

Calendar No. 101

114TH CONGRESS }
1st Session }

SENATE

{ REPORT
114-59

FEDERAL VEHICLE REPAIR COSTS SAVINGS
ACT

R E P O R T

OF THE

COMMITTEE ON HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

TO ACCOMPANY

S. 565

TO REDUCE THE OPERATION AND MAINTENANCE COSTS ASSOCIATED WITH THE FEDERAL FLEET BY ENCOURAGING THE USE OF REMANUFACTURED PARTS, AND FOR OTHER PURPOSES.



MAY 22, 2015.—Ordered to be printed

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MAY 22, 2015.—Ordered to be printed

Mr. JOHNSON, from the Committee on Homeland Security and Governmental Affairs, submitted the following

R E P O R T

[To accompany S. 565]

The Committee on Homeland Security and Governmental Affairs, to which was referred the bill (S. 565) 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, reports favorably thereon without amendment and recommends that the bill do pass.

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I. PURPOSE AND SUMMARY

S. 565, the Federal Vehicle Repair Cost Savings Act of 2015, seeks to reduce the operation and maintenance costs associated with the Federal fleet by encouraging the use of remanufactured parts. Under existing law, agencies generally allow vehicle operators or local fleet managers to make vehicle maintenance and repair decisions. This bill would require the heads of Federal agencies to encourage the use of remanufactured parts by field level staff and provides exceptions in instances where using remanufactured vehicle components does not reduce costs, lowers the quality of vehicle performance, or delays the return to service of a vehicle.

II. BACKGROUND AND THE NEED FOR LEGISLATION

In March 2013, the Government Accountability Office (GAO) issued a report titled “Use of Remanufactured Parts in the Federal Vehicle Fleet is Based on a Variety of Factors.”¹ GAO reviewed the vehicle repair process for selected agencies and found that these processes allow field office staff to make vehicle maintenance and repair decisions and neither prohibit nor require the use of remanufactured parts. The GAO selected 14 agencies for review, including the General Services Administration, the U.S. Postal Service, the Departments of Agriculture, Homeland Security, Interior and Justice, which accounted for 95 percent of the civilian Federal fleet vehicles in 2011.²

Officials from the 14 agencies said that they use remanufactured parts when warranted, and GAO observed the presence of remanufactured parts in stock rooms during visits to repair facilities.³ GAO also noted in its study that remanufactured vehicle parts tend to be less expensive than comparable new parts. In fiscal year 2011, federal civilian agencies reported about \$975 million in maintenance and repair costs for approximately 588,000 vehicles that the agencies owned.⁴

Further, a Motor and Equipment Manufacturers Association (MEMA) study from 2012 found that remanufacturing saves 85 percent of the energy and material used to manufacture equivalent new parts.⁵ At the same time, the study noted, remanufactured parts are, on average, 20 to 50 percent less expensive with an equivalent level of quality and competitive warranties.⁶ The principal remanufactured products in the motor vehicle sector are engines, transmissions, starter motors, alternators, steering racks, and clutches, according to the U.S. International Trade Commission.⁷

Decisions regarding the use of remanufactured parts depend on the cost, availability, and reliability of the part. According to GAO, these factors are considered on a case-by-case basis for each repair to yield the best value for the Federal government.⁸ This legislation increases awareness of the possibility of using remanufactured auto parts by requiring the head of Federal agencies to encourage the use of remanufactured vehicle components when appropriate as a practical cost savings measure.

III. LEGISLATIVE HISTORY

S. 565, the Federal Vehicle Repair Cost Savings Act of 2015, was introduced on February 25, 2015, by Senators Peters and Lankford and the bill was then referred to the Committee on Homeland Security and Governmental Affairs.

¹ Government Accountability Office, Transportation: Use of Remanufactured Parts in the Federal Vehicle Fleet Is Based on a Variety of Factors, GAO-13-316R (2013), available at <http://www.gao.gov/assets/660/652832.pdf>.

²*Id.* at 1.

³*Id.* at 2.

⁴*Id.* at 3.

⁵ Motor & Equipment Manufacturers Association, Moving America Forward. 13, available at <http://www.mema.org/Document-Vault/PDFs/2013/2013-Industry-Study.pdf>, (last accessed May 19, 2015).

⁶*Id.*

⁷*Id.*

⁸*Id.*

The Committee considered the bill at a March 4, 2015 business meeting and ordered the bill reported favorably by voice vote. Members present for the vote were Senators Carper, McCaskill, Baldwin, Heitkamp, Peters, Johnson, Portman, Lankford, Ayotte and Ernst.

IV. SECTION-BY-SECTION ANALYSIS OF THE BILL, AS REPORTED

Section 1. Short title

This section provides the bill's short title, the "Federal Vehicle Repair Cost Savings Act of 2015."

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 owned civilian Federal fleet;
- (2) Federal agencies spent approximately \$975 million on repair and maintenance of the Federal fleet;
- (3) Remanufactured vehicle components tend to be less expensive than comparable new replacement parts;
- (4) The U.S. Postal Service and Department of Interior informed GAO they rely on remanufactured vehicle components to reduce costs.

Section 3. Definitions

This section defines "Federal agency" and "remanufactured vehicle component."

Section 4. Requirements to use remanufactured vehicle components

This section requires the head of each Federal agency to encourage the use of remanufactured vehicle components if doing so reduces costs while maintaining quality.

This section provides exceptions in instances where using remanufactured vehicle components does not reduce costs, lowers the quality of vehicle performance, or delays the return to service of a vehicle.

V. EVALUATION OF REGULATORY IMPACT

Pursuant to the requirement of paragraph 11(b)(1) of rule XXVI of the Standing Rules of the Senate the Committee has considered the regulatory impact of this bill. The legislation will not result in additional regulation, increased economic impact, adverse impact on personal privacy, or additional paperwork on any individuals or businesses. The Congressional Budget Office confirmed that S. 565 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

VI. CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

U.S. CONGRESS,
 CONGRESSIONAL BUDGET OFFICE,
Washington, DC, March 16, 2015.

Hon. RON JOHNSON,
Chairman, Committee on Homeland Security and Governmental Affairs, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 565, the Federal Vehicle Repair Cost Savings Act of 2015.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Matthew Pickford.

Sincerely,

DOUGLAS W. ELMENDORF.

Enclosure.

S. 565—Federal Vehicle Repair Cost Savings Act of 2015

S. 565 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.

S. 565 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.

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

VII. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

Because this legislation would not repeal or amend any provision of current law, it would make no changes in existing law within the meaning of clauses (a) and (b) of paragraph 12 of rule XXVI of the Standing Rules of the Senate.