

purchasing, transportation, warehousing, losses from various causes, packaging, disposals, etc., etc.

Answer. Elements of cost to GSA during FY 66 for storage and issue of common type supplies per \$100 of sales totaled \$9.57 or about 9½% and break down into categories as follows:

	Per \$100 sales
Procurement and inventory management.....	\$1.75
Distribution including warehouse space costs.....	6.05
Inspection testing and contract administration.....	.73
Administrative operations (accounting, legal, etc.).....	1.04
Total	9.57

In addition out bound transportation which is included in on selling prices amounts to \$4.30 per \$100 of sales and inventory losses from all causes amounted to slightly more than ½% of 1% of sales.

Question. In previous years there was agreement between DOD and GSA witnesses that Small Business fared better under advertised competitive bidding than under negotiated buying. Do your statistics still bear this out? Roughly what do they reveal?

Answer. Since 83 percent of the procurement dollars expended by GSA were expended on a publicly advertised competitive bid basis we are unable to support statistically our strong conviction that Small Business fares better under advertised competitive bidding than under negotiated buying.

Question. We also found that when items are standardized as to specifications that it helped competitive bidding and hence Small Business. Is this right?

Answer. The use of Federal Specifications and standards, broadens the base of competition and is, in our view, advantageous to Small Business concerns, since they are able to determine in advance what is required and prepare accurate cost estimates on which to base their bids or offers. This is particularly advantageous when a Small Business manufacturer is entering a new product area or considering bidding on a product which varies from their normal production.

Question. What progress has been made in developing Federal Specs this past year? What are future goals?

Answer. We now have about 5,000 specifications indexed with new ones being added each year. Specification actions during FY 66 and those planned for FY 67 and FY 68 are:

	Fiscal year 1966	Fiscal year 1967	Fiscal year 1968
New.....	487	569	493
Revisions.....	685	974	830
Total.....	1,172	1,543	1,323

Our future plans include a 3-year cyclic review of specifications and standards in use which will nearly double our current output. We expect to achieve these increased goals in this highly significant area as rapidly as resources permit.

Question. I am also of the opinion that Small Business obtains greater participation when buying is decentralized and hence is procured in smaller quantities. Is this correct? Do you have any statistics on this?

Answer. Under GSA's operating supply programs "centralization" and "decentralization" of procurement are not absolute alternatives. Total procurements made through GSA's supply support programs involve the purchase of over \$2 billion per year. Of this volume, approximately 80 percent is delivered directly from the producers or distributors to the using agencies without being physically handled by GSA. Of the 80 percent, the majority of the deliveries are