

B. The criteria for reporting savings in this area were changed significantly commencing with fiscal year 1967 reporting. In prior years savings were reported to the extent that the gross utilization of long supply and excess inventory in the current year exceeded the gross utilization in the base year. Beginning in fiscal year 1967, savings are reported only when it can be demonstrated that the utilization occurred as a result of a new, improved, or intensified management action taken in the current year. The actual utilization of long supply and excess stocks within the DOD in fiscal year 1967 was over \$1.5 billion. This is approximately the same level of gross utilization achieved in fiscal year 1966.

III. Examples

The following examples are typical of the innovations reported in this area:

A. *Rebuild/retrofit of carburetor- to fuel injection-type engines.*—The Army satisfied a fiscal year 1967 requirement for 700 each S95-5 fuel injection engines by instituting a program involving the rebuild/retrofit of a like number of S95-3 carburetor-type engines which were in an excess status. This action resulted in a saving of \$1,292,611 after deducting the costs of the rebuild/retrofit program and the salvage value which would have been realized from the sale of the excess S95-3 engines. It is estimated that an additional 150 carburetor-type engines will be rebuilt/retrofitted during fiscal year 1968 and during fiscal year 1969, with an additional savings of \$276,897 in each year.

B. *Use of excess axle assemblies.*—After extensive field tests, the Army determined that 1,950 excess axle assemblies used on gasoline trucks could be used, after modification, on multifuel trucks. This action saved \$378,605 in fiscal year 1967 and will save another \$567,906 in fiscal year 1968.

C. *Modification of excess MK-52 mod. O detonating fuses.*—The Navy satisfied a requirement for MK-52 mod. 3 auxiliary detonating fuses (ADF) and saved \$974,842 in fiscal year 1967 by devising a way of modifying excess MK-52 mod. O detonating fuses. Previously, the excess fuses had limited usage as point detonating fuses with projectiles of 8 inches or more.

D. *Replacement of an obsolete powerplant.*—A requirement at Pearl Harbor for replacing an obsolete battery powerplant was satisfied by the Navy through the use of an excess modern diesel generator plant scheduled for disposal from an offshore location of the Naval Mine Defense Laboratory, Panama City, Fla. This action resulted in a net saving of \$884,000 after deduction of the cost of removal, estimated salvage value of the equipment, and the estimated cost of alterations.

E. *Use of Navy surplus aircraft engines.*—The Air Force realized a net saving of \$777,500 through the modification and use of Navy surplus aircraft engines. These engines, originally procured for use on Navy SP-5B aircraft, will support, after modification, the Air Force AT-37 aircraft.

F. *Use of Navy excess fuel tanks.*—The Air Force canceled the procurement of 337 new auxiliary fuel tanks for A-1E aircraft by modifying and using Navy excess MK-VII tanks. This action resulted in a fiscal year 1967 saving of \$306,100 and an estimated saving in fiscal year 1968 of \$465,900.

G. *Use of excess large sizes of Army overcoats.*—The Defense Supply Agency modified 77,802 excess large sizes of CG-107 Army overcoats