

The defense industrial security program is unique in the field of contract administration services in that its responsibility includes not only those facilities in which DCAS has contract administration responsibility, but also all facilities where the military departments have retained plant cognizance responsibility. In addition to having responsibility for security administration of all DOD classified contracts, the defense industrial security program provides the same service for classified contracts awarded by eight other departments and agencies of the Government; namely, the Departments of State, Commerce, and Treasury, the National Aeronautics and Space Administration, Federal Aviation Agency, General Services Administration, Small Business Administration and the National Science Foundation.

In the consolidation of the defense industrial security program, procedures for processing personnel security clearances were centralized from approximately 110 cognizant security offices into the Defense Industrial Security Clearance Office (DISCO). Centralization of the personnel clearance function has resulted in improved management efficiency and the ability to insure greater uniformity in clearance determinations. Moreover, the centralized operation lends itself to future adaptation to automatic data processing.

In consolidating CAS functions, it was anticipated that savings would accrue from three factors: (1) the merging of offices, (2) the use of computers, and (3) increased standardization and uniformity of operation. Realization of savings was to be achieved by a time-phased reduction in personnel over a 5-year period. Utilizing pre-consolidation workload and manpower as a base, the objective was a reduction of approximately 10 percent in personnel by fiscal year 1968 to reflect a recurring reduction in personnel costs of \$19 million by fiscal year 1969.

In December 1965, the first month of full DCAS nationwide operation, the level of workload had already increased 20 percent above the level prevailing when the savings estimates were made, when, for example, the number of primary and secondary contracts being administered was 138,000. By December 1966, the number was 219,000, an increase of 60 percent. A further increase to 220,000 is expected by June 30, 1967. During the same period the number of invoices completed had changed from an annual rate of 1.07 to 1.71 million, also an increase of 60 percent. By June 30, 1967, the annual rate is expected to reach 1.96 million. Still another example is the dollar value of material inspected and released for shipment, which rose from an annual rate of \$13.729 billion in December 1965 to \$16.672 billion in December 1966, a 20 percent increase. The projected annual rate as of June 30, 1967 is \$17,726 billion.

These examples, together with other primary workload indicators, show an overall workload increase ranging from 37 to 63 percent during the past year. To accomplish this increased workload, manpower was increased by 20 percent. These increases are for the most part attributed to the impact of the SEA buildup, added NASA requirements, and the transfer to DCAS of the administration of some contracts previously assigned to the military departments under the DOD plant cognizance program.

The workload increase compared with the workforce increase demonstrates a reduction in cost per work unit performed. Accordingly, the original estimate of anticipated savings appears to have been ex-