

FEDERAL VEHICLE REPAIR COST SAVINGS ACT OF 2015

SEPTEMBER 24, 2015.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. CHAFFETZ, from the Committee on Oversight and Government Reform, submitted the following

R E P O R T

[To accompany H.R. 1613]

[Including cost estimate of the Congressional Budget Office]

The Committee on Oversight and Government Reform, to whom was referred the bill (H.R. 1613) to reduce the operation and maintenance costs associated with the Federal fleet by encouraging the use of remanufactured parts, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

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COMMITTEE STATEMENT AND VIEWS

PURPOSE AND SUMMARY

H.R. 1613, the Federal Vehicle Repair Cost Savings Act of 2015, is designed to reduce maintenance costs for the federal vehicle

fleet. The legislation seeks to reduce these costs by encouraging federal civilian agencies to use often less expensive remanufactured vehicle components (such as engines, starters, alternators, steering racks, and clutches). H.R. 1613 requires the heads of agencies to encourage the use of remanufactured components to maintain federal vehicles, if using such components reduces the cost of maintaining these vehicles while maintaining quality.

BACKGROUND AND NEED FOR LEGISLATION

According to the Government Accountability Office (GAO), federal civilian agencies spent about \$975 million in maintenance and repair costs for about 588,000 vehicles owned by federal civilian agencies in fiscal year 2011.¹ Remanufactured components present an effective mechanism to reduce these vehicle maintenance costs while maintaining quality. In March 2013, GAO said, “remanufactured vehicle parts tend to be less expensive than comparable new parts.”² In a 2012 study, the Motor & Equipment Manufacturers Association (MEMA) also found that using remanufactured components can result in savings of 85 percent of the energy and material used to manufacture equivalent new parts.³ Further, the same study found that remanufactured components are on average 20 to 50 percent less expensive.⁴

In order to determine the current use of remanufactured components in federal vehicles, GAO reviewed the maintenance practices for selected agencies.⁵ GAO found that vehicle maintenance decisions were decentralized and often made at the field office level. There is also no prohibition or mandate in current law regarding the use of remanufactured components in federal civilian vehicles. GAO did find that some agencies do currently use remanufactured components, including the U.S. Postal Service and the Department of Interior. However, GAO indicated it was difficult to quantify the use of remanufactured components in federal vehicles across agencies because decisions on whether to use remanufactured components are made on a case-by-case basis and agencies did not keep data on the use of these components.⁶ H.R. 1613 provides a mechanism to make civilian repair and maintenance service providers more aware of the benefits of using remanufactured components by requiring the agency heads to encourage the use of such components.

LEGISLATIVE HISTORY

H.R. 1613, the Federal Vehicle Repair Cost Savings Act of 2015, was introduced by Congressman Bill Huizenga (R-MI) on March 25, 2015 and was referred to the Committee on Oversight and Government Reform. On July 22, 2015, the Committee on Oversight

¹ Gov’t Accountability Office, *Use of Remanufactured Parts in the Federal Vehicle Fleet is Based on a Variety of Factors* (March 2013) (GAO–13–316R).

² *Ibid.*

³ U.S. Intern’l Trade Commission, *Remanufactured Goods: An Overview of the U.S. and Global Industries, Markets, and Trade*, (Oct. 2012) (USITC Pub. 4356), at 97.

⁴ *Ibid.*, at D–7.

⁵ Gov’t Accountability Office, *Use of Remanufactured Parts in the Federal Vehicle Fleet is Based on a Variety of Factors* (March 2013) (GAO–13–316R).

⁶ The 2013 GAO report did note that GSA is the exception to this statement because GSA does keep data on remanufactured components, but GSA indicated their data likely under counts the use of these components.

and Government Reform ordered H.R. 1613 favorably reported, without amendment.

During Full Committee consideration of H.R. 1613, Congressman Buddy Carter (R-GA) expressed his support for H.R. 1613 and suggested reviewing additional opportunities for reducing federal vehicle maintenance costs. Specifically, Congressman Carter suggested studying the opportunity for cost savings if the federal government were to shift civilian vehicle repair and maintenance services to a private sector bidding model. Congressman Carter said the U.S. Postal Service (USPS) currently conducts maintenance on over 200,000 vehicles at 322 facilities and suggested that by shifting this function to the private sector the USPS could realize significant cost savings. Given the USPS' current financial condition, it is important to consider all potential opportunities for cost savings, including in the area of vehicle repair and maintenance services.

The Committee agrees that it should review current civilian federal vehicle repair and maintenance practices in order to identify whether more cost savings opportunities exist. Therefore, the Committee directs the U.S. General Accountability Office to conduct a study to evaluate if cost savings could be realized by shifting civilian federal vehicle repair and maintenance services provided by the federal government to private sector vendors, who could provide these vehicle repair and maintenance services through a full and open competitive procurement process. This study should evaluate potential cost savings and, if found, the practicality of a multi-year phase out to private sector vendors.

The companion bill, S. 565 was introduced by Senator Gary Peters (D-MI) on February 25, 2015 and referred to the Senate Committee on Homeland Security and Governmental Affairs. On March 4, 2015, the Committee on Homeland Security and Governmental Affairs ordered S. 565 favorably reported, without amendment, by voice vote. On June 15, 2015, S. 565 was agreed to in the Senate without amendment by unanimous consent. The bill was then referred to the House Committee on Oversight and Government Reform on June 16, 2015.

SECTION-BY-SECTION

Section 1. Short title

Designates the short title of the bill as the "Federal Vehicle Repair Cost Savings Act of 2015."

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Section 2. Findings

This section cites a March 2013 Government Accountability Office report that found in fiscal year 2011—

- (1) There are approximately 588,000 vehicles in the civilian federal fleet;
- (2) Federal agencies spent approximately \$975,000,000 on repair and maintenance of the federal fleet;
- (3) Remanufactured vehicle components, such as engines, starters, alternators, steering racks, and clutches, tend to be less expensive than comparable new replacement parts; and

(4) the United States Postal Service and the Department of the Interior both informed the GAO that the respective agencies rely on the use of remanufactured vehicle components to reduce costs.

Section 3. Definitions

This section defines “Federal agency” and “remanufactured vehicle component.”

Section 4. Requirement to use remanufactured vehicle components

Requires the head of each federal agency to encourage the use of remanufactured vehicle components if doing so reduces costs, while maintaining quality. This is to include the safety of the vehicle. Provides exceptions for using such components—when doing so does not reduce costs, lower the quality of vehicle performance, or delay the return to services of a vehicle.

EXPLANATION OF AMENDMENTS

No amendments were offered during Full Committee consideration of the bill.

COMMITTEE CONSIDERATION

On July 22, 2015, the Committee met in open session and ordered reported favorably the bill, H.R. 1613, by voice vote, a quorum being present.

ROLL CALL VOTES

No recorded votes were taken during Full Committee consideration of the bill.

APPLICATION OF LAW TO THE LEGISLATIVE BRANCH

Section 102(b)(3) of Public Law 104–1 requires a description of the application of this bill to the legislative branch where the bill relates to the terms and conditions of employment or access to public services and accommodations. This bill reduces the operation and maintenance costs associated with the federal vehicle fleet by encouraging the use of remanufactured parts. As such this bill does not relate to employment or access to public services and accommodations.

STATEMENT OF OVERSIGHT FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE

In compliance with clause 3(c)(1) of rule XIII and clause (2)(b)(1) of rule X of the Rules of the House of Representatives, the Committee’s oversight findings and recommendations are reflected in the descriptive portions of this report.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

In accordance with clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee’s performance goal or objective of the bill is to reduce the operation and maintenance costs associated with the Federal fleet by encouraging the use of remanufactured parts.

DUPLICATION OF FEDERAL PROGRAMS

No provision of this bill establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

DISCLOSURE OF DIRECTED RULE MAKINGS

The Committee estimates that enacting this bill does not direct the completion of any specific rule makings within the meaning of 5 U.S.C. 551.

FEDERAL ADVISORY COMMITTEE ACT

The Committee finds that the legislation does not establish or authorize the establishment of an advisory committee within the definition of 5 U.S.C. App., Section 5(b).

UNFUNDED MANDATE STATEMENT

Section 423 of the Congressional Budget and Impoundment Control Act (as amended by Section 101(a)(2) of the Unfunded Mandate Reform Act, P.L. 104–4) requires a statement as to whether the provisions of the reported include unfunded mandates. In compliance with this requirement the Committee has received a letter from the Congressional Budget Office included herein.

EARMARK IDENTIFICATION

This bill does not include any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9 of rule XXI.

COMMITTEE ESTIMATE

Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs that would be incurred in carrying out this bill. However, clause 3(d)(2)(B) of that Rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974.

BUDGET AUTHORITY AND CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

With respect to the requirements of clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974 and with respect to requirements of clause (3)(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for this bill from the Director of Congressional Budget Office:

H.R. 1613—Federal Vehicle Repair Cost Savings Act of 2015

H.R. 1613 would encourage federal agencies to use remanufactured automobile parts to maintain federally owned vehicles if doing so would reduce costs without delaying the return of vehicles to service, or reducing the quality of vehicle performance. A remanufactured part is a part rebuilt in a factory to original specifications. CBO estimates that implementing the legislation would have no significant effect on the federal budget. Enacting the bill would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

According to information from the Government Accountability Office, the repair of federal vehicles is decentralized and each agency manages its own fleet. Currently, there is neither a mandate nor a prohibition on the use of remanufactured parts and agencies already make decisions about the use of remanufactured parts based on several factors including cost, availability, and reliability. CBO estimates that the legislation would have no significant budgetary effect because we do not expect that it would significantly change existing procedures for repairing vehicles.

H.R. 1613 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

On March 16, 2015, CBO transmitted a cost estimate for S. 565, the Federal Vehicle Repair Cost Savings Act of 2015, as ordered reported by the Senate Committee on Homeland Security and Governmental Affairs on March 4, 2015. The two pieces of legislation are similar, and the CBO cost estimates are the same.

The CBO staff contact for this estimate is Matthew Pickford. The estimate was approved by Theresa Gullo, Assistant Director for Budget Analysis.