

III.B.1. DSA operating expense savings

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			
DSA.....	\$58	\$2	\$60	\$4	\$64	\$57

Total savings of \$64.4 million have been achieved in this area as follows: \$31.3 million in personnel savings initially achieved upon the establishment of DSA; \$11.9 million in distribution system savings; \$6.1 million from consolidation of the Defense Automotive Supply Center and Defense Construction Supply Center; \$4.9 million from productivity increases; \$2.3 million from improvements in the management of ADPE; \$1.7 million from closures of Defense Surplus Sales Office and \$6.2 million from miscellaneous actions.

III.B.2. Consolidation of contract administration

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

DSA	Realized hard savings			Unrealized decision savings	Total hard and unrealized decision savings	Fiscal year 1966 goal
	Budgeted savings	Fund savings	Total			
DSA.....	\$5	-----	\$5	\$14	\$19	\$19

The total savings (\$19 million) for this area are anticipated to be achieved by personnel reductions resulting from the consolidation of contract administration functions within the Department of Defense. A hard saving of \$4.6 million was achieved by end of fiscal year 1966.

III.B.3. Departmental operating expense savings

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.....	\$6	\$16	\$22	\$25	\$47	\$20
Navy.....	30	10	40	3	43	15
Air Force.....	104	64	168	15	183	100
Total.....	140	90	230	43	273	135

This area is used to report savings which are not specifically reportable in any other cost reduction area. During fiscal year 1966 there were many thousands of individual actions reported by the military departments which produced savings in departmental