

DSA OBJECTIVES

When Secretary McNamara established the Defense Supply Agency, he established two primary objectives for the Agency:

First, to insure effective and timely support of the military services in the event of mobilization, war, or other national emergency, as well as in peacetime.

Second, to furnish this support at the lowest feasible cost.

The order in which these objectives are stated is not accidental; it reflects the priority which governs all DSA programs. This priority and these objectives also govern the criteria against which DSA's achievements will be measured.

FIGURE 7.—*Indicators of DSA growth*

[Dollar amounts in millions]

	End January 1962	End fiscal year 1963	End fiscal year 1964	End fiscal year 1965	End fiscal year 1966	End fiscal year 1967 plan
Items centrally managed (thousands)-----	87	1,029	1,328	1,369	1,335	1,517
Inventory-----	\$1,588	\$2,412	\$2,232	\$1,977	\$1,994	\$2,276
Procurement-----		\$2,670	\$2,701	\$3,042	\$5,740	\$6,250
Personnel-----	9,500	25,970	31,141	34,128	53,554	56,683

¹ Excludes 3,426 temporary civilian personnel.

² Current OSD allocation (June 30, 1967) full-time permanent civilian and military personnel.

GROWTH OF DSA

DSA made rapid progress in the assumption of assigned functions, as indicated in figure (7). In January 1962, DSA took over wholesale management of 87,000 items with an inventory value of more than \$1.58 billion. By the end of fiscal year 1966, the number of items centrally managed (excluding items designated for local purchase) exceeded 1.33 million, with a value of over \$1.99 billion, and will approximate 1.51 million items by the end of fiscal year 1967. At that time, the inventory value is expected to be over \$2.27 billion, and the annual rate of procurement will increase to over \$6.25 billion.

The increase of personnel, both headquarters and field, has proceeded in phase with the assumption of management tasks and the increased workload as a result of Vietnam. As of the end of January 1962, over 9,500 military and civilian personnel had been transferred to DSA. At the end of fiscal year 1965, full-time DSA personnel numbered 34,128. By the end of fiscal year 1966, DSA personnel had increased to 53,554, principally due to assumption of contract administration services functions; and based on OSD allocation, full-time personnel can reach 56,683 by the end of fiscal year 1967.

By the end of fiscal year 1965, DSA had taken over management of all assigned commodities and services, except for 45 selected Federal supply classes. Items in these 45 classes, along with service-retained items in other DSA classes, are being reviewed against DOD-approved item management coding criteria. This review will be completed in December 1967.