

use of computers, and (3) increased standardization and uniformity of operation. Realization of savings was to be achieved by a time-phased reduction in personnel over a 5-year period. Utilizing pre-consolidation workload and manpower as a base, the objective was a reduction of approximately 10 percent in personnel by fiscal year 1968 to reflect a recurring reduction in personnel costs of \$19 million by fiscal year 1969.

In December 1965, the first month of full DCAS nationwide operation, the level of workload had already increased 20 percent above the level prevailing when the savings estimates were made, when, for example, the number of primary and secondary contracts being administered was 138,000. By December 1966, the number was 219,000, an increase of 60 percent. A further increase to 220,000 is expected by June 30, 1967. During the same period the number of invoices completed had changed from an annual rate of 1.07 to 1.71 million, also an increase of 60 percent. By June 30, 1967, the annual rate is expected to reach 1.96 million. Still another example is the dollar value of material inspected and released for shipment, which rose from an annual rate of \$13.729 billion in December 1965 to \$16.672 billion in December 1966, a 20 percent increase. The projected annual rate as of June 30, 1967, is \$17.726 billion. (See table following.)

CONTRACT ADMINISTRATION SERVICES WORKLOAD
[In thousands]

	Fiscal year 1965	Fiscal year 1966	Fiscal year 1967	Fiscal year 1968 estimate
Contracts administered.....	114	195	272	276
Invoices processed.....	825	1,109	1,945	2,311
Contracts requiring production processing.....	84	112	198	229
Value of material inspected and released for shipment.....			\$19,352,000	\$21,781,000

These examples, together with other primary workload indicators, show an overall workload increase ranging from 37 to 63 percent during the past year. To accomplish this increased workload, manpower was increased by 20 percent. These increases are for the most part attributed to the impact of the SEA buildup, added NASA requirements, and the transfer to DCAS of the administration of some contracts previously assigned to the military departments under the DOD plant cognizance program.

The workload increase compared with the work force increase demonstrates a reduction in cost per work unit performed. Accordingly, the original estimate of anticipated savings appears to have been exceeded. However, a more precise computation of savings for comparison with the original estimate is not feasible because of the significant but immeasurable influence of several factors. These include changes that have occurred in the contract administration mission where the net effects on workload and resources are not clearly identifiable; the impact of SEA requirements which, on a postfacto basis, are not fully separable from the otherwise normal workload; and the effects of the learning curve on operation during the first year. These factors notwithstanding, current workload and resource data indicate that the full savings originally anticipated were being realized earlier than scheduled and will continue to recur through fiscal years 1967 and 1968.