

primary management of 65 Federal supply classes. Some 51,000 items in these classes have already been transferred and 15,000 additional items will be transferred by July 1, 1968.

Chairman PROXMIRE. What is the dollar volume?

Mr. ABERSFELLER. The dollar value of the inventories transferred is approximately \$80 million. This figure includes the hand tools transferred in 1963 and 1964, as well as those transferred last July.

Chairman PROXMIRE. What is the status of the inventories?

Mr. ABERSFELLER. We have a continuous inventory system. We use a statistical sampling method of taking inventory, which breaks the merchandise in the warehouse into smaller lots, and we inventory on a continuing basis.

Chairman PROXMIRE. Does this mean a 100-percent physical inventory during a period of a specific time, or does it mean that you sample a certain amount, and how big a sample do you take?

Mr. ABERSFELLER. We sample the lots, Mr. Chairman. And if the sample lot is within tolerance, and we are looking for 95-percent accuracy level—if it is within that tolerance, we take no further inventory. If it is outside that tolerance, for that particular lot, there is a total physical inventory.

Chairman PROXMIRE. If your sample shows a 5-percent error or less, you don't take an inventory?

Mr. ABERSFELLER. That is correct.

Chairman PROXMIRE. How did you arrive at this kind of standard? Isn't this pretty free and easy?

Mr. ABERSFELLER. No, sir. That is based on military standard 105, which is a regular recognized statistical sampling method of application for inventories or other things.

Chairman PROXMIRE. OK. Go ahead.

Mr. KNOTT. We are now negotiating with DOD for the transfer of general mobilization reserve inventories and their management for these classes.

This has been under discussion for a long time, and has not been concluded.

Current plans are for DSA to assume Government-wide support on electronic items on July 1, 1968. The object here is to point out this works both ways. It is not all flowing to GSA, and where the Defense Supply Agency is in a better position to handle an item or is the predominate interest agency, we are working toward their taking over the full responsibility.

Initiation of DSA support of civilian requirements for fuel will begin July 1, 1968, and full implementation will be phased to extend over a 16-month period. Here, we were the small procurers of fuel, whereas the Department of Defense is the large procurer.

Joint efforts of representatives of DOD, VA, PHS, and GSA resulted in increasing uniform specifications for hospital feeding items from 300 last year to 500.

In our testimony last May, we reported that DSA only assumed supply support to selected agencies for certain common use medical and subsistence items because of the lack of commonality of items in these groups stocked by GSA and utilized by civilian agencies.

Chairman PROXMIRE. Why not all of them?