of using GSA vehicles versus privately owned vehicles on official business,
- GSA costs to lease vehicles commercially,
- whether or not GSA motor pools are losing money at various locations, and
- time wasted by users of GSA vehicles in picking up and returning vehicles to motor pools.

In view of our past work done on these subjects, we contacted the constituent to more clearly define his specific interests. We learned that he was employed at a regional office of the Department of Housing and Urban Development (HUD) in a job that required extensive travel. His interests--both specific and general--related to such travel and our comments on these matters follow.

COST OF USING GSA VEHICLES  
VERSUS PRIVATELY OWNED VEHICLES

The constituent explained that his primary concern is that the HUD regional office where he is employed has only two GSA commercially leased vehicles assigned to it even though there are six employees who are required to travel

LCD-78-238  
(943460)

extensively. He said that when all travel at the same time four of the staff have to use their own vehicles but are only reimbursed at 11 cents per mile. He said that the regional office set the rate at 11 cents per mile, on the basis that it was equivalent to the mileage cost of operating either of the two Government-furnished vehicles. The constituent feels that the travelers who use their own vehicle are being penalized because the regional office has been assigned only two Government cars. He also feels that if a cost survey was made on the use of GSA vehicles versus privately owned vehicles the Government would save money by paying travelers 17 cents per mile to use their own vehicles.

Federal travel regulations provide that travel on official business shall be by the method of transportation which will result in the greatest advantage to the Government. A privately owned vehicle can only be authorized or approved for use when it is determined to be the most advantageous mode of travel to the Government. In this situation, the regulations provide that reimbursement to the traveler shall be at the rate of 17 cents per mile. Travelers cannot be required to use their vehicles for Government travel, but on the other hand they may elect to use their own vehicles as a matter of personal preference. In that event reimbursement is limited to the cost which would be incurred for use of a Government-furnished vehicle, which in this instance is 11 cents per mile.

Based on the constituent's explanation of the situation at the HUD regional office where he is employed, it appears that when all six personnel travel at the same time and each needs a vehicle, the four that use their own vehicles should be reimbursed at 17 cents per mile. However, if the travelers are using their own vehicles as a matter of personal preference, the agency is justified in reimbursing them at a lower rate.

We contacted a HUD headquarters official in Washington, D.C., and explained the situation as described by the constituent. The official said that the HUD travel policy basically follows the Federal Travel Regulations. He agreed that if six employees at the regional office need a vehicle at the same time and only two official cars are available, the four employees required to use their own vehicle should be reimbursed at the 17 cents per mile rate. He said that if the situation exists as described by the constituent at a HUD regional office it is in violation of HUD travel regulations. He suggested that the constituent contact HUD headquarters and they would investigate the matter fully.

GSA LEASING VEHICLES COMMERCIALY  
AND THE COST PER MILE TO OPERATE THEM

Regarding the constituent's concern about GSA leasing vehicles commercially, he cited a newspaper article which stated that it costs 19.5 cents per mile to operate these vehicles. We are aware of this practice and realize, as does GSA, that leasing is usually more expensive than ownership.

The constituent could not document the 19.5 cents per mile that he cited in his letter and we were not able to confirm it. However, GSA's recent experienced cost for its leased vehicles is a fraction over 12 cents per mile. Therefore it would appear that use of a Government-furnished leased vehicle would cost less than a privately owned vehicle at 17 cents per mile, unless the time lost by the traveler in obtaining and returning such vehicles to the motor pool increases the cost enough to offset the per mile cost difference. GSA must retain the option to provide leased vehicles in lieu of privately owned vehicles because, as stated earlier, individuals cannot be required to use their vehicles for Government travel.

In our report to GSA entitled "Opportunities to Reduce the Cost of Government Vehicle Operations," (Feb. 28, 1978, LCD-77-215) we commented on GSA's practice of leasing vehicles commercially. We reported that GSA has not obtained funds needed to purchase vehicles to meet agency requirements. As a result, to satisfy their requirements agencies have engaged in costly commercial leasing or independently obtained funds from the Congress to purchase needed vehicles. Realizing that centralized leasing would be more cost effective than decentralized leasing by the individual agencies, GSA began to lease vehicles commercially to supplement the vehicles in its interagency motor pools.

The practice of GSA leasing vehicles is an interim measure to accommodate agency vehicle needs until it can obtain sufficient funds to purchase required vehicles. GSA has proposed legislation that will enable it to replace old vehicles and acquire new ones to meet agency needs without having to lease vehicles.

GSA MOTOR POOLS LOSING MONEY AT  
CERTAIN LOCATIONS

GSA motor pools are financed and operated under an industrial fund concept and it is conceivable that they can experience losses in any given year. Under the industrial fund concept GSA recovers the cost of motor pool operations through rental rates charged to agencies for use of GSA vehicles. GSA charges each customer the same rate for using a sedan regardless of which motor pool furnishes it. Thus, operating losses experienced by motor pools in high-cost areas may be offset by gains in other areas. For example, in fiscal year 1977 the total motor pool system experienced a net gain even though 41 of the motor pools operated at a loss.

USERS WASTE TIME IN OBTAINING AND  
RETURNING GSA VEHICLES

The Federal Travel Regulations provide that a determination should be made as to which travel method is most advantageous to the Government. In making the determination, consideration should be given to the total cost to the Government, including costs of per diem, overtime, and lost worktime, as well as actual transportation costs. For example, it would not be advantageous to the Government if the cost of the time lost by an employee in picking up and returning a motor pool vehicle exceeded the cost of travel by a commercial or privately owned vehicle.

We trust that this information will satisfy your constituent's concern on these matters.

We will not release this report for distribution to interested parties for 30 days unless you publicly announce its contents earlier.

Sincerely yours,

*for R. W. Gutmann*  
R. W. Gutmann  
Director