

and the differences in outlook between him and the commodity manager who may have to support more than one commander.

We believe that the general knows more about combat than the auditor, but we also believe that military supply systems can be subjected to the auditor's scrutiny with profit, which means savings, as many reports of the GAO demonstrate by the readiness with which the services accept and attempt to act on their findings. Consequently, we think it is appropriate to start these hearings with a general review by GAO representatives.

We will consider their testimony in conjunction with that of the military departments and Defense agencies, and we will make our own observations and recommendations in due course.

The schedule for the remainder of the week is as follows: Tuesday, Department of the Army; Wednesday, Department of the Navy; Thursday, Department of the Air Force; Friday, Defense Supply Agency.

This morning we will start off with the Associate Director, Supply Management, Mr. J. Kenneth Fasick.

Mr. Fasick, you may proceed.

STATEMENT OF J. KENNETH FASICK, ASSOCIATE DIRECTOR, SUPPLY MANAGEMENT, DEFENSE DIVISION, GENERAL ACCOUNTING OFFICE, WASHINGTON, D.C.; ACCOMPANIED BY JEROME H. STOLAROW, ASSISTANT DIRECTOR; MARVIN COLBS, ASSISTANT DIRECTOR; FELIX E. ASBY, ASSISTANT DIRECTOR; AND JOHN LANDICHO, AUDIT MANAGER

Mr. FASICK. Mr. Chairman, we are pleased to be here today to discuss some of the General Accounting Office's findings and observations relating to the military supply system.

I am accompanied today by Mr. Jerome H. Stolarow, Mr. Marvin Colbs, Mr. Felix E. Asby and Mr. John Landicho.

During the last several years, we have devoted a substantial portion of the resources of our Office to reviews of logistics matters in the Department of Defense. This effort is in recognition of the magnitude of the investment in military supplies and equipment, and of the varied and complex problems faced by the services in managing the system. Operating supplies in the military services' inventories are valued at over \$37 billion; over 4 million items of stock are managed by the individual military services and the Defense Supply Agency; logistics costs, including procurement funds, involve about \$50 billion or 70 percent of the Defense budget; and significant segments of our military forces are at the end of long overseas pipelines. For example:

Over one-third of all DOD military and civilian personnel are located outside the continental United States (CONUS).

Twelve of the 17 active Army divisions were deployed to either Vietnam, Korea, or Europe.

About two-thirds of the Air Force's tactical squadrons, airlift squadrons and bomber wings are in either Europe or the Far East.

It is therefore evident that supporting the military forces is important, costly, and complex.