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Improvements Needed In The
Department Of Agriculture's
Commodity Distribution Program

B-114824

UNITED STATES
GENERAL ACCOUNTING OFFICE

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SEPT. 18, 1973



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

RESOURCES AND ECONOMIC
DEVELOPMENT DIVISION

B-114824

The Honorable
The Secretary of Agriculture

Dear Mr. Secretary:

This is our report on improvements needed in the
Department of Agriculture's commodity distribution program.
The digest summarizes the report's significant contents.

We are making recommendations which we believe will im-
prove the program's efficiency and will result in significant
economies in distribution costs.

Copies of this report are being sent to the Director,
Office of Management and Budget, and to the Chairmen, House
and Senate Committees on Government Operations and Appropria-
tions.

Sincerely yours,

A handwritten signature in cursive script, reading "Henry Eschwege", is positioned below the "Sincerely yours," text.

Henry Eschwege
Director

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ABBREVIATIONS

AMS	Agricultural Marketing Service
ASCS	Agricultural Stabilization and Conservation Service
FNS	Food and Nutrition Service
GAO	General Accounting Office

D I G E S T

WHY THE REVIEW WAS MADE

GAO wanted to see if the commodities made available to State and local agencies were being distributed in the most economical manner. In fiscal year 1971 the Department of Agriculture donated about 2.5 billion pounds under its commodity distribution program at a cost of about \$560 million. (See p. 3.)

FINDINGS AND CONCLUSIONS

The Department had not taken full advantage of savings in transportation costs and other benefits available by shipping larger volumes.

Although distributing agencies in 30 States were using facilities capable of receiving full carloads, about 70 percent of shipments involved railcars with less than three-fourths of their capacity used.

Considering only States with facilities adequate to receive full carloads, GAO estimated that, for four commodities furnished in fiscal year 1971, shipping costs of about \$2.2 million could have been reduced by about \$287,000 by shipping full carloads.

Department officials who arranged the shipments and were skilled traffic technicians could not arrange economical shipments because State distributing agency personnel made key decisions on time and place of delivery.

These personnel were not equipped to make such decisions because they were not provided adequate guidelines, did not know transportation costs involved, and were sometimes faced with conflicting interests.

In addition, distribution costs could have been reduced substantially by providing a lesser variety of foods for the school lunch program. This could have saved the Federal Government and the schools money without affecting the quality or overall assortment of foods served. (See p. 5.)

Also, in fiscal year 1971 consignees had reported about \$360,000 worth of commodities as shortages, or losses. The Department did not recover about 40 percent of this amount and had written off many claims because responsibility for shortages could not be determined. (See p. 13.)

RECOMMENDATIONS

GAO recommends that the Secretary of Agriculture direct responsible officials to:

- Revise minimum lot sizes for all food types to qualify for the most economical rail rates.
- Develop guidelines to assist State

distributing agencies in minimizing deliveries of small orders and orders requiring stopoff deliveries.

- Review periodically distributing agency ordering practices.
- Consider providing a lesser variety of foods for the school lunch program. (See p. 12.)
- See that the results of a Food and Nutrition Service study are adequately considered in determining the need for future checkloading; i.e., preshipment inspection.
- Direct that an inspector be present at all times when checkloading is required and that he count each unit as it is loaded.
- Provide the Agricultural Marketing Service with a means of evaluating checkloading procedures.
- Evaluate unloading operations of consignees in States having frequent shortages. (See p. 16.)

AGENCY ACTIONS AND UNRESOLVED ISSUES

The Department concurred with GAO's observations and has taken some corrective action.

It increased minimum lot sizes for canned foods and is considering increasing lot sizes of other food types. In addition, it has begun monitoring more closely State distributing agency practices.

The Department agreed that distribution costs could be reduced by providing a lesser variety of foods. But it said rising food costs had reduced the variety donated and further curtailment of the variety would be more difficult than in previous years. (See p. 11.)

The Department said it would study the feasibility of eliminating checkloading, not only for shipments to central warehouses but for all shipments. It also said it would monitor and investigate the unloading practices of consignees having frequent shortages. (See p. 15.)

CHAPTER 1

INTRODUCTION

The Department of Agriculture's commodity distribution program makes many commodities available to (1) schools operating nonprofit school lunch programs, (2) State and local public welfare agencies for distribution to needy persons, (3) charitable institutions, (4) State correctional institutions, (5) needy Indians, (6) victims of natural disasters, and (7) mothers, infants, and small children most vulnerable to nutritional deficiencies. In fiscal year 1971 the Federal Government donated about 2.5 billion pounds of commodities under the program at a cost of about \$560 million.

Food for the program is acquired through the Department's price-support program and its program for removing surplus agricultural products from the market and by purchases under the National School Lunch Act. The commodities are available for distribution pursuant to section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431); section 32 of the act of August 24, 1935, as amended (7 U.S.C. 612c); and section 6 of the National School Lunch Act, as amended (42 U.S.C. 1755).

The program creates a significant distribution management task. Commodities are purchased in all parts of the country and are distributed to recipient agencies of all 50 States and the District of Columbia. Some States have central locations for receiving commodities, and others request distribution to many points in rural areas and cities.

The Department procures the transportation and distribution services directly from the carriers for a majority of the commodities. Other commodities are purchased on a delivered basis whereby vendors arrange all transportation services according to Government instructions. Over 88,000 shipments were made in a recent year.

The cost of acquiring, processing, and transporting commodities to delivery points is payable, under Food and Nutrition Service (FNS) regulations, with Federal funds. State distributing agencies must store, allocate, and distribute the commodities within the States. Generally State

welfare or education departments, or in some States both, act as distributing agencies.

The Secretary of Agriculture has assigned overall administration of the commodity distribution program to FNS. FNS must make written agreements with distributing agencies before inaugurating a distribution program and must administer these agreements. FNS has five regional offices, each responsible for administering consumer food programs, including the commodity distribution program, in its area. The regional offices analyze State agency operations to determine whether commodities are distributed according to FNS instructions and agreements.

The Agricultural Marketing Service (AMS) is responsible for procuring commodities under the school lunch program and under the program for removing surplus agricultural products from the market. The Agricultural Stabilization and Conservation Service (ASCS) is responsible for procuring price-support commodities, and its Commodity Office in Minneapolis assists FNS in administering the commodity distribution program by carrying out the AMS and FNS instructions for ordering commodities; arranging for transportation; and paying for purchase, transportation, and handling charges.

CHAPTER 2

SAVINGS BY TAKING GREATER ADVANTAGE

OF VOLUME RATES OFFERED BY RAIL CARRIERS

Rail carriers offer reductions in transportation rates of up to 50 percent for fully loaded refrigerated cars compared to rates applicable for half-loaded cars and about 20 percent compared to those offered for cars loaded to two-thirds or three-fourths of capacity. Lesser, but still significant, reductions are commonly available on other types of cars.

However, FNS had not taken full advantage of the savings and other benefits available by shipping larger volumes. Although distributing agencies in 30 States were using storage facilities capable of receiving full carloads, about 70 percent of the rail shipments to these States involved railcars with less than three-fourths of their capacity used. Considering only those States with adequate storage facilities to receive full carloads, we estimated that, for four commodities furnished in fiscal year 1971, shipping costs of about \$2.2 million could have been reduced by \$287,000 by shipping full carloads.

Officials at the ASCS Minneapolis Commodity Office who arranged the shipments and were skilled traffic technicians could not arrange economical shipments because distributing agency personnel made key decisions on time and place of delivery. These personnel were not equipped to make these decisions because they did not have adequate guidelines, did not know transportation costs involved, and were sometimes faced with conflicting interests.

Distribution costs could have been substantially reduced by providing a lesser variety of foods for the school lunch program without degrading the quality of lunches.

We analyzed fiscal year 1971 shipping costs for butter, frozen beef, frozen pork, and canned chopped meats, which represented about 14 percent of commodities delivered under the program. We compared the shipping costs incurred with costs that would have been incurred if deliveries had been made in full carloads when feasible. Often shipments of the same quantities to the same destination could have been

arranged in full carloads by combining small orders and arranging less frequent deliveries.

Considering only locations where commodity use was high enough and facilities were adequate for handling carload shipments, \$287,000, about 13 percent of the actual shipping cost, for the four commodities could have been saved in fiscal year 1971. Thirty States had facilities adequate for receiving and handling large shipments.

BENEFITS OF SHIPPING FULL CARLOADS

It would have been practical within the existing distribution system to arrange large shipments to most areas without adversely affecting the delivery services. In some instances shipping larger quantities would result in improved services, such as fewer delivery delays. The following table shows the potential savings that can be realized on four commodities by arranging larger shipments to take advantage of lower volume rates offered by rail carriers.

	Quantity delivered (pounds)	Actual shipping cost	Estimated full carload ship- ping cost	Potential reduction	Percent of potential reduction
	(000 omitted)				
Butter	114,032	\$ 954	\$ 812	\$142	14.9
Frozen beef	29,492	322	278	44	13.7
Frozen pork	51,163	542	475	67	12.3
Canned chopped meat	<u>41,396</u>	<u>408</u>	<u>374</u>	<u>34</u>	8.3
Total	<u>236,083</u>	<u>\$2,226</u>	<u>\$1,939</u>	<u>\$287</u>	

Savings would also be available for other commodities for which the Department procures the transportation and distribution services directly from carriers.

In addition, commodities totaling 1,195 million pounds were purchased on a delivered basis, and vendors were responsible for the cost of delivering these commodities to distributing agencies. It is apparent that savings in shipping costs could be realized through large deliveries of these commodities because the volumes were substantial and the deliveries often were less than full carloads. We assume that savings

from more efficient shipping of vendor-delivered commodities would, to some extent, be passed on to the Department because the purchases are made on a competitive-bid basis and transportation cost would significantly affect the bid price.

Savings in shipping costs of up to 10 percent for canned foods are available when carloads are increased from 80,000 to 100,000 pounds in each car. Fiscal year 1971 shipping costs to deliver canned foods totaled about \$8 million. Commodity office technicians, in combining orders into stopoff deliveries, arranged some deliveries of canned foods in 100,000 pound or more carloads but such arrangements were the exception.

In addition, arranging for larger carloads would often improve the timeliness of delivery and would reduce stopoff charges. Such charges are incurred when small shipments are loaded on a single railcar for delivery to two or more destinations to obtain the benefit of volume rates. Rail carriers assess charges ranging up to \$50 for each extra stop. Fiscal year 1971 charges for stopoff deliveries totaled about \$360,000.

Stopoffs create other problems. The danger of loss and damage to commodities and delays in the time required to complete delivery are increased with each stopoff.

When distributing agencies submit orders in increments sufficient to fill a carload, the need for stopoff delivery is eliminated. For example, for butter, beef, and pork donations to 30 States in fiscal year 1971, stopoffs could have been reduced from 823 to 190 if full carloads had been ordered when practical. The reduction in stopoff charges would have totaled about \$26,000.

Storage facilities used by some distributing agencies were too small or were inadequate to receive full carloads. Also some distributing agencies distribute commodities directly from the railcar to school or county welfare store-rooms and thus avoid use of a central warehouse. From our visits to FNS field offices and distributing agencies, we noted that about 20 States would find it impractical with existing facilities or distributing practices to consistently receive full carloads. However, Department consultants engaged to study improvements of the commodity distribution program have recommended that FNS encourage these States to adopt centralized distribution systems.

BETTER ORDERING GUIDELINES NEEDED
FOR STATE DISTRIBUTING AGENCIES

Guidelines furnished State distributing agencies did not encourage ordering in maximum quantities. For example, standard lot sizes which purported to represent railcar capacities were much smaller than current railcar capacities. Consequently, deliveries of standard lot sizes were arranged in many instances to distributing agencies that could accommodate larger increments. Larger shipments would have cost less. (See appendix.) Also added shipping charges were incurred because distributing agencies often requested deliveries in less than full lots to locations that could accommodate full lots.

According to regulations of the Secretary of Agriculture (28 F.R. 51, Jan. 3, 1963), commodities were to be donated in sufficient quantities to protect the lowest carload freight rate, except when determined to be in the program's best interest. To implement this regulation FNS established minimum lot sizes for distributing agencies to use in planning orders. The sizes were at levels at or near the capacities of certain older railcars but these were below the capacities of many of the new, larger railcars.

Minimum sizes were established by FNS depending on the commodity and service used. For example, minimum sizes for foods requiring refrigeration were set at about 40,000 pounds, but mechanically refrigerated railcars can accommodate 120,000 pounds. Minimum sizes for canned fruit and vegetables were set at 80,000 to 90,000 pounds, but railcars can accommodate 100,000 pounds.

Therefore, arranging economical delivery services required deviation from minimum sizes. This seldom occurred, however, because FNS guidelines to distributing agencies suggested that orders be placed in increments of the minimum size. Distributing agencies were neither required nor encouraged to order in large increments at less frequent intervals. Distributing agencies said they were generally unaware of any importance in ordering in larger increments.

The guidelines permitted distributing agencies to order less than full lots for smaller locations that could accommodate or needed only small amounts. Many locations, however, repeatedly asked for small deliveries even though they could

use and accommodate full lots. For example, a Dallas school district requested 18 shipments of butter totaling 14,460 cases during fiscal year 1971, but only two of the requests were for full lots.

Moreover, distributing agency officials were sometimes faced with conflicting interests. For example, agency officials disliked submitting orders for large deliveries because the large quantities increased storage expense. They preferred to request smaller quantities at more frequent intervals, even though the added storage expense was often significantly less than the Department's higher expense for delivering commodities in small increments. Sometimes shipping costs of up to \$7 were incurred for each \$1 of savings in storage cost to the agencies.

It appears that, if minimum sizes are to be effective, FNS must (1) specify that the minimum sizes apply to each destination where storage capacity is adequate and (2) identify those distribution centers that can comply and require some justification when they do not.

More can be saved if the guidelines fully describe techniques of minimizing transportation costs, such as consolidating orders when possible and using stopoff deliveries only when necessary.

EXTENSIVE ASSORTMENT OF DONATED FOODS
INCREASED DISTRIBUTION COSTS

Distribution costs of the school lunch program could have been substantially reduced by providing a lesser variety of foods without reducing the quality or the overall assortment of foods served. This would have enabled traffic technicians to take better advantage of reduced transportation rates.

In fiscal year 1971 34 items were made available to schools under the commodity distribution program. The cost per unit to distribute food under the program increased with additional variety because each item furnished had to be purchased, shipped, and inventoried separately. Shipping costs were particularly high when the volume furnished was too low to take advantage of railroad volume incentive rates.

Most of the items, including fruit, vegetables, and meat, are made available to the school lunch program on an allocated basis. Because quantities allocated are usually not adequate to fully meet menu needs, schools must purchase additional quantities commercially. Therefore many of the items purchased duplicate items furnished under the commodity distribution program. Distributing agency officials in five States said they would favor reducing the variety of food if the reduction would not decrease the volume received. They indicated a decrease in the number of items received would simplify their administration and handling responsibilities. The officials generally felt that, because about 80 percent of food used was purchased, they had an adequate choice for selecting the necessary variety and that an extensive variety of items from the commodity distribution program was not highly important.

For example, in fiscal year 1971, the Arlington County, Virginia, School Board received 29 commodities worth about \$140,000. Because the quantities were not sufficient, the board purchased supplements for 15 of the 29 commodities. The 15 commodities were worth \$66,000 and the supplements cost \$86,000.

FNS could have furnished the \$140,000 in fewer commodities but greater volumes. The 15 commodities that needed to be supplemented could have been reduced to a lesser number if individual shipments had been larger. The county would not

need to spend money for supplements but could use these funds for needed commodities not donated. FNS, on the other hand, would increase the possibility of arranging larger shipments without diminishing the support provided to Arlington County.

Approximately 10 items furnished annually to the school lunch program are purchased with funds available under section 6 of the National School Lunch Act. These foods are purchased in increments of about 18 million pounds, the minimum needed to enable distribution to schools nationwide. To distribute the 18 million pounds nationwide requires deliveries to many smaller distribution points in less than full carloads. If section 6 funds were spent for fewer items, allocations to distribution points could be increased and thereby increase the number of full carloads.

Costs incurred by schools to pick up deliveries at distribution points would also be lower if allocations of individual items were increased. Because some distribution points do not have storage facilities for holding deliveries, schools generally must meet each railcar delivery. For smaller schools, allocations may total only one or two cases. Up to 60 pickups a year may be required ranging to 40 miles distance for each.

AGENCY COMMENTS

FNS officials said they had taken some actions which should result in larger shipments. They said minimum lot sizes of canned foods were increased to 100,000 pounds each and they would consider increasing sizes for other food types. In addition, they had begun a closer monitoring of State distributing agency ordering practices.

FNS officials agreed that reducing the variety of foods should reduce distribution costs. They pointed out, however, that in fiscal year 1973, because of rising food costs, they could not purchase the usual large variety of foods. Consequently, they believed that further reductions in variety now would be more difficult than in prior years.

CONCLUSIONS

The actions noted above should result in significant economies in the commodity distribution program. Deviation from use of large lots may be warranted from time to time for

small recipients, for recipients having extremely limited storage facilities, or in emergencies. However, to prevent unnecessary deviations, FNS should develop guidelines to describe appropriate circumstances for such deviations and should periodically review distributing agency ordering practices.

The variety of foods provided under the school lunch program should be reviewed periodically and the variety reduced when this would not interfere with the quality of lunches.

RECOMMENDATIONS

We recommend that the Secretary of Agriculture direct responsible officials to:

- Revise minimum lot sizes for all food types to qualify for the most economical rail rates.
- Develop guidelines to assist State distributing agencies in minimizing deliveries of small orders and orders requiring stopoff deliveries.
- Review periodically distributing agency ordering practices.
- Consider providing a lesser variety of foods for the school lunch program without interfering with the quality or overall dollar value of the foods.

CHAPTER 3

CLAIMS WRITTEN OFF BECAUSE RESPONSIBILITY

FOR LOSS COULD NOT BE DETERMINED

Under the commodity distribution program about \$360,000 worth of commodities had been reported as shortages during fiscal year 1971. The Department did not recover about 40 percent of this amount and had written off many claims because responsibility for shortages could not be determined.

Our review of loading and unloading responsibility at various points showed that problems in determining responsibility for cargo shortages resulted from poor preshipment inspection, or "checkloading," and in some cases deficient unloading practices.

CHECKLOADING IMPROVEMENT NEEDED

Department regulations covering commercial purchases require vendors to have an AMS inspector witness the loading of the railcar. When the inspector finds that the quantity to be loaded is correct, he issues a checkloading certificate to the vendor attesting to the accuracy of the loaded quantities. The Department usually does not challenge this accuracy even when the consignee subsequently reports receiving smaller quantities.

However, although inspectors generally verified approximate quantities loaded, in most instances they either did not attempt to count exact quantities or could not. The inspector, to be assured of accurate counts, must not only count each unit but also must remain throughout the loading until the door is sealed. Only 1 of the 10 inspectors we observed, however, counted each unit loaded and remained at all times during loading. Officials of one of the AMS inspection branches acknowledged that it was frequently impossible for inspectors to make accurate detailed counts and that small errors in quantities loaded could easily go undetected.

CHECKLOADING COULD BE ELIMINATED WHERE
CONSIGNEES USE CENTRALIZED WAREHOUSING

For commercial purchases delivered by common carrier, the consignees' report of quantities received is generally accepted as being the same as the quantities purchased. Agency officials told us, however, that this practice was unacceptable for the commodity distribution program because the consignees frequently could not be relied on to make accurate counts. They pointed out that, because in many instances temporary or inexperienced help unloaded cars, good controls over accountability were difficult to administer. They pointed out also that frequently distributions were made directly from railcars to from 20 to 30 consignees and cars were stopped for partial unloading in several localities.

However, only about 15 distributing agencies used such distribution systems. Most used centralized warehouses to receive commodities, and many employed commercial warehouse firms. The counts made by the commercial warehouses should be accurate since such counts are normally acceptable commercially and the warehousemen are held accountable for the quantities received.

Vendor officials interviewed at seven of eight plants said consignee receipts from central warehouses would be acceptable when cars are not stopped enroute for partial unloading. They said this method was reliable in their commercial business and that Department shipments should not be different.

We estimate that total cost of checkloading during fiscal year 1971 for 84,000 cars furnished under the commodity distribution program was about \$3.4 million. According to purchase contract provisions, vendors are to reimburse the cost of inspectors to perform checkloading. Three vendors told us they added checkloading costs to other product costs in computing prices used for bidding under Department announcements. These checkloading costs were then passed on to the Department.

NEED TO EVALUATE UNLOADING PRACTICES IN STATES HAVING FREQUENT SHORTAGES

There were indications deficiencies in unloading operations may have caused some shortages. For example, rates of losses were consistently higher for some States than others, indicating the probability that these States needed more surveillance over unloading operations. Fiscal year 1971 reports of shortages for each distributing agency showed that shortages reported by all States during fiscal year 1971 occurred on an average of about 6 percent of the time. The shortages for eight States seemed excessively high, exceeding 10 percent of the time.

AGENCY COMMENTS

FNS officials generally agreed with our findings and conclusions. They said they would study the feasibility of eliminating checkloading, not only for shipments to central warehouses but for all shipments. They further advised they would closely monitor the reporting of shortages and would investigate the unloading practices of consignees reporting frequent shortages.

CONCLUSIONS

Although we doubt it is feasible to completely eliminate checkloading, the FNS action to study the matter is responsive to proposals we made during our review.

If the study shows it is not feasible to eliminate all checkloading, procedures for any necessary checkloading in the future should be strengthened to insure accurate counts of units loaded.

To help improve the quality of any future checkloading, inspectors should be advised of the results of consignees' counts. The numerous shortages reported by consignees indicates that the counts certified by inspectors occasionally may have been overstated. The inspectors, however, were never advised of the results of the consignees' counts and consequently had no means to evaluate their performance.

RECOMMENDATIONS

We recommend that the Secretary of Agriculture see that the results of the FNS study are adequately considered in determining the need for future checkloading.

We recommend also that, if the FNS study shows that some checkloading will still be required, (1) the inspector be present at all times to count each unit as it is loaded, (2) AMS be provided copies of unloading tallies to evaluate checkloading performance, and (3) unloading operations of consignees in States having frequent shortages be evaluated.

CHAPTER 4

SCOPE OF REVIEW

We emphasized evaluating the reasonableness of distribution costs, including transportation costs and in-transit losses, for processed commodities donated to State agencies under the commodity distribution program. Our review included:

- Reviewing laws authorizing the donation programs, purchasing policies, and FNS policies and procedures for administering the program.
- Examining records and interviewing officials of FNS, AMS, and ASCS in Washington, D.C.
- Discussing the matter with officials of FNS regional offices in Atlanta, Chicago, Dallas, New York, and San Francisco and at the ASCS Commodity Office in Minneapolis.
- Interviewing State distributing agency officials of the District of Columbia and of Arkansas, California, Connecticut, Delaware, Georgia, Iowa, Kansas, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Missouri, Nebraska, New Hampshire, New Jersey, New York, Ohio, Oklahoma, Pennsylvania, South Dakota, Texas, Vermont, Virginia, and Wisconsin.
- Interviewing vendor representatives and AMS inspectors at vendors' plants.
- Observing efforts of the inspectors to verify quantities loaded at plants in Illinois, Iowa, Michigan, Minnesota, Ohio, and Wisconsin.

APPENDIX

EXAMPLES OF POTENTIAL SAVINGS IN SHIPPING COSTS

DURING FISCAL YEAR 1971

BY DELIVERING IN LARGER INCREMENTS

Delivery period		Delivery points					
		Houston, Texas		Flint, Michigan		Elkins, West Virginia	
		Actual ordered quantities	Economic order quantities	Actual ordered quantities	Economic order quantities	Actual ordered quantities	Economic order quantities
(32-pound cases of butter)							
July	1 to 15	2,400	3,600				
	16 to 31			3,600	3,600		
August	1 to 15	3,600	3,600	2,400	3,600	2,400	3,600
	16 to 31	2,400		1,200			
September	1 to 15	2,400	3,600	2,400	3,600	2,400	
	16 to 30	2,400	3,600	1,200			
October	1 to 15	3,285	3,600	2,400	3,600		3,600
	16 to 31	2,830					
November	1 to 15	2,400	3,600	2,400	3,600	2,400	
	16 to 30	3,600	3,600				
December	1 to 15	2,970	3,600	2,400	3,600	1,200	3,600
	16 to 31	3,000	3,600	2,400			
January	1 to 15	2,400				2,400	
	16 to 31	2,400	3,600	4,800	3,600		
February	1 to 15	2,400	3,600	3,600	3,600		3,600
	16 to 28	3,400	3,600	1,200		2,400	
March	1 to 15	1,200		4,800	3,600	2,400	3,600
	16 to 31	2,400					
April	1 to 15		3,600		2,400	2,400	
	16 to 30						
May	1 to 15	1,200	1,085			2,400	2,400
	16 to 31						
June	1 to 15	1,200					
	16 to 30						
Total		<u>47,885</u>	<u>47,885</u>	<u>34,800</u>	<u>34,800</u>	<u>20,400</u>	<u>20,400</u>
Delivery cost		\$18,113	\$15,702	\$ 5,598	\$ 4,745	\$ 5,540	\$ 4,525
Potential savings			2,411		853		1,015
Percentage of re- duction in delivery costs			13.3		15.2		18.3

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