

Mr. KNOTT. Well, the principal problem is the lack of commonality, and the problem of DSA taking on items which they do not feel they can afford to get into and handle without detriment to their primary mission, which is military supply support.

Chairman PROXMIRE. How many items are there here? What agencies are there?

Mr. ABERSFELLER. I don't know, Mr. Chairman. We will provide them for the record.

The following subsequently was supplied for the record:

In connection with DOD consideration for DSA support of civilian agencies on medical and non-perishable subsistence items, we understand that 10,800 medical items are centrally managed in DOD by DSA and 3,437 are centrally managed by civilian agencies. Regarding non-perishable subsistence, DSA manages 570 items and the civilian agencies 631.

Chairman PROXMIRE. Do you know what agencies are involved?

Mr. ABERSFELLER. Yes; in the medical and food field, primarily Public Health Service and the Veterans' Administration. There are some other small ones—Federal Prisons is an example. But, the major civilian agency users of medical and subsistence is Public Health Service and the Veterans' Administration.

Chairman PROXMIRE. Proceed.

Mr. KNOTT. As a result, and in an effort to accelerate assumption of these classes of material into the national supply system, we have proposed to officials of the VA that that agency assume civil agency-wide procurement responsibility and that GSA assume the storage and distribution responsibilities for these commodities. The response we have just received from the VA objects to our proposal and suggests as an alternative that the VA be assigned responsibility for both procurement and distribution of medical and subsistence items for the civilian agencies. We will continue to work with officials of the VA to develop an integrated system for implementation by July 1, 1968.

We just received this response yesterday, and, therefore, we have not had an opportunity to discuss with them in more detail the reasons why we feel GSA ought to take on the supply and distribution responsibilities.

Senator PERCY. If they continue to object, who will make a final decision on it?

Mr. KNOTT. The Bureau of the Budget will have to make that judgment in the final analysis and it has been very helpful in the resolution of other controversies of this sort.

BUY AMERICAN ACT

We have recently furnished the Bureau of the Budget procurement and contracting information relating to domestic and foreign procurement for fiscal years 1966, 1967, as well as projections for fiscal year 1968, to assist them in their study regarding the establishment of uniform differentials to be applied to both DOD and civilian agencies.

The information furnished BOB included an analysis of the balance-of-payment savings and budgetary costs of the differential applied by civilian agencies compared to the alternative differential currently applicable to the Department of Defense.