

payments to contractors, industrial security and other functions required in connection with industry performance on defense contracts. Responsibility for initial award of contracts and for all decisions with respect to the nature and quantity of items and services to be purchased remains with the military service, DSA and NASA buying offices; DCAS performs those contract administration functions that can best be handled at or in close proximity to the contractor's plant. In addition to retaining responsibility for contract awards, the military services are responsible for the administration of those categories of contracts not included in the mission assignment to DCAS; for example, contracts involving perishable subsistence items, basic research studies, military and civilian construction, repair and overhaul of naval vessels. Military services are also responsible for administration of those contracts in specific plants assigned by DoD under the Plant Cognizance Program.

The Defense Industrial Security Program is unique in the field of contract administration services in that its responsibility includes not only those facilities in which DCAS has contract administration responsibility, but also all facilities where the military departments have retained plant cognizance responsibility. In addition to having responsibility for security administration of all DoD classified contracts, the Defense Industrial Security Program provides the same service for classified contracts awarded by eleven other departments and agencies of the government; namely, the Departments of State, Commerce, Treasury, Agriculture, Interior, Transportation and Health, Education and Welfare, the National Aeronautics and Space Administration, General Services Administration, Small Business Administration and the National Science Foundation.

In the consolidation of the Defense Industrial Security Program, procedures for processing personnel security clearances were centralized from approximately 110 cognizant security offices into the Defense Industrial Security Clearance Office (DISCO). Centralization of the personnel clearance function has resulted in improved management efficiency and the ability to insure greater uniformity in clearance determinations. Moreover, the centralized operation lends itself to future adaptation to automatic data processing.

Responsibility for administering the Contract Compliance Program for the Department of Defense was transferred to the Defense Supply Agency, DCAS, from the Office of the Secretary of Defense on 1 July 1967. Implemented under Executive Order 11246 of 24 September 1965, the Contract Compliance Program is a national one, intended to insure equal treatment to all Americans employed or seeking employment with Government contractors. The program aims to assure that Defense contractors apply equal job opportunity and equal treatment in all phases of employment without regard to race, creed, color, or national origin, and that contractors adopt affirmative action programs to achieve those goals.

In consolidating CAS functions, it was anticipated that savings would accrue from three factors: (1) the merging of offices, (2) the use of computers, and (3) increased standardization and uniformity of operation. Realization of savings was to be achieved by a time-phased reduction in personnel over a five-year period. Utilizing preconsolidation workload and manpower as a base, the objective was a reduction of approximately 10% in personnel by FY 1968 to reflect a recurring reduction in personnel costs of \$19 million by FY 1969.

In December 1965, the first month of full DCAS nation-wide operation, the level of workload had already increased 20% above the level prevailing when the savings estimates were made, when, for example, the number of primary and secondary contracts being administered was 138,000. By the end of FY 1966, the number was 195,000, an increase of 41.3%. A further increase to 272,000 occurred by 30 June 1967, and this number of contracts has remained constant through 31 March 1968. During the same period, the number of invoices completed had changed from an annual rate of .825 million to 1.11 million, an increase of 34.5%. By 30 June 1967, the annual rate reached 1.95 million. As of 31 March 1968, invoices completed numbered 1.53 million. Still another example is the dollar value of material inspected and released for shipment which rose from an annual rate of \$13.729 billion in December 1965 to \$19.352 billion on 30 June 1967, a 41% increase. The projected annual rate as of 30 June 1968 is \$21.78 billion.

To accomplish this increased workload, manpower was increased by 20%. These increases are for the most part attributed to the impact of the SEA build-up, added NASA requirements, and the transfer to DCAS of the administration