DSA OBJECTIVES

When the Secretary of Defense established the Defense Supply Agency, he established two primary objectives for the Agency:

First, to insure effective and timely support of the Military Services in the event of mobilization, war or other national emergency, as well as in peacetime.

Second, to furnish this support at the lowest feasible cost.

The order in which these objectives are stated is not accidental; it reflects the priority which governs all DSA programs. This priority and these objectives also govern the criteria against which DSA's achievements are measured.

DSA made rapid progress in the assumption of assigned functions, as indicated in Figure (7). In January 1962, DSA took over wholesale management of 87,000 items with an inventory value of more than $1.58 billion. By December 1967, the number of items centrally managed (excluding items designated for local purchase) totaled 1.71 million, with a value of over $3.05 billion, and will approximate 1.72 million items by the end of FY 1968. At that time, the inventory value is expected to be about $2.84 billion, and the annual rate of procurement will decrease to $5.1 billion.

FIGURE 7

INDICATORS OF DSA GROWTH

[Dollars in millions]

	End January 1962	End fiscal year 1963	End fiscal year 1964	End fiscal year 1965	End fiscal year 1966	End fiscal year 1967	Dec. 31, 1967	End fiscal year 1968 (plan)
Items centrally managed	87,000	1,029,000	1,328,000	1,369,000	1,335,000	1,538,000	1,710,000	1,729,000
Inventory	$1,588.0	$2,412.0	$2,232.0	$1,977.0	$1,994.0	$2,896.0	$3,055	$2,843
Net investment change	−$39.4	−$261.7	−$161.2	−$50.6	+$1,322.5	+$333.5	----------	−$400
Procurement	-------	$2,670.0	$2,701.0	$3,042.0	$5,740.0	$6,178.0	$2,604	5,103
Personnel	9,500	25,970	31,141	34,128	[1] 53,554	[2] 59,604	[3] 58,649	[4] 57,139

[1] Excludes 3,426 temporary civilian personnel.
[2] Excludes 2,459 temporary civilian personnel.
[3] Excludes 886 temporary civilian personnel.
[4] Current OSD Allocation (June 30, 1968) full-time permanent civilian and military personnel.

During the period 1962–1965, the Defense Stock Fund effected a net investment reduction by issuing stocks in long supply without replacement. The long supply had been generated by capitalizing stock of assigned items from all the Military Services. In FY 1966 and FY 1967, the net investment trend was reversed as the Defense Stock Fund built up the stock position to support the increased demand generated from Southeast Asia. The FY 1968 net investment reduction reflects the improvement in production capability, the leveling off of Southeast Asia demand, and the drawdown of additional stocks recently assigned to the Defense Supply Agency for integrated management.

The increase of personnel, both Headquarters and field, has proceeded in phase with the assumption of management tasks and the increased workload as a result of Vietnam. A reconstruction of DSA personnel changes which have taken place since 1962 as a result of functional additions and deletions are as follows:

End FY 62 to End FY 63: Net Change +16,470. The increase of personnel in both Headquarters and field resulted primarily from manpower adjustment (14,000) to meet requirements for functions transferred to DSA, and from the consolidation of the Army and Marine Clothing factories and transfer to DSA (2,485).

End FY 63 to End FY 64: Net Change +5,171. The increase resulted from DSA assuming indirect support of DDC (530); OSD authorization of an additional 4,572 personnel for the Depot Distribution Plan and 594 for the establishment of the Defense Industrial Plant Equipment Center; and additional personnel needed for long term training and overseas support. Decreases approximating 1,800 personnel resulting from programmed reductions, and reductions in ceilings for post engineering support and Center Engineer Maintenace support.

End FY 64 to End FY 65: Net Change +2,987. An increase of 4,475 personnel required by the activation of three Contract Administration Services Regions was offset by productivity programmed reductions, decrease in distribution systems and cataloging. Merging of the Centers for Medical, Subsistence, and Clothing support resulted in savings of 521 personnel.