

and furnishing new guidance in disposition of inventory and prompt plant clearance, preparation of inventory schedules, reporting for screening, and responsibilities of the plant clearance officer.

(7) Reconciliation of industrial plant equipment records: Recognized the need for purification of the system from an economic and practical viewpoint and arranged for a 2-year program of reconciliation of the records of the national inventory of industrial plant equipment with the property in possession of contractors by an orderly, no-additional cost operation during the contractor's normal inventory taking.

To summarize, the Defense Contract Administration Services mission has been implemented and successfully incorporated into the DSA organization. Contract administration services functions are being performed effectively and efficiently, and with savings in costs over the previous methods. More significant benefits and improved performance are expected to be achieved as the DCAS organization stabilizes and gains additional experience and performance data in operations under the Project 60 concept. Conversion to the current DCAS organization was achieved without any significant adverse impact upon the Government organizations and personnel involved.

DSA ACHIEVEMENTS IN REDUCING COSTS OF OPERATIONS

The Defense Supply Agency has continued support to the military services without interruption or impairment, during major organizational change. This has involved the extension of central control over a group of heterogeneous agencies and the development of uniform policy, standards, and procedures with a view toward providing the military services with better support at less cost.

The President's budget for fiscal year 1963 was based on the expectation that the functions transferred to DSA would be performed at a cost of \$27.7 million less than the budgeted cost of performing the same functions within the military departments. The Congress assessed an additional reduction of \$2.7 million, making a total budget cut of \$30.4 million, related principally to a reduction of 3,329 civilian personnel spaces. Consolidation of the Army and Marine clothing factories produced an additional saving of \$0.9 million, resulting from a reduction of 146 personnel spaces, for a total fiscal year 1963 operating expense saving of \$31.3 million. During fiscal year 1964, this \$31.3 million was augmented by additional savings, realized from reorganization of the distribution system, improved use of automatic data processing equipment, consolidation of the Defense Automotive and Construction Supply Centers, and closing of certain Defense Surplus Sales Offices, for a total of \$39.6 million. Consolidation of the Medical, Subsistence, and Clothing and Textile Supply Centers into the Defense Personnel Support Center resulted in a reduction of 483 civilian and 38 military spaces, with a net saving during fiscal year 1966 of approximately \$4.2 million exclusive of one-time costs. By the end of fiscal year 1966 total savings from reduced cost of operations had reached \$58.3 million.