

GSA was consummated in December 1964, governing supply management relationships. This agreement formalized the national supply system concept and set the stage for a series of significant forward steps taken since that time.

Actions to implement the 1964 agreement took various forms, the first of which was the establishment of a joint Federal Supply Service/Defense Supply Agency Materiel Management Review Committee to review a range of commodities assigned to DSA for integrated DOD management (general, industrial, and construction) to determine whether their management should remain with DOD or transfer to GSA. This review encompassed 152 Federal supply classes of which 99 were selected for continued management by the Defense Supply Agency and 53 designated for transfer to GSA. Provisions were made for the retention by DSA of some 215 military essential items in these classes for their management as well as certain allied management functions comparable to those retained in the paint and hand tool commodities. Concurrently, with the review of the classes just referenced, DSA, in coordination with GSA undertook a "five commodity" study of the fuels, electronics, clothing and textiles, subsistence and medical commodities in consideration of assuming support to all Federal agencies.

Early in 1967, the Defense Supply Agency completed the five commodity study and determined that it would be economical and feasible for DSA to support the Federal Government on the fuels and electronics commodities. Because of lack of item commonality involved in medical and nonperishable subsistence commodities, it was determined that expansion of DSA support would be deferred until standardization was achieved. Clothing and textiles support would be on a case-by-case basis. Agreements have been reached whereby DSA will assume support on packaged fuel products in January 1969, with bulk fuel and coal support to be phased in between July 1, 1968, and November 1969. For the electronics commodity, DSA plans to assume support of common items in November 1968, and agency peculiar items July 1, 1969.

In August 1967, DOD issued a policy memorandum which in effect eliminated the management role of DSA for items and functions involving the paint and hand tool classes previously transferred as well as the 53 classes designated for management by GSA. On July 1, 1968, about 30,000 items in these classes with an inventory value of \$58.8 million were transferred from DSA to GSA. An additional 5,000 items with an inventory value of about \$1.5 million have been transferred directly from the military services to GSA for management under the revised DOD policy previously mentioned. In summary, since 1963, 65 Federal supply classes comprising some 68,000 items with an inventory value of \$116.8 million and a projected annual sales volume to DOD activities of \$180 million have been transferred from DOD to GSA.

There are currently 57 additional Federal supply classes now managed by DSA which are subject to review for primary management assignment either to DSA or GSA. Representative commodities are lumber, air purification equipment, insecticides and rodenticides, books, and pamphlets. Although joint time schedules have not been established, we plan to initiate review actions with DSA during the second quarter of fiscal year 1969.

Early in 1968, a joint DOD/GSA study was conducted on the dual procurement practices which existed for commercial vehicles. Agreement was reached to transfer the DOD coordinated procurement responsibilities from the Department of Army to GSA for commercial passenger-carrying vehicles and trucks up to 10,000 pounds gross vehicle weight, with minor exceptions. This transfer of responsibility, effective July 1, 1968, consolidated the procurement of some 30,000 military vehicle requirements totaling approximately \$65 million with the GSA civil agency procurement of about 42,000 vehicles approximating \$95 million annually.

Included in the various supply management functions previously performed by the Defense Supply Agency in the classes assigned to GSA is the coordinated procurement program. Under this program wholesale quantities of weapon system related items in those classes are procured by the integrated manager for the military depot system. Also in an allied category, GSA has agreed to assume procurement support now provided by DSA for overseas Army and Air Force activities on cataloged items in our 65 Federal supply classes which are decentralized for local procurement or are available from the GSA Federal supply schedules.