very selective in obtaining skins intended for production of gloves. It was estimated that only 50 percent of the skins available would meet the requirements. Through a value analysis study, it was determined that this thickness range could be changed to "1½ ounces to 2¾ ounces." In addition, the requirement for the seamless knit liner yarn was changed from "2 ply only" to "single or 2 ply." These changes were reflected/in current contracts and savings amounting to $100,224 were realized from the changes.

Pipe, steel FSN 4710–162–1022.—Prior to value engineering, DCSC procured 2-inch pipe, steel, zinc coated with a requirement of "Electric resistance welded or seamless pipe." A value engineering study of this item found that adhering to, "Electric resistance welded", restricted procurement to a small group of bidders. The VE study resulted in a change of the purchase requirement to "seamed or seamless." This action produced savings of $103,700.

I.D. Inventory item reduction

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	($1)	($4)	($8)	----------	($8)	----------
Navy	(1)	(4)	(5)	----------	(5)	$1
Air Force	68	(3)	65	----------	65	62
DSA	17	13	30	----------	30	19
Total	80	2	82	----------	82	82

The basic objective of this area of savings is to reduce the number of items in the Department of Defense supply system. For cost reduction reporting, a cost factor of $100 per item has been established as the annual average cost of managing an item of supply. Savings are reported when the number of items eliminated during a current reporting period exceed the number of items eliminated during a corresponding period in the base year (fiscal year 1961). The effect of the increase in number of items eliminated during prior years is reported as a budgeted saving. The effect of the increase in items eliminated during the current year is reported as a fund saving.

Achievements during fiscal year 1966 were as follows:

	Items eliminated		Increase in number of items eliminated
	Base year fiscal year 1961	Fiscal year 1966	
Army	81,154	42,289	−38,865
Navy	128,058	81,810	−46,248
Air Force	163,052	132,992	−30,060
DSA	35,027	164,027	129,000
Total	407,291	421,118	13,827