

GAO Highlights

Highlights of [GAO-22-104728](#), a report to congressional committees

Why GAO Did This Study

DeCA's sales of groceries and other goods have fallen over \$1 billion in the past 6 years. Since 2016, DeCA has implemented reforms to improve the efficiency of its operations while continuing to provide savings to its customers. Providing savings to service members may be of particular concern in light of recent inflation in food prices. Senate Report 116-236 accompanying a bill for the National Defense Authorization Act for Fiscal Year 2021 included a provision for GAO to review DeCA's implementation of business reforms, and the effects of these reforms on DeCA's customer savings and appropriations.

GAO evaluated the extent to which (1) DeCA can provide assurance that it is meeting its target customer savings rate, and DeCA's (2) business model reflects clearly defined objectives and (3) strategic plan includes key business reform efforts and information to assess performance. GAO analyzed DeCA's customer savings rate methodology and compared results to its 23.7 percent target. GAO also compared data on margin, appropriations, and performance to DeCA's goals.

What GAO Recommends

GAO is making three recommendations to DeCA to review its OCONUS customer savings rate methodology, conduct an analysis that identifies the savings rate and related benefits it can achieve at varying levels of appropriations, and improve its strategic plan. GAO is also making a matter for congressional consideration to clarify the benefits DeCA should seek to achieve. DOD concurred with all three recommendations.

View [GAO-22-104728](#). For more information, contact Elizabeth A. Field at (202) 512-2775 or FieldE1@gao.gov.

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DEFENSE COMMISSARIES

Actions Needed to Clarify Priorities and Improve Program Management

What GAO Found

The Defense Commissary Agency's (DeCA) mission is to provide low cost groceries to service members, their families, and other eligible customers. To meet its mission, DeCA aims to achieve a global customer savings rate; however, DeCA is unable to provide assurance that it is meeting its target savings rate. GAO found that the savings rate for customers within the continental United States (CONUS) is consistently lower than DeCA's target, and that DeCA only meets its global customer savings rate target by relying on the savings rate for commissaries outside of the continental United States (OCONUS). Further, as shown in the figure, DeCA's methodology for the OCONUS customer savings rate is unreliable, as it does not include required price comparisons based on actual price data. Without analysis to assess the accuracy of the OCONUS methodology, Congress and DOD decision makers do not have assurance that DeCA is meeting its savings target and that commissary customers are reliably receiving their intended benefit.

Overview of Defense Commissary Agency (DeCA) Customer Savings Rate

Location	FY21 Rate	Methodology
Continental United States	17.7%	Reliable
Outside the Continental United States	42.5%	Not Reliable

Source: GAO analysis of DeCA data and methodology. | [GAO-22-104728](#)

DeCA strives to meet two primary objectives: (1) to be a benefit to service members by providing the target savings rate to its customers, and (2) to operate like a business to reduce its reliance on appropriations. GAO found that these objectives can be in tension because DeCA has not determined the tradeoffs necessary to achieve these competing targets, and as a result, has not achieved targets for either objective. Further, Congress has provided varying statutory direction that has led to uncertainty regarding expectations for DeCA—specifically as it relates to what type and level of benefit DeCA should ensure that it can provide. Until DeCA conducts an analysis to evaluate the risks and tradeoffs associated with achieving its defined objectives, it will continue to operate without a clear understanding of what outcomes it can reasonably achieve for its customers. Additionally, without clarity from Congress regarding the level of benefit that DeCA should provide, DeCA will be hindered in its ability to operate effectively.

DeCA's strategic plan lacks key business reform efforts and information necessary to implement and measure success. DeCA also lacks complete supporting documentation linking its performance goals to measurable indicators, milestones, or deliverables. DeCA's strategic plan includes information on its strategic goals, but does not include any information on its key business reform efforts, variable pricing and private label efforts, or certain performance information such as measures. Without complete information and fully developed measurable goals, DeCA cannot assess and accurately report on its progress toward successful implementation of its business reforms and whether it is achieving intended results.