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Amending the Federal Property and Administrative Services Act of 1949 To Permit Recovery of Estimated Replacement Cost of Vehicles. August 10, 1978. 2 pp.

Testimony before the House Committee on Government Operations: Government Activities and Transportation Subcommittee; by Richard W. Gutmann, Director, Logistics and Communications Div.

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Organization Concerned: General Services Administration.

Congressional Relevance: House Committee on Government Operations: Government Activities and Transportation Subcommittee.

Authority: Federal Property and Administrative Services Act of 1949.

The Federal Property and Administrative Services Act of 1949 charged the General Services Administration (GSA) with operating the Interagency Motor Pool. It was apparently the Congress' intent that all costs of operating the motor pool system would be fully recovered and that it would be self-sustaining. Although section 211(d) of the act provides that payments by requisitioning agencies shall be at prices fixed by the Administrator at levels to recover as far as practicable all elements of cost, a subsequent section states that the purchase price of vehicles is to be recovered through amortization. This, in effect, precludes the recovery of replacement costs through charges to customers. Since GSA can only recover the cost of the original vehicle, additional funds required to purchase replacement vehicles have been obtained from other sources within the General Supply Fund. The use of general supply funds to replace vehicles reduces the moneys available for other supply operations. (RRS)

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STATEMENT OF
RICHARD W. GUTMANN, DIRECTOR
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BEFORE THE
SUBCOMMITTEE ON GOVERNMENT ACTIVITIES AND TRANSPORTATION
COMMITTEE ON GOVERNMENT OPERATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

ON

AMENDING THE FEDERAL PROPERTY AND ADMINISTRATIVE
SERVICES ACT OF 1949 TO PERMIT RECOVERY OF
ESTIMATED REPLACEMENT COST OF VEHICLES

Mr. Chairman and Members of the Subcommittee:

We are pleased to appear today to comment on the need for the proposed amendment.

The Federal Property and Administrative Services Act of 1949 tasked the General Services Administration with operating the Inter-agency Motor Pool System. It appears that it was the intent of Congress in enacting section 211(d) that all costs of operating the motor pool system would be fully recovered and that it would be a self sustaining operation. Section 211(d) of the act provides that payments by requisitioning agencies "shall be at the prices fixed by the Administrator at levels which will recover so far as practicable all such elements of cost." However, a subsequent proviso of the Act states that the purchase price of vehicles is to be recovered through amortization. This in effect precludes the recovery of replacement costs through charges to customers.

The current replacement criteria for most GSA vehicles is six years or 60,000 miles. Thus, the cost of a replacement vehicle is increased over the price paid for the original vehicle by six years of inflation and technological changes. For example, the average price paid by GSA for a motor vehicle in fiscal year 1970 was \$2,125 while the price for a new vehicle in FY 1977 averaged \$4,144. Since GSA can only recover the cost of the original vehicle the additional monies required to purchase replacement vehicles have been obtained from other sources within the General Supply Fund. The use of general supply funds to purchase vehicles reduces the monies available for other supply operations.

Passage of this amendment is necessary to allow GSA to maintain its current vehicle fleet at its present level without adversely affecting its other supply operations.

This concludes my prepared statement. We would be pleased to respond to any questions you may have.