

[In millions]

	Fiscal year 1967		Fiscal year 1968, Estimated	Fiscal year 1969, Estimated	Fiscal years 1967-69	
	Goal	Realized			Total	Goal
Army.....						
Navy.....	\$1	\$1			\$1	\$1
Air Force.....	1					1
Total.....	2	1			1	2

B. The total savings for fiscal year 1967 resulted from 11 actions, 10 of which amounted to less than \$100,000 each. The other action produced a saving of \$165,000, and it involved the acquisition by the Navy Underwater Sound Laboratory (USL) of RCA long-range ocean surveillance equipment residual to the terminated "Project Trident" contract. This equipment was refurbished and modified by RCA, under contract to USL, to provide USL with optical beam forming and frequency analyzing equipment.

C. Effective with fiscal year 1968 reporting, this area will be dropped as a separate cost reduction area. Savings resulting from future actions will be reportable in area I.B., Use of Long Supply, Excess and Surplus Inventory.

I.C. VALUE ENGINEERING

I. Scope and objective

Value engineering (VE) is a systematic effort directed at analyzing the functions of Defense systems, equipment, facilities, procedures, methods and supplies to achieve necessary functions at the lowest overall cost, consistent with requirements for performance, reliability, quality and maintainability. All savings to the DOD which result from VE actions taken by DOD personnel and certain VE actions taken by Defense contractors are reportable in this area.

II. Goals and accomplishments

A. A summary of savings already realized and those expected to be realized during fiscal years 1968 and 1969 from actions taken during fiscal year 1967 is as follows:

[In millions]

	Fiscal year 1967		Fiscal year 1968, estimated	Fiscal year 1969, estimated	Fiscal year 1967-69	
	Goal	Realized			Total	Goal
Army.....	\$120	\$78	\$68	\$36	\$182	\$142
Navy.....	69	113	24	14	151	97
Air Force.....	117	134	60	51	245	164
DSA.....	12	14	9	8	31	16
Total.....	300	339	161	109	609	419

B. This area continues to be one of the most fruitful areas in the cost reduction program. Although Army failed to achieve their goal for fiscal year 1967, the total DOD goal was exceeded by more than 10 percent.