

nationwide were evaluated. A new cycle of inspections is now under way with a target date for completion of 1 August 1968.

During FY 1967, approximately 113 miles of pipe, 130 pumps and related items from the OCD inventory of emergency water supply equipment were utilized by 23 States for use in assisting 78 communities. Disasters experienced during this fiscal year were mainly categorized as a continuation of persistent water supply problems in Northeastern United States and the Mississippi River floods in the Spring of 1967.

DSA ACHIEVEMENTS IN REDUCING COSTS OF OPERATIONS

The Defense Supply Agency has continued support to the Military Services without interruption or impairment, during major organizational change. This has involved the extension of central control over a group of heterogeneous agencies and the development of uniform policy, standards, and procedures with a view toward providing the Military Services with better support at less cost.

The President's Budget for FY 1963 was based on the expectation that the functions transferred to DSA would be performed at a cost of \$27.7 million less than the budgeted cost of performing the same functions within the Military Departments. The Congress assessed an additional reduction of \$2.7 million, making a total budget cut of \$30.4 million, related principally to a reduction of 3,329 civilian personnel spaces. Consolidation of the Army and Marine clothing factories produced an additional saving of \$0.9 million, resulting from a reduction of 146 personnel spaces, for a total FY 1963 operating expense saving of \$31.3 million. During FY 1964, this \$31.3 million was augmented by additional savings, realized from reorganization of the distribution system, improved use of automatic data processing equipment, consolidation of the Defense Automotive and Construction Supply Centers, and closing of certain Defense Surplus Sales Offices, for a total of \$39.6 million. Consolidation of the Medical, Subsistence, and Clothing and Textile Supply Centers into the Defense Personnel Support Center resulted in a reduction of 483 civilian and 38 military spaces, with a net saving during FY 1966 of approximately \$4.2 million exclusive of one-time costs. By the end of FY 1966 total savings from reduced cost of operations had reached \$58.3 million. In FY 1967, the consolidation of two subsistence Regional Headquarters further reduced operating costs by \$605,000 and 63 personnel spaces so that the total savings from the above actions is continuing at about \$59 million annually.

SUMMARY

In the six years since its establishment, it has become apparent that DSA has not, and will not, solve all military supply and logistics services problems. Some of these are bound up in the complex relationships of military strategy and national economics and the rapid obsolescence of military materiel caused by the forward sweep of technology. DSA has in this six year period, however, demonstrated that it can support the Military Services effectively and efficiently in the major military commitment in Vietnam. In so doing, the Agency has proven the soundness of the concept of integrated management of common supplies and logistics services in Defense and that it can be made to work in time of war, mobilization, or peace.

