

We are also attempting to improve the overall technical competency of our property administrators. Training programs and position classification standards are being reviewed for adequacy and possible improvement.

The administration of Government property in the hands of contractors is a big task and problems will undoubtedly continue to be encountered. However, I believe that the efforts I outlined will go a long way toward overcoming the difficulties addressed by the committee, and form a basis for further improvements.

UTILIZATION OF PERSONAL PROPERTY INVENTORIES

Inherent in any well-conducted business is the assurance that its assets will be used to the maximum extent. The DoD probably operates the biggest supply business in the world, and insuring the best use of its assets is a monumental task. But much progress has been made.

The record shows that 8 years ago, in fiscal year 1958, the DoD utilized only \$213 million out of \$6.1 billion worth of excess property it generated. Since then, the utilization rate has steadily improved to the point where in fiscal year 1966 we utilized \$1.9 billion out of \$6.4 billion worth of excess property. By the end of fiscal year 1966, our excess stocks had been reduced to \$3.2 billion, an all-time low.

SPECIAL PROGRAM FOR MANAGEMENT OF SHORT-SHELF-LIFE ITEMS

During the past year we have completed actions designed to improve the management and control of short-shelf-life items, a subject of particular interest to this committee. On June 22, 1966, we reached an agreement with the General Services Administration on cross-servicing of shelf-life items. Under the agreement shelf-life items that are potentially excess to DoD components and civil agencies may be transferred without reimbursement. Accordingly, the market is widened and there is greater assurance that items of this type will be consumed before their shelf-life expires.

To implement this agreement, we issued a DoD instruction on November 18, 1966. This instruction is a comprehensive one and covers the many aspects of shelf-life item management, not just the utilization aspect. By November 1, 1967, a date that necessarily coincides with some revisions to our catalog program, we expect to have the new system and its controls installed.

SUPPLY STANDARDIZATION AND INVENTORY ITEM REDUCTION

During the 12-month period ending December 31, 1966, approximately 308,000 additional standardization status codes were recorded in the central Federal catalog system file maintained at the Defense Logistics Services Center. These standardization status codes are assigned to each item of supply after a detailed review of its technical characteristics, application, and functional use has been conducted. The codes indicate whether the item is (1) standard; (2) limited standard; (3) nonstandard. This standardization information receives primary consideration in making future procurement and inventory management decisions.