GENERAL SERVICES ADMINISTRATION
Washington, DC 20405

February 20, 2014

GSA BULLETIN FMR B-38
MOTOR VEHICLE MANAGEMENT

TO: Heads of Federal Agencies

SUBJECT: Indirect Costs of Motor Vehicle Fleet Operations

1. What is the purpose of this bulletin? This bulletin provides guidance to Executive agencies regarding the estimation, identification, categorization, and reporting of indirect costs of operating a fleet of motor vehicles.

2. What is the effective date of this bulletin? This bulletin is effective on February 20, 2014.

3. When does this bulletin expire? This bulletin will remain in effect until specifically superseded or cancelled.

4. What is the background? Executive agencies are required to submit cost data on motor vehicle operations as part of their annual data submissions to GSA using the Federal Automotive Statistical Tool (FAST). Among the costs to be reported are indirect costs. Executive agencies have not been consistent in their approaches to reporting these costs, and some do not include them at all. GSA previously provided guidance in GSA Bulletin FMR B-15, September 21, 2007, on identifying, collecting, and analyzing motor vehicle data with respect to the costs—including indirect costs— incurred for the operation, maintenance, acquisition, and disposition of motor vehicles. FAST also incorporates online help in identifying and reporting costs, including indirect costs. The Government Accountability Office (GAO) in its Report, Federal Vehicle Fleets: Adopting Leading Practices Could Improve Management, GAO-13-659, July 31, 2013, recommended that GSA develop and publish additional guidance for agencies on estimating indirect costs attributable to fleet management to ensure that agencies have complete and accurate cost data.

5. What should we do as a result of this bulletin? Indirect cost is an important element of motor vehicle fleet operations. The failure to include it in data submissions distorts a fleet's actual cost, and when costs are distorted the accuracy of cost-based policy decisions is undermined. Agencies should establish improved means of collecting and reporting indirect costs or, lacking the resources to do so, may employ standard estimates to fill the gap. Agencies should consider implementing one of the following suggested methods of categorizing indirect costs if they have the means to accurately collect them, or utilizing a standard estimate of indirect/overhead costs if actual data are not available, using the following guidance.

    A. While most fleets are able to collect and report direct costs, indirect costs are often hidden or unrecognized in agency financial systems. Agency financial systems may require that such costs be attributed to a program office or project rather than to the fleet operation. Nevertheless, these costs need to be recognized as fleet costs in the context of fleet data reporting in FAST.

    B. Agencies should ensure that indirect costs are addressed and included in their fleet management information systems; see GSA Bulletin FMR B-15 for minimum recommendations for Fleet Management Information Systems (Fleet MIS) in motor vehicle fleets.

    C. Agencies should identify their motor vehicle fleet costs as follows:

a. Direct costs are those items that are directly affected by operation of vehicles and often vary with utilization. These costs are usually recorded against a specific vehicle or class of vehicles. Direct costs can be either fixed or variable. Direct costs include:
   i. Capitalized value, depreciation, amortization, and disposal proceeds,
   ii. Vehicle modifications and accessory equipment,
   iii. Fuel,
   iv. Repair/unscheduled maintenance,
   v. Preventive maintenance,
   vi. Commercial leasing, and
   vii. GSA Fleet leasing rates.

b. Indirect costs are related to the fleet operation but cannot be attributed to specific vehicles or to a specific class of vehicles. Unlike direct costs, which can be either variable or fixed, indirect costs are almost always considered fixed or "sunk." Indirect costs include:
   i. Facilities, to include the amortized purchase price, lease, or rental of land and buildings (or portions thereof) that house the fleet operation, including office, shop, and parking space. Ancillary services such as utilities, maintenance, grounds keeping, plowing, etc. should be included if provided;
   ii. Equipment, to include the amortized cost of shop equipment such as lifts, mechanics' tools, other specialized equipment, and related office equipment (such as computers, printers, FAX machines, and copiers);
   iii. Miscellaneous expenses, to include small, expensed items that it is impractical to account for individually, such as shop supplies, cleaning supplies, small parts, paper, etc. Also consider including overhead items such as communications costs, including telephone and internet; printing and distribution costs related to, for example, policy manuals, guides, correspondence, and related postage or shipping; and shared amenities such as a portion of the common spaces (cafeterias, lobbies, lunchrooms, hallways and elevators) shared by fleet staff;
   iv. Staffing, to include local, regional, headquarters, and staff support office personnel. For persons who devote less than 100 percent of their time to fleet management, only that portion of time spent working on fleet management should be included in the indirect cost calculations. It should also reflect mechanics' time not directly expended on individual vehicles via a work order (time documented on a work order should be treated as a direct cost); and
   v. Administrative overhead, to include the cost of support offices such as general counsel, finance offices, budget offices, personnel offices, and other administrative services that provide support to the fleet program, and also some portion of the salaries of upper level management up to and including the agency head. Such costs are typically referred to as common distributables or distributed overhead. Administrative overhead may also include training expenses and related costs, such as travel, per diem, and lodging.

D. Some agencies may not be able to identify and record some or all of these indirect costs. They may be so diffused among programs, projects, and accounts that it is impractical, if not impossible, to record them in the Fleet MIS on a regular basis. Also, the time required to devise a methodology to estimate indirect costs when

actual costs are not readily available may require the use of the Federal standard estimate (discussed below) until the agency finishes development of an agency indirect cost estimate and incorporates it into the agency's Fleet MIS. In either case it is permissible to use a standard estimate. The recommended standard estimate, based on the 5-year average of indirect costs reported in FAST by those agencies that reported them, is posted on the FAST website, https://fastweb.inl.gov/, and will be updated as needed. It will consist of both a standard annual cost per vehicle and as a standard percentage add-on to total cost. Agencies that report significantly less than the recommended standard amount should review their costs for completeness and accuracy.

E. Agencies should ensure that indirect costs are included in the total cost reported in FAST. Agencies should either collect and report actual indirect cost, or develop in-house estimates based on periodically updated cost studies, or use the standard estimate referenced herein. GSA will periodically review and update the standard estimate. Agencies should explain in their annual fleet management plans which of these approaches were used in reporting indirect cost.

6. Who should we contact for further information and/or to direct comments regarding this bulletin? Agencies are encouraged to send any questions or comments to:

General Services Administration
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By delegation of the Administrator of General Services.

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