

Why GAO Did This Study

Agencies (excluding the U.S. Postal Service) spent about \$1.1 billion in fiscal year 2012 to lease about 190,000 vehicles from GSA. Recent legislative proposals have called for reductions in the cost and size of federal agencies' fleets. Agencies may choose to have telematic devices installed in leased vehicles; the data these devices provide can be used to manage fleets.

GAO was asked to review GSA's vehicle-leasing program. This report addresses (1) whether and how GSA's leasing rates, terms, and services support agency efforts to reduce fleet costs and (2) the views of selected experts regarding the cost-savings potential of telematics for fleets and the possible implications for GSA's leasing program. GAO reviewed program policies; interviewed GSA officials; held two panel discussions with fleet managers from 10 agencies representing 80 percent of the leased fleet in fiscal year 2011; and interviewed 19 experts with knowledge about telematics or fleet management, as demonstrated by recommendations from fleet management associations, among other considerations. Responses from the panelists and experts are not generalizable.

What GAO Recommends

GAO recommends that GSA (1) examine the trade-offs of changing GSA's lease-rate structure so that agencies pay for their actual fuel use and (2) request information on agencies' experiences with telematics in their fleets and share this information with agencies. GSA agreed with GAO's findings and recommendations.

View [GAO-14-443](#). For more information, contact Lori Rectanus at (202) 512-2834 or rectanusl@gao.gov.

FEDERAL VEHICLE FLEETS

GSA Has Opportunities to Further Encourage Cost Savings for Leased Vehicles

What GAO Found

Some aspects of the General Service Administration's (GSA) leasing rates, terms, and services support agency efforts to reduce fleet costs, while others do not. For example, GSA procures the vehicles it leases at a discount and passes those savings on to its customers, provides agencies with data analyses that can be used to eliminate unnecessary vehicles, and identifies fraud, waste, and abuse related to leased vehicles. However, GAO identified two areas where GSA's rates and terms have not encouraged agency efforts to reduce fleet costs. First, under GSA's leasing-rate structure, fuel costs are covered by a monthly fee based on miles traveled, among other things, but not on actual fuel used. This rate structure does not provide incentives for agencies to reduce some fuel costs that may not be fully reflected by miles travelled, such as costs associated with idling or speeding. Principles for designing government fees suggest that having each agency pay for the fuel it actually uses could increase incentives to reduce fuel costs. GAO has previously found that government fee decisions also involve considering trade-offs and that other considerations, such as administrative burden, are important. Without examining the trade-offs of changing GSA's rate structure so that agencies pay for the fuel they actually consume, GSA may be missing an opportunity to encourage agencies to minimize fuel costs and save taxpayer dollars. Second, lack of clear GSA guidance on what constitutes excessive wear and tear of leased vehicles can limit the ability of agencies to determine whether it is less expensive to lease or own vehicles. GSA just developed this guidance and is taking steps to implement it.

The experts and federal fleet managers GAO consulted agreed that the use of telematics can facilitate cost savings for some fleets by providing fleet managers with information—such as data on vehicle location, speed, or condition—that they can use to reduce fleet size, fuel use, misuse of vehicles, and unnecessary maintenance. For example, a fleet manager at the Department of Energy's Idaho National Laboratory reported that since fiscal year 2011, telematics data have helped officials at that facility decide to eliminate 65 leased vehicles for an estimated annual savings of approximately \$390,000. However, various factors—such as telematics' cost, characteristics of the fleet, and the level of management support—influence the potential of telematics to facilitate cost savings for a given fleet. The federal fleet managers on GAO's panels suggested that GSA lower the costs of telematic devices to improve the likelihood of achieving cost savings and to help allay management's concerns about return on investment. They also suggested that GSA provide information on agencies' experiences with telematics, such as studies or estimates of cost savings, to further support telematics' adoption in the federal fleet. GSA officials noted that they are currently engaged in efforts to obtain lower prices on telematic devices, and while officials do not currently collect information on agencies' experiences with telematics, they would be able to request it and share any information agencies voluntarily provide. One of GSA's strategic objectives is to enhance relationships with its customers, in part by sharing information that drives improved decision-making. By not collecting and sharing information on federal agencies' experiences with telematics, GSA may be missing an opportunity to help agencies determine whether to adopt telematics in their fleets and identify which devices or approaches have the greatest potential to facilitate cost savings.