

095546

2.68.04

75-6521



3  
19

# Economies Available If Federal Employees Rent Cars Under GSA Contracts B-160781

General Services Administration

*UNITED STATES  
GENERAL ACCOUNTING OFFICE*

AUG. 11. 1971

~~100729~~ / 095546



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

CIVIL DIVISION 45'

B-160781

Dear Mr. Kunzig:

This is our report on economies available if Federal employees rent cars under GSA contracts.

Copies of this report are being sent to the Director, Office of Management and Budget.

Sincerely yours,

*A. T. Samuelson*

Director, Civil Division

The Honorable Robert L. Kunzig  
Administrator, General Services  
Administration

D I G E S T

WHY THE REVIEW WAS MADE

In April 1967 the General Accounting Office (GAO) reported on ways that the General Services Administration (GSA) could reduce Government expenditures for rental cars. (See p. 5.) 17

GAO wanted to know whether the actions taken by GSA as a result of that report were successful. GAO specifically examined into the car rental rates and models and the extent of insurance coverage obtained by Government travelers.

When Government vehicles are not available, Government travelers on official business may rent cars (1) from commercial car rental firms under GSA contracts at special low rates obtained as the result of competitive bidding or (2) from other firms under informal arrangements at discounted rates offered to preferred customers.

The Government expends about \$9 million annually for the rental of cars. Of this amount, about \$7.4 million is incurred under the informal arrangements.

FINDINGS AND CONCLUSIONS

Following GAO's April 1967 report, GSA instructed agencies to use its rental contracts to rent cars whenever possible and simplified the contract ordering and billing procedures. GSA also issued a "Traveler's Pocket Guide" to provide information about its car rental contracts. (See p. 6.) These actions should have brought about greater use of rental cars under GSA contracts than was actually obtained.

GAO's current review of car rental practices at seven civil agencies showed that the majority of cars rented by Government travelers were rented under informal arrangements with commercial rental firms. (See p. 7.) e

GAO examined into 350 individual car rentals made during 1969 under informal arrangements in locations where GSA contracts were in effect. Savings of 36 percent of the rentals could have been realized if the employees had

- rented cars under the GSA contracts, rather than under the informal arrangements;
- rented less costly models (for example, compacts rather than standard sedans); and,
- not purchased collision insurance coverage in excess of the \$100-deductible insurance provided by the commercial firms under the informal arrangements. (See p. 7.)

Most of the seven agencies required that employees rent cars under GSA contracts when Government cars were not available and that they rent the less costly models available. These requirements were not followed.

The agencies did not have uniform policies on the purchase of additional collision insurance coverage. In June 1970 GAO reported to the Office of Management and Budget that a uniform Government-wide policy on collision insurance was needed. In June 1971 that Office was preparing an amendment to the Government's standard travel regulations which would not allow reimbursement of the cost of additional insurance coverage. (See p. 10.)

Because of the potential savings, rental cars, when needed, should be obtained under GSA contracts whenever possible. The less costly models should be rented whenever feasible. (See p. 13.)

#### RECOMMENDATIONS OR SUGGESTIONS

GSA should reemphasize to the agencies the importance and benefits of renting cars under GSA contracts and of renting the less costly models. GSA and the agencies should attempt to better inform Government travelers of the economies available under the GSA contracts.

In view of the pending policy change regarding collision insurance, GAO is not making any suggestion on that matter.

#### AGENCY ACTIONS AND UNRESOLVED ISSUES

GSA made a survey of 17 agencies concerning the mandatory use of GSA contracts for renting cars. Many agencies stated that they were unwilling to agree to the mandatory use of GSA contracts for renting cars because of inconvenience, unsatisfactory contractors, or the lack of contracts in some areas.

In view of the agencies' responses, GSA plans to set up an interagency task force to study ways to make the GSA rental contracts more acceptable.

GAO discussed the need for an effective Government-wide policy on use of GSA contracts for renting cars with officials of the Office of

Management and Budget. They plan to issue a policy statement encouraging the use of GSA contracts and less costly models.

The foregoing plans, if effectively implemented, should be beneficial in bringing about economies in renting cars.

C o n t e n t s

	<u>Page</u>
DIGEST	1
CHAPTER	
1 INTRODUCTION	4
2 PRIOR GAO REPORT AND RESULTANT ACTIONS	5
3 SAVINGS AVAILABLE THROUGH MORE ECONOMICAL METHODS OF OBTAINING COMMERCIAL RENTAL CARS	7
4 CONCLUSIONS, PROPOSALS, AND AGENCY ACTIONS	13
5 SCOPE OF REVIEW	16
APPENDIX	
I Letter dated August 21, 1970, from the Act- ing Administrator of General Services to the General Accounting Office	19

ABBREVIATIONS

GAO	General Accounting Office
GSA	General Services Administration

D I G E S T

WHY THE REVIEW WAS MADE

In April 1967 the General Accounting Office (GAO) reported on ways that the General Services Administration (GSA) could reduce Government expenditures for rental cars. (See p. 5.)

GAO wanted to know whether the actions taken by GSA as a result of that report were successful. GAO specifically examined into the car rental rates and models and the extent of insurance coverage obtained by Government travelers.

When Government vehicles are not available, Government travelers on official business may rent cars (1) from commercial car rental firms under GSA contracts at special low rates obtained as the result of competitive bidding or (2) from other firms under informal arrangements at discounted rates offered to preferred customers.

The Government expends about \$9 million annually for the rental of cars. Of this amount, about \$7.4 million is incurred under the informal arrangements.

FINDINGS AND CONCLUSIONS

Following GAO's April 1967 report, GSA instructed agencies to use its rental contracts to rent cars whenever possible and simplified the contract ordering and billing procedures. GSA also issued a "Traveler's Pocket Guide" to provide information about its car rental contracts. (See p. 6.) These actions should have brought about greater use of rental cars under GSA contracts than was actually obtained.

GAO's current review of car rental practices at seven civil agencies showed that the majority of cars rented by Government travelers were rented under informal arrangements with commercial rental firms. (See p. 7.)

GAO examined into 350 individual car rentals made during 1969 under informal arrangements in locations where GSA contracts were in effect. Savings of 36 percent of the rentals could have been realized if the employees had

- rented cars under the GSA contracts, rather than under the informal arrangements;
- rented less costly models (for example, compacts rather than standard sedans); and,
- not purchased collision insurance coverage in excess of the \$100-deductible insurance provided by the commercial firms under the informal arrangements. (See p. 7.)

Most of the seven agencies required that employees rent cars under GSA contracts when Government cars were not available and that they rent the less costly models available. These requirements were not followed.

The agencies did not have uniform policies on the purchase of additional collision insurance coverage. In June 1970 GAO reported to the Office of Management and Budget that a uniform Government-wide policy on collision insurance was needed. In June 1971 that Office was preparing an amendment to the Government's standard travel regulations which would not allow reimbursement of the cost of additional insurance coverage. (See p. 10.)

Because of the potential savings, rental cars, when needed, should be obtained under GSA contracts whenever possible. The less costly models should be rented whenever feasible. (See p. 13.)

#### RECOMMENDATIONS OR SUGGESTIONS

GSA should reemphasize to the agencies the importance and benefits of renting cars under GSA contracts and of renting the less costly models. GSA and the agencies should attempt to better inform Government travelers of the economies available under the GSA contracts.

In view of the pending policy change regarding collision insurance, GAO is not making any suggestion on that matter.

#### AGENCY ACTIONS AND UNRESOLVED ISSUES

GSA made a survey of 17 agencies concerning the mandatory use of GSA contracts for renting cars. Many agencies stated that they were unwilling to agree to the mandatory use of GSA contracts for renting cars because of inconvenience, unsatisfactory contractors, or the lack of contracts in some areas.

In view of the agencies' responses, GSA plans to set up an interagency task force to study ways to make the GSA rental contracts more acceptable.

GAO discussed the need for an effective Government-wide policy on use of GSA contracts for renting cars with officials of the Office of



Management and Budget. They plan to issue a policy statement encouraging the use of GSA contracts and less costly models.

The foregoing plans, if effectively implemented, should be beneficial in bringing about economies in renting cars.

## CHAPTER 1

### INTRODUCTION

Rental cars can be obtained by Federal Government travelers under GSA rental contracts that have been awarded to commercial car rental firms. The GSA contracts are entered into to obtain cars to supplement the Government-owned cars in GSA's interagency motor pools. In December 1969 about 150 rental contracts were in effect throughout the 10 GSA regions. These contracts which are awarded annually, primarily on the basis of formal advertising, provide for car rental services in designated areas, such as airports, air bases, cities, or a group of towns within a region.

The contracts usually provide that the commercial firms deliver the cars to airports, railroad stations, or other arrival points of the travelers within the number of minutes specified--usually 15 minutes--and pick up the cars at these or other points after the travelers have finished using them.

Also cars are offered for short-term rental (by the hour, day, week, or month) at airports and other locations by firms not under GSA contract. Civilian employees and military personnel of Government agencies, in conducting official business, frequently use such cars. Employees of Government contractors and subcontractors performing work under cost-reimbursable-type contracts also use such cars. The Government traveler obtains the same 20-percent discount rate that is extended to other preferred customers. This rental procedure is referred to herein as an informal arrangement.

On the basis of information obtained from GSA and a large commercial rental firm, we estimate that the Government spends each year for the rental of cars about \$9 million, of which about \$7.4 million is incurred under the informal arrangements.

## CHAPTER 2

### PRIOR GAO REPORT AND RESULTANT ACTIONS

In our April 1967 report,<sup>1</sup> we stated that rental rates obtained under the GSA contracts were substantially lower than the rental rates obtained under informal arrangements. It appeared to us that the more favorable rates were obtained under the GSA contracts primarily because such contracts usually were awarded through formal advertising. We estimated that Government-wide savings of as much as \$350,000 annually could be realized if cars being rented by the using agencies and contractors under informal arrangements were rented directly from the commercial firms at GSA contract rates.

We proposed that GSA reexamine, in consultation with major using agencies, its role in the rental of commercial cars for Government use, with a view to making a better response to agency needs and increasing the relative share of such rentals made under GSA contracts. We expressed the belief that, if the GSA contracts were revised to allow agencies and authorized contractors to rent cars directly from the commercial firms instead of through the GSA inter-agency motor pools and if the related GSA 10-percent surcharge for administrative costs were eliminated, the rental procedures would be simplified, less time would be required to obtain cars, and the agencies' reluctance to rent cars under GSA contracts might be overcome.

GSA agreed with our proposal and established an inter-agency task group to look into the matter of providing car rentals through GSA contracts. The task group recommended that agencies be permitted to obtain rental cars directly from GSA contractors when Government cars are not available from interagency motor pools.

---

<sup>1</sup>Report to the Congress entitled "Savings Available to the Government Through Revision of the Method of Supplying Commercial Rental Cars" (B-160781, April 17, 1967).

In December 1968 GSA distributed to the heads of Federal agencies GSA Bulletin FPMR E-59 which provided for direct ordering and billing between the using agency and the GSA contractor. The bulletin noted that it had been determined more advantageous for agencies to make arrangements for Government travelers to rent cars under GSA contracts at locations where such cars were available. The bulletin stated that:

"Agencies are expected to utilize GSA car rental contracts when interagency motor pool vehicles are not available or it is otherwise determined to be more economical to the Government to use commercial rental vehicles."

The substance of GSA Bulletin FPMR E-59 has been incorporated in the GSA Federal Supply Schedule entitled "Industrial Group 751 Motor Vehicle Rental Without Driver," which has been distributed to all Federal agencies. This schedule sets forth the provisions of the GSA car rental contracts and provides information on contract numbers, contractors' names and addresses, dispatching points, delivery and pickup points, addresses and telephone numbers for making reservations, and terms of payments.

In addition, GSA has issued a "Travelers Pocket Guide" which provides travelers with an alphabetical list of States, cities, contractors, contract numbers, telephone numbers, and types of vehicles available where GSA has commercial car rental services. This guide states, as does the bulletin, that agencies are expected to utilize GSA commercial car rental contracts to obtain cars when interagency motor pool cars are not available or when it is otherwise determined to be more economical to the Government to use commercial rental cars.

## CHAPTER 3

### SAVINGS AVAILABLE THROUGH MORE ECONOMICAL

#### METHODS OF OBTAINING COMMERCIAL RENTAL CARS

Our review of car rental practices of seven civil agencies showed that the majority of commercial cars rented by Government travelers in the conduct of official business during calendar year 1969 were rented under the more expensive informal arrangements, rather than under GSA car rental contracts.

Our examination into 350 individual car rentals made under the informal arrangements in locations where GSA contracts were in effect showed that savings of about 36 percent of the total cost of the rentals could have been realized if the employees had (1) rented cars under the GSA contracts, rather than under the informal arrangements, (2) rented less costly models, and (3) not purchased collision insurance coverage in excess of the \$100-deductible insurance provided by the commercial firms under the informal arrangements. The rental of cars under GSA contracts would have eliminated any need for such insurance payments since the contracts provided full collision insurance coverage.

Representatives of the seven agencies told us that most of the commercial cars rented by the agencies' employees had been obtained under the informal arrangements. The following table provides a breakdown of the estimated savings on the 350 individual car rentals reviewed by us.

<u>Department</u>	<u>Estimated savings</u>			<u>Total rentals tested</u>	<u>Percent of savings</u>	
	<u>GSA contracts</u>	<u>Less costly model</u>	<u>Collision insurance</u>			
Agriculture	\$ 860	\$ 270	\$ 285	\$1,415	\$ 4,470	32
Commerce	345	85	105	535	1,790	30
Health, Education, and Welfare	940	240	190	1,370	3,425	40
Housing and Urban Development	865	140	195	1,200	2,875	42
Interior	610	120	165	895	2,520	36
Labor	435	80	100	615	1,445	43
Transportation	435	85	30	550	1,525	36
Total	<u>\$4,490</u>	<u>\$1,020</u>	<u>\$1,070</u>	<u>\$6,580</u>	<u>\$18,050</u>	36

## OBTAINING RENTAL CARS

The Government's standard travel regulations assign the using agencies the responsibility for determining the mode of travel that is most advantageous to the Government. Our examination of the written policies of the seven civil agencies showed that five agencies had regulations which provided that, in cases where Government-owned cars were not available, the traveler utilize cars obtained under GSA contracts. The remaining two agencies, the Departments of the Interior and Transportation, did not have Department-wide regulations on this matter. The Department of Transportation's Federal Aviation Administration had such requirements, however, but they included GSA contracts only as an alternative method of obtaining commercial rental cars.

As stated previously, in practice most rental cars were rented by employees of the seven civil agencies under informal arrangements. Even with the usual 20-percent discount given to Government travelers under the informal arrangements, the use of GSA rental contracts would have been less costly for almost all the 350 car rentals we examined into. GSA contracts were in effect at the rental locations and at the time that these cars were rented. As indicated by the above table, the use of the GSA contracts would have saved the Government about \$4,490, or 25 percent of the total amount of car rentals tested.

## RENTING LESS COSTLY MODELS

Commercial rental firms generally offer the following four types of cars under the GSA contracts.

<u>Type I</u>	<u>Type II</u>	<u>Type III</u>	<u>Type IV</u>
American Hornet	American Rebel	American Ambassador	Station wagon
Plymouth Valiant	Chevrolet Chevelle	Chevrolet Impala	
Chevrolet Nova	Dodge Coronet	Chevrolet Bel Air	
Ford Falcon	Ford Fairlane	Chevrolet Biscayne	
Dodge Dart	Plymouth Belvedere	Ford Custom	
		Ford Galaxie 500	
		Ford LTD	
		Plymouth Fury I	
		Plymouth Fury II	
		Plymouth Fury III	

The least costly of these cars is type I; however, in some cases, GSA contracts did not offer this type of car. Although daily rental rates varied, frequently there was a difference of \$1 between the rental rate for each type of car offered under an individual contract.

Although the regulations of five of the seven agencies require that the traveler obtain the less costly model--the Departments of Agriculture and the Interior do not have regulations on this matter--we noted that, for about 280 of the 350 car rentals in our test, the travelers had obtained type II or type III cars. Had the travelers selected type I cars, when available under the GSA contracts, or type II, when type I was not available, the Government would have realized savings of about \$1,020, or over 5 percent of the total rentals tested.

## COLLISION INSURANCE

The GSA rental contracts provide insurance covering liability, loss, or damage to the rental car or to any property when the liability, loss, or damage is attributable to the use of the rental car. Also the contracts provide full collision coverage.

Liability and \$100-deductible collision insurance is provided under the informal arrangements. The traveler can obtain full collision coverage for a payment of \$2 a day.

Five of the seven agencies have regulations regarding the purchase of full collision insurance coverage. The Departments of the Interior and Labor do not have such regulations. Of the five agencies that have such regulations, the Departments of Agriculture; Commerce; and Health, Education, and Welfare allow purchase of full coverage. The Department of Housing and Urban Development and the Department of Transportation's Federal Aviation Administration do not.

For more than 250 of the car rentals included in our test, the travelers purchased full collision coverage. In all of these cases, the agencies allowed reimbursement for the cost of the additional coverage even though some of the payments were made by the Department of Housing and Urban Development's and Federal Aviation Administration's travelers. If the travelers had rented the cars under GSA contracts, the additional expenditures for full collision coverage would have been unnecessary and savings of \$1,070, or 6 percent of the total rentals tested, would have resulted.

Because of the lack of uniformity among agencies' policies and practices relating to the reimbursement of the cost of full collision insurance coverage, we issued a report on June 30, 1970, to the Director, Bureau of the Budget (now Office of Management and Budget), concerning the need for a uniform Government-wide policy on collision insurance. In June 1971 the Office of Management and Budget was preparing an amendment to the Government's standard travel regulations which would not allow reimbursement of the cost of the additional insurance coverage.



## ILLUSTRATIVE CASES

The following selected examples of car rentals by agency personnel illustrate the substantial savings that would have resulted had the rentals been made under GSA contracts rather than under informal arrangements.

1. A traveler from the Department of Agriculture rented a car at the Salt Lake City, Utah, air terminal for 23 days at a cost of \$266.90 under an informal arrangement. If he had rented a car available at the terminal under a GSA contract, the rental cost would have been \$133.38 and the Government would have saved \$133.52, or 50 percent of the rental cost.
2. A traveler from the Department of the Interior rented a car in Birmingham, Alabama, for 5 days at a cost of \$151.02 under an informal arrangement. Had he rented a car under a GSA contract in effect in the Birmingham area, it would have cost \$91.03 and the Government would have saved \$59.99, or 40 percent of the rental cost.
3. A traveler from the Department of Transportation rented a car at the Salt Lake City, Utah, air terminal for 1 week at a cost of \$194.38 under an informal arrangement. If he had rented a car under the GSA contract, the cost would have been \$94.03 and the Government would have saved \$100.35, or 52 percent of the rental cost.

## SIMILAR GAO EXAMINATION AT DEPARTMENT OF DEFENSE

We issued a report to the Secretary of Defense (B-160781, June 17, 1970) based on a similar examination of the Navy's car rental practices in which we stated that a large number of travelers were obtaining cars through sources other than GSA motor pools or GSA contracts with commercial rental firms. This examination differed from our current review in that consideration was given to the use of GSA motor pool cars as an additional alternative to the use of commercial rental cars obtained under the informal arrangements.

Our review of 3,240 travel and commercial vouchers for car rentals in the September 1969 accounts of two Navy Regional Finance Centers showed that 83 percent of the rentals (2,701 out of 3,240) could have been made at lower rates. At most of the cities where these cars were rented, GSA maintained motor pools and also provided for the rental of cars under its contracts. We stated that obtaining cars under either of these methods was less costly than obtaining them under the informal arrangements. If maximum use had been made of GSA motor pool cars and contract rental cars, the total cost of the 2,701 rentals could have been reduced from \$133,160 to \$44,080, a difference of \$89,080, or 67 percent.

In August 1970 an official of the Department of Defense told us that steps had been taken to encourage the use of the most economical car service available and that further study would be given to more efficient distribution of current information concerning car rentals, the location of GSA motor pools, and the location of GSA contractors.

We furnished copies of our report to the Administrator of General Services and to the Director, Office of Management and Budget.

## CHAPTER 4

### CONCLUSIONS, PROPOSALS, AND AGENCY ACTIONS

In view of the opportunities for economies, we believe that cars should be rented under GSA contracts whenever possible--recognizing, of course, that Government-owned cars should be the first choice. We believe also that the less costly models available should be rented, whenever feasible.

Although actions taken by GSA after the issuance of our April 1967 report were designed to bring about greater use of the GSA rental contracts, our current review indicated that travelers still were not making sufficient use of the GSA contracts for renting cars. We believe that one of the reasons greater use has not been made of the GSA rental contracts is that travelers have not been made sufficiently aware of the policies on the use of the contracts.

In our draft of this report, we proposed to the Administrator of General Services that GSA, in consultation with using agencies, reemphasize the importance and benefits of using GSA contracts for renting cars and of renting the less costly models when Government cars are not available. We proposed also that GSA and the agencies explore means of making Government travelers more aware of the GSA contracts and the economies they offer. We did not make a proposal regarding collision insurance, in view of the action pending by the Office of Management and Budget to amend the Government's standard travel regulations to provide for a uniform Government-wide policy on this matter.

In view of the need for a Government-wide policy on using GSA contracts for renting cars and on renting the less costly models, we proposed further in our draft report that the Director, Office of Management and Budget, issue a policy statement to all Federal agencies which would require the use of GSA contracts for renting cars and require the renting of less costly models unless not feasible or practicable. An example of a situation where it might not be feasible or practicable to rent a car under a GSA contract could involve the immediate need for a rental car for only a couple of hours when a contract car is not immediately available. The benefits of obtaining a rental car

under a GSA contract that offered pickup service within 15 minutes could be offset by the time lost in picking up and returning the GSA rental car.

By letter dated August 21, 1970 (included as the appendix), the Acting Administrator of General Services, in commenting on our draft report, stated that GSA had concluded that savings would be enhanced if the use of GSA contracts for renting cars was made mandatory. He stated also that GSA had written to 17 agencies asking for their views and that the agencies' replies indicated that many agencies were unwilling to agree to the mandatory use of GSA contracts for various reasons, including inconvenience, unsatisfactory contractors, and absence of contracts in some geographical areas.

In view of the agencies' responses, the Acting Administrator stated that he was proposing to set up an interagency task force that would work to improve GSA's contracts, after which GSA would again seek to interest the agencies in the primary-use (mandatory-use) concept. He said that in the interim GSA planned to consult with major using agencies to determine what steps could be taken that would reemphasize to Government travelers the importance of using the GSA contracts for renting cars and of renting less costly models. In June 1971 a GSA representative told us that GSA was preparing an agenda for the meetings of the interagency task force.

We did not examine into the merits of the agencies' complaints because they will be covered in the meetings of the interagency task force. We recognize that, to the extent these complaints are valid, they must be considered in improving the GSA contracts and making the use of the contracts mandatory. We believe that the task force should consider ways of getting the large car rental firms interested in obtaining more GSA contracts. Their participation should help to minimize inconvenience and the other problems indicated by the agencies' replies to GSA.

In February 1971 we discussed our proposal for a Government-wide policy with officials of the Office of Management and Budget. They advised us that a policy statement encouraging the use of GSA contracts for renting cars and the renting of less costly models would be issued.

The foregoing plans of GSA and the Office of Management and Budget, if effectively implemented, should be beneficial in bringing about economies in the rental of cars.

## CHAPTER 5

### SCOPE OF REVIEW

We reviewed the commercial rental car policies and practices of seven civil agencies--the Departments of Agriculture; Commerce; Health, Education, and Welfare; Housing and Urban Development; the Interior; Labor; and Transportation. Discussions were held with agency representatives.

On a test basis, we compared the costs incurred by the seven civil agencies in obtaining cars under informal arrangements with the costs that would have been incurred if the cars had been obtained under GSA contracts at locations where the rentals were made. For the most part, our review was confined to rentals made during calendar year 1969. We did not attempt to determine whether employees should have used alternative means of transportation, such as Government-owned cars.

Our review was made in Washington, D.C., at the GSA Central Office and at the above-named seven agencies.

APPENDIX

UNITED STATES OF AMERICA  
GENERAL SERVICES ADMINISTRATION  
WASHINGTON, D.C. 20405



AUG 21 1970

Mr. I. M. Crawford  
Assistant Director  
United States General  
Accounting Office  
Washington, DC 20548

Dear Mr. Crawford:

Thank you for affording us an opportunity to comment on your draft report "Follow-up Review on Matters Relating to Commercial Rental Cars," a copy of which was furnished us with your letter of June 29, 1970.

We agree it is important that agencies take advantage of the low rates available under General Services Administration's car rental contracts. However, because Federal Supply Schedule contracts for rental vehicles are for mandatory use by GSA only, use of the Schedule by other Federal agencies has been limited. This has been true despite the fact that agencies are aware of the savings available to them through use of the Schedule contracts. In addition to issuing FPMR Bulletin E-59 which you mention on Page 4 of the draft Report, we have regularly distributed to all Federal agencies Federal Supply Schedules and Travelers Pocket Guides and amendments which clearly illustrate that rates under the Schedules are substantially lower than commercial rates for similar rental services. Also, in several GSA regions, we have written to major using agencies to point out the advantages of using the Schedule contracts. This action was prompted by inquiries from auto rental contractors and Members of Congress indicating that the Schedule was not being utilized as expected.

As a result of the limited use of these contracts, the savings anticipated by the General Accounting Office Report of April 1967 entitled "Savings Available to the Government Through Revision of the Method of Supplying Commercial Rental Cars" have not been realized. We concluded, therefore, that these savings can be realized only if Federal Supply Schedule Industrial Group 751, Motor Vehicle Rental Without Driver, is mandatory on all Federal Executive agencies.

Accordingly, in April 1970 we wrote to 17 agencies asking for their comments and recommendations for making these Schedules mandatory. Responses indicated many agencies were unwilling to agree to mandatory use of the Schedule contracts for various reasons including lack of coverage, inconvenience, and poor contractors. Therefore, we propose to set up a task force to develop a plan for improving GSA's car rental service contracts before we again attempt to interest the agencies in the primary use concept.

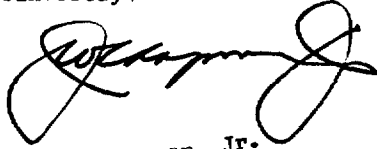
*Keep Freedom in Your Future With U.S. Savings Bonds*



APPENDIX I

In the interim, we will consult with major using agencies to determine what steps can be taken to reemphasize to Government travelers the importance and benefits of using GSA car rental contracts when Government vehicles are not available and the benefits of using the most economical model of vehicles, including their use in any instances where cars must, because of lack of options, be obtained under informal arrangements. However, we feel it is beyond the scope of our authority to endeavor to bring about compliance with individual agency policies on use of GSA contracts and most economical model of vehicles.

Sincerely,

A handwritten signature in black ink, appearing to read "John W. Chapman, Jr.", written in a cursive style.

John W. Chapman, Jr.  
Acting Administrator