

108 BACKGROUND: ECONOMY IN GOVERNMENT—1967

The preponderance of the savings realized during fiscal year 1966 was on the procurement of spares and repair parts as documented in the DOD spare parts procurement report.

II.D. Multiyear procurement

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.....		\$30	\$30		\$30	\$22
Navy.....		23	23		23	12
Air Force.....		17	17		17	6
Total.....		70	70		70	40

The objective of this area is to obtain lower contract prices by awarding contracts covering requirements for two or more program years in lieu of separate contracts each year. All departments exceeded their respective fiscal year 1966 goals.

Examples of savings reported in this area follow:

	Unit price		Fiscal year 1966 net savings
	Single year	Multiyear	
Army:			
Personnel carrier, M-113.....	\$19,313	\$17,369	\$1,769,040
Engines, LD-465.....	1,743	1,625	930,430
Recovery vehicle, M-578.....	49,536	47,492	367,948
Gun, howitzer, 8-inch, M110.....	43,642	42,356	149,658
Receiver-transmitter, RT-246.....	1,917	1,720	169,684
Projectile, 105 mm., M456E1.....	24	22	233,000
Navy:			
Bomb fin, MK 14.....	56	52	141,290
Bomb, MK 81 (empty).....	101	94	335,511
Bomb, MK 82-1 (empty).....	153	135	1,089,152
UHF multicoupler AN/SRA-33.....	8,600	7,462	255,865
Sonobuoy, AN/SSQ-41.....	116	88	697,425
Aircraft C-2A.....	2,501,895	2,024,118	2,388,885
Air Force:			
Attitude ref. and computer system.....	15,509	14,498	244,662
Pylon assembly, SUU-1.....	1,967	1,547	448,100
Altimeter, AAU-19/A.....	910	845	101,800

II.E. Letter contracts

The status of letter contracts as of June 30, 1966 was:

[In millions of dollars]

	On hand	Overage	Percent overage
Army.....	\$831	\$148	17.8
Navy.....	1,070	574	53.6
Air Force.....	809	539	66.6
Department of Defense.....	2,710	1,261	46.5