

I.B.3. Excess contractor inventory

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.....	\$3		\$3		\$3	\$4
Navy.....		\$28	28		28	5
Air Force.....		(2)	(2)		(2)	8
Total.....	3	26	29		29	17

The basic objective of this area is to increase the utilization of excess contractor inventory. Savings are reported when the amount of excess contractor inventory reutilized during a current reporting period exceeds the amount of reutilization made during a corresponding period in the base year (fiscal year 1962).

Achievements during fiscal year 1966 were:

	Reutilization		Increased reutilization
	Base year (fiscal year 1962)	Fiscal year 1966	
Army.....	\$2.9	\$6.0	\$3.1
Navy.....	4.9	32.9	28.0
Air Force.....	6.7	4.9	(1.8)
Total.....	14.5	43.8	29.3

The amount of reutilization achieved during fiscal year 1966, particularly by the Navy, is very commendable. Some examples of reutilizations during fiscal year 1966 follow:

Army

Components, M527 fuse.—Five types of components, total value \$245,574, became excess to a completed contract for M527 fuses. These components were transferred to another contractor for use in the M527B1 fuse loading program.

Ammunition containers, M353, 90MM packing material.—Excess ammunition containers used for shipping ammunition items to the Army contractor for operation of a portion of Joliet Arsenal were determined to be usable by the Army contractor operating the Milan Army Ammunition Plant (MAAP). A total of 46,683 boxes and 101,649 fiber containers were transferred for use under the MAAP contract. New boxes and fiber containers would have cost \$248,151. The used boxes and fiber containers were renovated for \$43,505.

Components, CBU-3 bomb dispenser items.—Contractor inventory of containers and bomblette components (CBU-3) consisting of dispensers, retainers, straps, clips, protectors, arming devices and cable assemblies, in the total value of approximately \$100,060, became excess to a contract for operation of the Louisiana Army Ammunition