within DOD, transferred to other Federal agencies and MAP, or donated to authorized recipients. Value of property sold, scrapped, abandoned or destroyed during fiscal year 1966 was $3.690 billion. Gross proceeds received from sales during fiscal year 1966 were $118.5 million. A return of 6.5 percent of acquisition value was realized for property sold, other than scrap. Disposal expenses for fiscal year 1966 were $80.2 million. Expenses include costs incurred in excess and surplus inventory accountability, utilization screening of DOD excess, handling of excess and surplus property at holding activities, preparation of sales descriptions and displays, demilitarization, reclamation, scrap preparation, lumber and timber operations, and support costs related thereto. (See table following.)

MATERIEL DISPOSAL

[Dollar amounts in millions]

	Fiscal year 1966	Fiscal year 1967
Property processed for disposal	$6,035.0	$5,745.0
Reutilized within Department of Defense, transferred to other Federal agencies or donated	$2,345.0	$2,168.0
Sold, scrapped, abandoned, or destroyed	$3,690.0	$3,577.0
Gross proceeds from sales	$118.5	$101.2
Percent return on sales (excluding scrap)	6.5	5.4
Disposal expenses	$80.2	$72.4

Efforts toward improvement of the management and operation of the DOD disposal program are continuing. Some of the major improvements completed or in process are as follows:

(*a*) When DSA was established, the 34 consolidated surplus sales offices (CSSO's) of the military departments and four regional sales offices became field elements of the Defense Logistics Services Center (DLSC). The CSSO's were redesignated as defense surplus sales offices (DSSO's). On January 29, 1965, the four DLSC regional sales offices were eliminated; and the number of DSSO's has been progressively reduced from the original 34 to 12. Annual recurring savings from these reduction actions are $2.7 million.

(*b*) DSA, in coordination with the military services, has been engaged in a program to eliminate holding activities of DOD wherever practical and economical. As of January 1, 1967, decisions were made to consolidate disposal functions at 79 holding activities. Sixty-five consolidations have been completed with a resultant savings of $2.6 million. Four planned consolidations were canceled due to announced base closure actions (three) and redetermination that consolidation was not practical (one). The remaining 10 consolidations are in process.

(*c*) A program to reduce costs incident to printing and distribution of sales catalogs. This has resulted in savings of $5.9 million through fiscal year 1966.

(*d*) Programs have been developed for conservation or sale of special materials; e.g., silver recovery, special processes for handling copper and copper-base alloy scrap, centralization of certain commodity sales such as jeeps and bearings, and segregation of high-temperature alloy scrap.

(*e*) DSA has developed a proposed program system which will provide meaningful and uniform operational data for managing