

Mr. WILLIAMS. Yes.

Mr. BROOKS. Why?

Mr. WILLIAMS. The cost of operation goes up tremendously as the car gets older.

Mr. BROOKS. Of course, they have budget problems; supply problems; and I know you are handicapped by all those factors in implementing your judgment. From the standpoint of the individual owner, I would be interested in knowing what you think the mileage breakdown is, where it costs you more to maintain it a year than would be practical?

Mr. WILLIAMS. Well, this is a rather complex thing, and we do have several studies on this. One of the basic features is the cost, the amount we pay for the car. It would be in the interest of the Government; we could save money; or if we could turn these cars over once a year, the Government would make \$50 on the deal.

However, there are some objections to that on many parts, and we have tried to reach a satisfactory compromise with all of the intangibles, for instance, like the—

Mr. BROOKS. Like profits to the manufacturers?

Mr. WILLIAMS. Yes; the impact on the used car market and things that are hard to appreciate. But I think a satisfactory replacement standard ought to be somewhere around 3 years. But this takes capital. Two years or 24,000 miles, maybe at the end of the warranty period. This would give us a nice operation. It would keep the cost of operation down. We would have modern fleets; better utilization; better acceptance. People object sometimes to utilizing non-air-conditioned, 6-year-old cars having 60,000 miles on them.

Mr. BROOKS. What do you get for them when you sell the sedans, normally?

Mr. WILLIAMS. It varies over various parts of the country. But it approximates the price of the used car dealers.

Mr. BROOKS. Do you sell them at auctions?

Mr. WILLIAMS. Yes, sir.

Mr. BROOKS. Regular auction sales? And you get the Blue Book price, and maybe a little better if they are any good?

Mr. WILLIAMS. It depends on the condition and the part of the country.

Mr. MOODY. We do a little bit better than that.

Mr. BROOKS. Because you have maintained them better than average? Is that why they will pay you for it?

Mr. MOODY. It runs about 15 percent of cost; that is about what we get on a sale.

Mr. BROOKS. What mileage do you get on the average, Mr. Williams?

Mr. WILLIAMS. I don't understand the question.

Mr. BROOKS. Gasoline mileage.

Mr. WILLIAMS. Around 15 miles on the sedans and station wagons. I don't know how it works out on the trucks.

Mr. BROOKS. And the average car puts in how many miles a year?

Mr. WILLIAMS. Twelve thousand on sedans and station wagons.

Mr. BROOKS. I want to thank you, Mr. Williams. There are three GAO reports related to this program. I will put summaries of those in as exhibits N, O, and P and ask for your written comments on them.