

In a little more than 5 years since the creation of the Defense Supply Agency the Department of Defense and the General Services Administration, in my estimation, have made good progress toward an efficient and economical Government-wide system for the procurement and supply of personal property and nonpersonal services. Other witnesses have already described in detail accomplishments and certain deficiencies and the various actions which have been taken and are being taken. I believe the subcommittee is aware that the Bureau of the Budget has played a part in getting some of these actions underway and continues to review progress with special interest. I would like to comment briefly on a few of the recent actions in which the Bureau has been particularly interested.

Even though the Nation's military requirements this past year have brought increasing demands on supply operations, the creation of a national supply system has continued to progress. As you have been told by others, plans have been formulated and agreements obtained for the GSA to assume Government-wide support responsibility for 52 Federal supply classes, effective July 1, 1967, and for DSA to assume Government-wide support responsibility for fuel and electronics to be phased in over the next 2 years. Also, DSA will provide civilian agency support for clothing and textiles on a selective basis where savings can be effected without detriment to the military support capability. The Bureau of the Budget is prepared to work with the agencies concerned to effect the transfer of resources as will be necessary to carry out the plan which has received general agreement.

With respect to long supply inventories, steps are being taken by the GSA to bring to civilian agencies a general procedure for using long supply items to meet procurement requirements. This will enable civilian agencies to affect similar savings as that which the DOD has achieved through its facility at Battle Creek, Mich. A fully coordinated system will not develop as rapidly as we had hoped because of different procedures and different degrees of mechanization of supply records among the civilian agencies.

We have also given special attention to the problems of the storage and utilization of short-shelf-life items of supply. We believe the agreement and the actions which GSA and DSA have reported to you will minimize further losses through deterioration of stocks which was mentioned in last year's hearings.

In January of this year I reported to the President the results of further interagency efforts, in which the Bureau has actively participated, to improve the procurement of hospital perishable subsistence. As the agency representatives have detailed in their testimony, the joint efforts of DSA, GSA, PHS, and the VA have resulted in increased cross-servicing of VA and PHS hospitals by the regional Defense Supply Agency subsistence headquarters. A vital step toward even greater cross-servicing is an effort to maximize standardization of perishable items used by the hospital agencies. We are committed to report the results of this latter effort to the President in a progress report in July of this year.

Mr. Chairman, this concludes my prepared statement. I will be glad to deal with such questions as you may have.