

**Federal Acquisition Savings Act of 2018**  
**Senators Gary C. Peters, James Lankford, and Rand Paul**  
**Bill Summary**

**Background and Need for Legislation**

Federal agencies large and small spend billions of dollars every year to acquire equipment for construction, maintenance, special events, and other purposes. Purchasing, as opposed to leasing or short-term rental, accounts for the overwhelming majority of federal spending on equipment.<sup>1</sup>

Although the Federal Acquisition Regulation (FAR) currently encourages agencies to consider whether leasing or purchasing equipment is the more cost-effective option, GAO has found that federal agencies often fail to perform any meaningful version of this analysis.<sup>2</sup> Additionally, spending data suggests that fair consideration is not given to other methods of equipment acquisition like short-term rental.

Federal procurement regulations have long recognized that equipment rentals, particularly for large commercial equipment, may serve as a more economical method of acquisition in certain circumstances.<sup>3</sup> Equipment rentals can provide important flexibility to federal agencies by reducing the storage, maintenance, and other overall costs of ownership over time, and greater use of equipment rental has been shown to achieve cost savings on the state level.<sup>4</sup> Our bill will help ensure that equipment acquisition does not miss opportunities to save taxpayer dollars.

**What the Federal Acquisition Savings Act of 2018 Does**

The Federal Acquisition Savings Act of 2018 requires agencies to acquire equipment using the method of acquisition that is most advantageous to the federal government based on a case-by-case analysis of comparative costs and other factors. This is the same statutory standard that governs existing procurement policy and reflects the existing analysis outlined in Subpart 7.4 of the FAR.<sup>5</sup>

The bill further specifies that agencies should consider short-term rental or lease as an option when making equipment acquisition decisions. At the same time, the bill preserves flexibility for the Federal Acquisition Regulatory Council, the body statutorily responsible for updating and maintaining the FAR, to make the best determinations about how agencies should be making cost-conscious equipment acquisition decisions.

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<sup>1</sup> *Government Accountability Office*, “Air Force and Interior Can Benefit from Additional Guidance When Deciding Whether to Lease or Purchase Equipment” (<https://www.gao.gov/assets/590/588277.pdf>).

<sup>2</sup> *Ibid.*

<sup>3</sup> *See, e.g.*, Armed Services Procurement Regulation § 1-317.

<sup>4</sup> *Interview with Director of Fleet Operations, Texas Department of Transportation* (<https://www.government-fleet.com/154990/keep-the-lines-of-communication-open-when-reducing-fleet-size>); *Equipment Management Review Report commissioned for Mississippi Department of Transportation* (<http://mdot.ms.gov/documents/peer/MSDOT%20Equipment%20Management%20Final%20Recommendation%20Report.pdf>).

<sup>5</sup> 41 U.S.C. § 3703, FAR § 7.4.

The bill also allows for agencies to engage in equipment acquisitions as emergency circumstances demand, including when the President has made an emergency or major disaster declaration under the Stafford Act. Specifically, the Federal Acquisition Savings Act of 2018:

- Directs agencies to acquire equipment in a way that is most advantageous to the federal government by comparing the costs and other factors, including those in FAR 7.401.
- Specifies that agencies shall consider, at a minimum, whether to acquire equipment via purchase, short-term rental or lease, long-term rental or lease, as an interagency acquisition, or through an acquisition agreement with a state or local government.
- Requires GAO to report on how agencies decide to purchase, lease, or rent equipment.