

materials and supplies that we no longer needed. The National Defense Stockpile is a large inventory of strategic and critical materials set aside for a national emergency. The market value of the 1997 stockpile was \$5.3 billion. By using up, selling, or otherwise disposing of this inventory, we are recovering and reducing costs by billions of dollars that can be used for military modernization, operations, and maintenance.

Once proper authority from Congress is received, our goal is to dispose of \$2.2 billion in excess stockpile inventories by the end of the year 2000 without causing undue market disruption. Already, we have lowered the inventory by selling \$1.9 billion worth of excess stockpile items.

We have also reduced the amount of DoD property held by defense contractors. Government tooling or equipment is often loaned to contractors to perform tasks unique to defense work. Since the 1980s, the original value of this property has grown in spite of repeated efforts to curb growth. Our goal to dispose of \$3 billion worth by the end of the year 2000 was achieved one year ahead of schedule when we had disposed of \$4.69 billion worth of equipment. In the future, we will rely on commercial suppliers to

We are realigning our supply inventories to match the current needs of our reduced troop levels.

use their own equipment to reduce the amount of government property held by contractors.

Finally, we are realigning our supply inventories to match the current needs of our reduced troop levels. From a 1989 high valued at \$107 billion, we expect to reduce inventory levels by 48 percent to \$56 billion by 2000 or by \$12 billion since 1996. To reduce our supply inventory further, we are being more selective in what we buy and how we buy it. We are improving equipment reliability, decreasing order and delivery times, and bypassing government warehouses.

Minimizing Weapons Cost Growth

OUR THREE-YEAR GOAL

Minimize cost growth in major defense acquisition programs to no greater than one percent annually.

We are working hard to minimize cost growth in major defense acquisition programs to no greater than one percent annually.

Historically, we have overspent our original budgets for major new weapons. Some of this cost growth was necessary to deal with changes in technology. Schedule slips and inaccurate estimates of the original cost have caused additional cost growth. Our goal is to minimize cost growth during the development and production of major new weapons through greater program stability.

To ensure success in this area, we have taken a number of actions to control cost growth. We monitor major weapons programs on a quarterly basis with a focus on cost growth when making programming and budgeting decisions. We look closely at how much money programs are asking for in the program acquisition process. Finally, we measure our progress and study additional actions to keep cost growth at or below one percent.

DAU EXECUTIVE BOARD MEETING AT THE PENTAGON

Several members of the DAU Executive Board confer at their September 8, 2000 monthly meeting. The Executive Board, which replaced the Defense Acquisition Career Development Council, is the senior policy oversight body for DAU.

From left to right: Dr. Jerry Smith, Chancellor for DoD Education and Professional Development; Dr. Jim Edgar, representing the Army Service Acquisition Executive; Mrs. Donna Richbourg, PADUSD (AR), Chairperson, DAU Executive Board; Ms. Marty Evans, representing the Air Force Service Acquisition Executive; Dr. Diane Disney, Director of Defense Civilian Personnel Policy, representing the Assistant Secretary of Defense for Force Management Policy; Mr. William Hauenstein, representing the Navy Service Acquisition Executive; and Air Force Brigadier General Frank J. Anderson, Jr., DAU Vice President and DSMC Commandant.

