



Highlights of [GAO-03-440](#), a report to the Chairman and Ranking Minority Member, Committee on Armed Services, House of Representatives

## Why GAO Did This Study

The Defense Logistics Agency (DLA) supplies the nation's military services and certain civilian agencies with critical resources needed to accomplish their worldwide missions. During fiscal year 2001, DLA contracts totaled \$14.8 billion—\$1.2 billion of which was for clothing and textiles. The House Committee on Armed Services directed GAO to determine whether DLA is properly implementing applicable statutory and regulatory guidance for “best value” purchases—those that in the federal government's view provide the greatest overall benefits, not just the lowest price. GAO was also asked to obtain DLA officials' views on the domestic supplier base for key clothing and textile items.

## What GAO Recommends

GAO recommends that the Secretary of Defense require the DLA Director to monitor the health of the clothing and textile supplier base and, if warranted, keep the Congress informed on the implications for future defense clothing and textile procurements. One means of informing the Congress may be through the Department of Defense's (DOD) *Annual Industrial Capabilities Report*. In commenting on a draft of this report, DOD concurred with the recommendation.

[www.gao.gov/cgi-bin/getrpt?GAO-03-440](http://www.gao.gov/cgi-bin/getrpt?GAO-03-440).

To view the full report, including the scope and methodology, click on the link above. For more information, contact David Cooper at (202) 512-4841 or [cooperd@gao.gov](mailto:cooperd@gao.gov).

## CONTRACT MANAGEMENT

# DLA Properly Implemented Best Value Contracting for Clothing and Textiles and Views the Supplier Base as Uncertain

## What GAO Found

Based on a random sample of clothing and textile procurements conducted in fiscal year 2001 by DLA's Defense Supply Center Philadelphia (DSCP), GAO estimates that DSCP generally complied with statutory and regulatory requirements for best value contracting. For example, all of the procurements in GAO's sample considered past performance as an evaluation factor in the source selection process. While GAO noted some discrepancies in several of these procurements, mitigating circumstances lessened the impact of the discrepancies in most cases. DSCP has employed several techniques to promote compliance with best value contracting procedures. For example, in 1996, DSCP published *Guiding Principles for Best Value Source Selection*, a handbook that outlines the functions and responsibilities of key personnel in the best value source selection process, as well as various approaches to source selection.

According to DLA officials at DSCP, the ability of the domestic clothing and textile supplier base to meet future military requirements is uncertain. The officials said that, at present, DLA's domestic supplier base for clothing and textiles is more robust than ever, as numerous domestic suppliers who did not traditionally do business with DSCP are now competing for its contracts. However, they characterized this increased competition as the “last gasp of a dying industry.” Domestic clothing and textile suppliers are competing for DSCP's business as the industry copes with a decline in employment and production and as the supplier base increasingly moves overseas. DSCP officials fear that as the clothing and textile industry faces increased imports, second- and third-tier suppliers that provide input to domestic producers of end items may go out of business, thus eroding the domestic supplier base for these items. They stated, however, that the “Berry Amendment,” which requires DOD to purchase certain items such as food, clothing, and textiles from domestic sources, is helping to maintain the domestic supplier base at present.