The final year end fiscal year 1966 status by major DOD components is as follows (all tabular dollar data in this report are stated in millions unless otherwise indicated):

	Fiscal year 1966			Fiscal year 1966 goal to be realized by fiscal year 1968	Fiscal year 1967 goal to be realized by fiscal year 1969
	Hard savings	Cost avoidance and decision savings	Total savings		
Army	$785	$567	$1,352	$1,164	$1,197
Navy	1,508	330	1,838	1,827	1,865
Air Force	2,001	939	2,940	2,721	2,791
DSA	163	35	198	185	177
DCA	3		3	2	2
MAP	3	6	9	100	30
Total	4,463	1,877	6,340	5,999	6,062

The report contains six attachments. Attachment A is a summary of cost reduction savings reflected in DOD budget estimates for fiscal years 1964 through 1967. Attachment B is a summary of the status of each cost reduction area as of June 30, 1966. Attachment C shows the disposition of fund savings realized during fiscal year 1966. Attachment D is a summary of man-years of effort saved in fiscal year 1966 from cost reduction actions reported since fiscal year 1961. Attachment E contains examples of items converted from sole source procurement to price competition. Attachment F is the audit opinion for this report.

I. BUYING ONLY WHAT WE NEED

I.A. Refining requirements calculations

I.A.1. Major items of equipment

A summary of the savings realized in this area during fiscal year 1966 is as follows:

	Realized hard savings			Realized cost avoidance savings	Total realized savings	Fiscal year 1966 goal
	Budgeted savings	Fund savings	Total			
Army	$132	$5	$137		$137	$120
Navy	500	61	561		561	652
Air Force	96	9	105	$15	120	107
Total	728	75	803	15	818	879

Almost 90 percent of the savings reported in this area represent reductions in fiscal year 1966 requirements as a result of management actions taken prior to submission of the fiscal year 1966 Department of Defense budget estimates. The remaining 10 percent of the savings resulted from more recent actions.

Some examples of actions which have produced savings follow:

Army

Detailed studies were made of Army regulations, supply bulletins, other guidance documents and management practices throughout the