

**Department of Defense
SUPPLY SYSTEM INVENTORY REPORT
September 30, 2000**

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FOREWORD

The **Department of Defense (DoD) Supply System Inventory Report** is an annual publication. It provides summary statistics on the status of DoD supply system inventories. The report summarizes, by dollar value, inventories by DoD Component, retention categories, and funding source.

Commodities in this publication are grouped into two categories for comparison purposes - "Principal Items" and "Secondary Items." Principal items are primarily composed of major systems and weapons, but not complete aircraft, ships, tanks, helicopters, other combat and tactical vehicles, ICBMs, intermediate range ballistic missiles, or space vehicles. Secondary items are defined as consumable and reparable items other than principal items, including parts and assemblies that support principal items, and other consumables, such as food, medical items, and fuel, which do not support principal items.

DoD Regulation 4140.1-R, DoD Materiel Management contains guidance and definitions for this report.

NOTE: Beginning with fiscal year (FY) 1991, inventory was valued under the standard DoD valuation methodology valued at latest acquisition cost. The value for reparable requiring repair was reduced by the cost of repair; and inventory stratified as "Potential Reutilization/Disposal Stock" was valued at net realizable value, i.e., salvage prices (2.2% of latest acquisition cost for FY 1991, 2.3% for FY 1992, 2.04% for FY 1993, 2.0% for FY 1994, 2.5% for FY 1995, 3.2% for FY 1996, 2.7% for FY 1997, 3.4% for FY 1998, 2.9% for FY 1999, and 1.8% for FY 2000).

TABLE 1.0A

DEPARTMENT OF DEFENSE SECONDARY SUPPLY SYSTEM INVENTORIES
(Billions of Dollars)

SECONDARY ITEMS

Fiscal Year a/	Total b/	Approved Acquisition Objective c/	In-Transit d/	Economic Retention	Contingency Retention e/	Potential Reutilization/ Disposal
1973	22.7	15.1	0.9	2.5	1.5	2.7
1974	24.3	15.7	0.9	3.2	1.7	2.8
1975	26.8	17.7	1.1	3.0	2.1	2.9
1976	28.5	18.9	0.7	3.3	2.8	2.8
1977.	30.7	21.7	0.7	2.4	3.5	2.4
1978	32.6	23.3	0.7	2.4	4.0	2.2
1979	36.4	26.1	1.2	2.5	4.0	2.6
1980	43.4	32.3	1.0	2.7	4.9	2.5
1981	48.3	35.6	1.6	2.8	5.3	3.0
1982	54.8	37.7	4.4	3.2	6.5	3.0
1983	60.7	42.2	3.8	4.2	6.4	4.1
1984	70.5	47.7	3.4	5.4	6.9	7.1
1985	92.8	60.6	7.2	6.6	12.8	5.6
1986	88.5	54.5	4.7	7.5	16.3	5.5
1987	94.1	59.3	5.8	7.7	16.2	5.0
1988	103.2	64.1	5.4	9.7	14.3	9.6
1989	109.4	70.0	5.4	11.7	12.2	10.1
1990 f/	101.7	67.2	5.5	13.7	7.3	8.1
1991 g/	88.1	61.0	5.8	13.8	7.3	0.2
1992 g/	80.2	57.5	5.5	12.9	4.0	0.3
1993 g/	77.5	55.4	4.9	13.6	3.2	0.3
1994 g/	73.6	50.9	5.0	13.0	4.5	0.2
1995 g/	69.6	47.0	4.8	11.8	5.7	0.3
1996 g/	68.5	46.0	5.2	11.8	5.0	0.4
1997 g/	64.8	45.6	5.1	10.9	2.8	0.4
1998 g/	61.2	43.1	4.1	11.0	2.5	0.4
1999 g/	64.0	46.1	5.1	9.4	3.0	0.4
2000 g/	62.3	46.2	5.6	7.6	2.6	0.3

a/ See Note on the FOREWORD page.

b/ Figures may not add to totals due to rounding.

c/ Approved Force Retention Stock was deleted as a category effective September 30, 1991.

Data has been consolidated into this category.

d/ This category, formerly titled Unstratified Assets, was renamed effective September 30, 1991.

e/ Numeric Retention Stock was deleted as a category effective September 30, 1991.

Data has been consolidated into this category.

f/ Total includes reductions in inventory value for materiel in need of repair and inventory with decreased market prices.

g/ Total includes reductions in inventory value for materiel in need of repair, and Potential Reutilization/Disposal Stock is reduced to market prices for surplus usable property sold by the Defense Reutilization and Marketing Service. This is calculated under the DoD Comptroller's latest acquisition cost methodology mandated for all DoD annual reports and financial statements.

Table 1.0B
DEPARTMENT OF DEFENSE SECONDARY SUPPLY SYSTEM INVENTORIES
(Millions of Dollars)

	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 95-00
Current Dollars - Using Latest Acquisition Cost Method of Valuation							
Army	\$11,317.025	\$10,774.369	\$10,473.917	\$9,565.629	\$9,410.447	\$9,420.913	(\$1,896.112)
Navy	\$17,549.688	\$18,335.858	\$16,829.550	\$15,589.738	\$17,612.280	\$17,496.032	(\$53.656)
USMC	\$518.257	\$470.346	\$445.661	\$447.456	\$364.621	\$351.387	(\$166.870)
Air Force	\$30,848.562	\$29,343.744	\$27,239.185	\$25,876.407	\$27,106.971	\$25,103.895	(\$5,744.667)
DLA	\$9,413.781	\$9,528.148	\$9,811.716	\$9,674.781	\$9,527.830	\$9,948.482	\$534.701
Total, Current Dollars (Then-Year Dollars)	\$69,647.313	\$68,452.466	\$64,800.029	\$61,154.011	\$64,022.149	\$62,320.709	(\$7,326.604)
Constant FY 1995 Dollars (FY 1998 Deflators) - Using Latest Acquisition Cost Method of Valuation							
Army	\$11,317.025	\$10,557.932	\$10,052.709	\$8,991.943	\$8,663.641	\$8,494.962	(\$2,822.063)
Navy	\$17,549.688	\$17,967.524	\$16,152.750	\$14,654.764	\$16,214.583	\$15,776.404	(\$1,773.284)
USMC	\$518.257	\$460.898	\$427.739	\$420.620	\$335.685	\$316.850	(\$201.407)
Air Force	\$30,848.562	\$28,754.281	\$26,143.761	\$24,324.504	\$24,955.783	\$22,636.515	(\$8,212.047)
DLA	\$9,413.781	\$9,336.745	\$9,417.138	\$9,094.549	\$8,771.709	\$8,970.678	(\$443.103)
Total, Constant FY 1995 Dollars (FY 1998 Deflators)	\$69,647.313	\$67,077.380	\$62,194.096	\$57,486.380	\$58,941.400	\$56,195.409	(\$13,451.904)
Constant FY 1995 Dollars (FY 2001 Deflators) - Using Latest Acquisition Cost Method of Valuation							
Army	\$11,317.025	\$10,583.860	\$10,152.096	\$9,199.489	\$8,965.746	\$8,868.411	(\$2,448.614)
Navy	\$17,549.688	\$18,011.649	\$16,312.445	\$14,993.016	\$16,779.992	\$16,469.954	(\$1,079.734)
USMC	\$518.257	\$462.029	\$431.968	\$430.329	\$347.390	\$330.779	(\$187.478)
Air Force	\$30,848.562	\$28,824.896	\$26,402.234	\$24,885.946	\$25,826.001	\$23,631.644	(\$7,216.918)
DLA	\$9,413.781	\$9,359.674	\$9,510.241	\$9,304.463	\$9,077.582	\$9,365.040	(\$48.741)
Total, Constant FY 1995 Dollars (FY 2001 Deflators)	\$69,647.313	\$67,242.108	\$62,808.984	\$58,813.244	\$60,996.712	\$58,665.828	(\$10,981.485)
Percent Real Growth - Constant Dollars							
Army		-6.5%	-4.1%	-9.4%	-2.5%	-12.6%	-21.6%
Navy		2.6%	-9.4%	-8.1%	11.9%	1.0%	-6.2%
USMC		-10.8%	-6.5%	-0.4%	-19.3%	-23.4%	-36.2%
Air Force		-6.6%	-8.4%	-5.7%	3.8%	-10.5%	-23.4%
DLA		-0.6%	1.6%	-2.2%	-2.4%	-1.5%	-0.5%
Total		-3.5%	-6.6%	-6.4%	3.7%	-6.6%	-15.8%
FY 1998 Deflators with FY 1995 = 1.00	1.0000	1.0205	1.0419	1.0638	1.0862	1.1090	
FY 2001 Deflators with FY 1995 = 1.00	1.0000	1.0180	1.0317	1.0398	1.0496	1.0623	
FY 2001 Deflators (O&M Excl. Pay & Fuel); TOA	0.9272	0.9439	0.9566	0.9641	0.9732	0.9850	
FY 1998 Deflators (O&M Excl. Pay & Fuel); TOA	0.9400	0.9593	0.9794	1.0000	1.0210	1.0425	

Note: Due to the unavailability of FY 2002 deflators, FY 2001 Deflators were used. Hence, the FY 2000 deflator is an estimate from the FY 2001 Green Book.

To improve its management of assets, the Navy moved \$660M of combatant ship aviation reparables and other assets at Marine Air Stations from operating materials & supplies into inventory accounts in FY 1997, \$840M in FY 1998, \$1.2B in FY 1999, and \$1.4B in FY 2000.

TABLE 1.1A
DEPARTMENT OF DEFENSE SUPPLY SYSTEM INVENTORIES
SEPTEMBER 30, 2000 a/

TOTAL SECONDARY ITEMS	Thousands of Dollars							
SECONDARY ITEMS	Approved Acquisition Objective	War Reserve Materiel b/	In-Transit Stock	Economic Retention Stock	Contingency Retention Stock	Potential Security Assistance Stock c/	Potential Reutilization/ Disposal Stock	Total
U.S. Army	5,732,286	1,979,550	2,759,376	499,026	389,531		40,694	9,420,913
U.S. Navy	13,139,978	150,634	2,036,418	1,330,343	921,806	482,704	67,487	17,496,032
U.S. Marine Corps	325,666	109,007	1,100	17,056	5,968		1,596	351,387
U.S. Air Force	20,404,517	3,247,118	198,423	3,276,334	1,083,794	17,536	140,827	25,103,895
Defense Logistics Agency	6,589,634	1,873,462	573,731	2,526,104	233,650		25,363	9,948,482
TOTAL SECONDARY ITEMS	46,192,081	7,359,771	5,569,048	7,648,863	2,634,749	500,240	275,967	62,320,709
Revolving Funds	43,571,676	7,243,416	5,565,212	7,166,872	2,278,042	499,828	247,172	58,828,974
Investment Funds	2,620,405	116,355	3,836	481,991	356,707	412	28,795	3,491,734
TOTAL SECONDARY ITEMS	46,192,081	7,359,771	5,569,048	7,648,863	2,634,749	500,240	275,967	62,320,709

a/ See Note on FOREWORD page.

b/ Memo Entry, included in Approved Acquisition Objective.

c/ Memo Entry, included in Contingency Retention Stock.

TABLE 1.1B

**DEPARTMENT OF DEFENSE SUPPLY SYSTEM INVENTORIES
SEPTEMBER 30, 2000 a/**

TOTAL CONSUMABLE		Thousands of Dollars							
SECONDARY ITEMS	Approved Acquisition Objective	War Reserve Materiel b/	In-Transit Stock	Economic Retention Stock	Contingency Retention Stock	Potential Security Assistance Stock c/	Potential Reutilization/ Disposal Stock	Total	
U.S. Army	1,638,718	1,313,810	397,439	75,740	50,090		4,185	2,166,171	
U.S. Navy	1,495,515	118,680	163,759	121,503	123,821	22,478	9,462	1,914,060	
U.S. Marine Corps	140,529	58,558	1,100	7,087	3,746		537	152,999	
U.S. Air Force	1,290,715	526,890	198,423	187,648	108,019		10,060	1,794,865	
Defense Logistics Agency	6,589,634	1,873,462	573,731	2,526,104	233,650		25,363	9,948,482	
TOTAL SECONDARY ITEMS	11,155,111	3,891,400	1,334,452	2,918,082	519,326	22,478	49,607	15,976,578	
Revolving Funds	11,155,111	3,891,400	1,334,452	2,918,082	519,326	22,478	49,607	15,976,578	
TOTAL SECONDARY ITEMS	11,155,111	3,891,400	1,334,452	2,918,082	519,326	22,478	49,607	15,976,578	

a/ See Note on FOREWORD page.

b/ Memo Entry, included in Approved Acquisition Objective.

c/ Memo Entry, included in Contingency Retention Stock.

TABLE 1.1C

**DEPARTMENT OF DEFENSE SUPPLY SYSTEM INVENTORIES
SEPTEMBER 30, 2000 a/**

TOTAL REPARABLE

Thousands of Dollars

SECONDARY ITEMS	Approved Acquisition Objective	War Reserve Materiel b/	In-Transit Stock	Economic Retention Stock	Contingency Retention Stock	Potential Security Assistance Stock c/	Potential Reutilization/ Disposal Stock	Total
U.S. Army	4,093,568	665,740	2,361,938	423,286	339,441		36,509	7,254,742
U.S. Navy	11,644,463	31,954	1,872,659	1,208,840	797,985	460,226	58,025	15,581,972
U.S. Marine Corps	185,137	50,449		9,969	2,222		1,059	198,387
U.S. Air Force	19,113,802	2,720,228		3,088,686	975,775	17,536	130,767	23,309,030
TOTAL SECONDARY ITEMS	35,036,970	3,468,371	4,234,597	4,730,781	2,115,423	477,762	226,360	46,344,131
Revolving Funds	32,416,565	3,352,017	4,230,761	4,248,790	1,758,716	477,350	197,565	42,852,397
Investment Funds	2,620,405	116,355	3,836	481,991	356,707	412	28,795	3,491,734
TOTAL SECONDARY ITEMS	35,036,970	3,468,371	4,234,597	4,730,781	2,115,423	477,762	226,360	46,344,131

a/ See Note on FOREWORD page.

b/ Memo Entry, included in Approved Acquisition Objective.

c/ Memo Entry, included in Contingency Retention Stock.

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DoD Secondary Item Inventory by Component

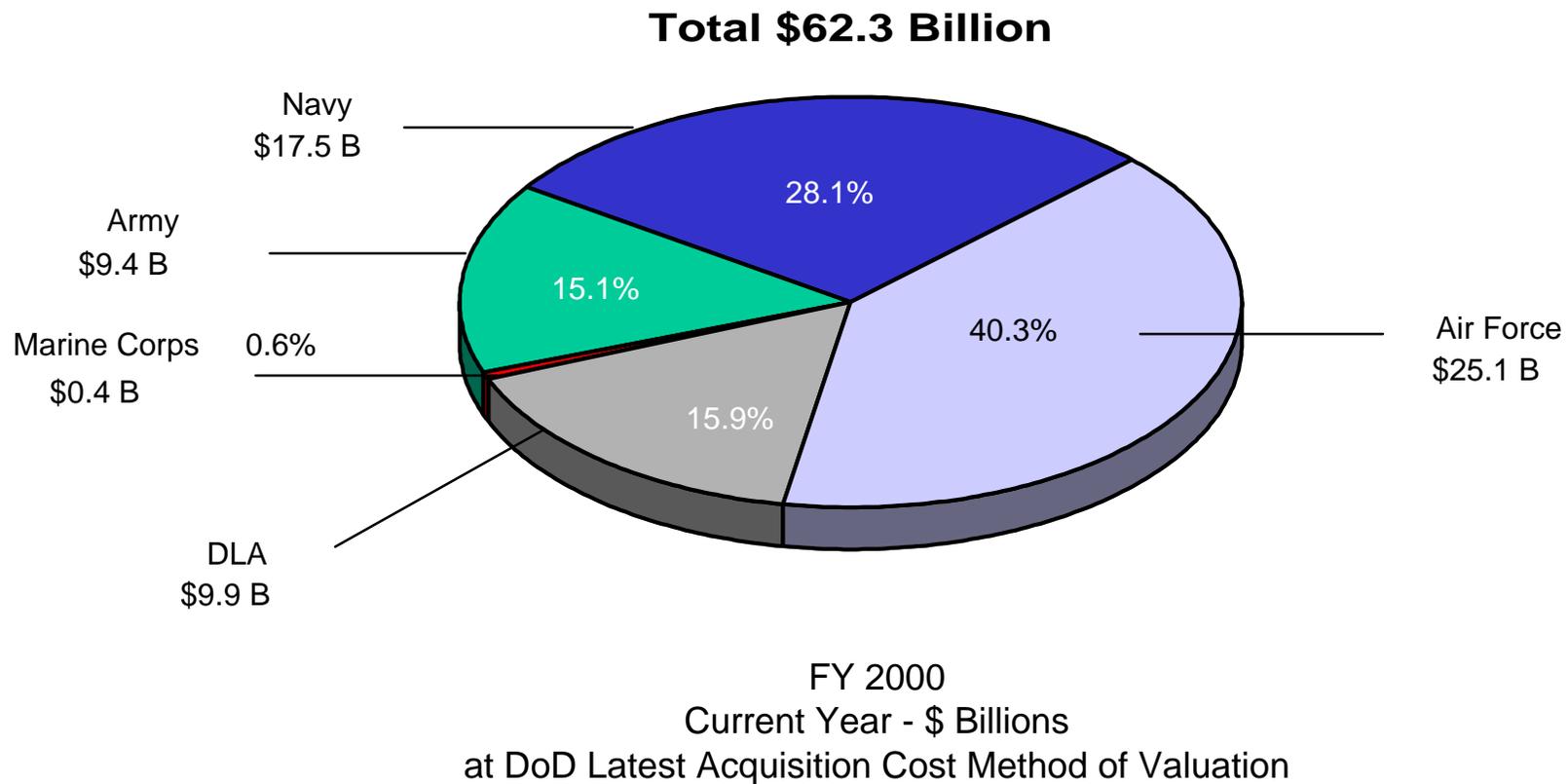


FIGURE 1

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DoD Secondary Inventory Value

Current Year - \$Billions at DoD Latest Acquisition Cost Method of Valuation

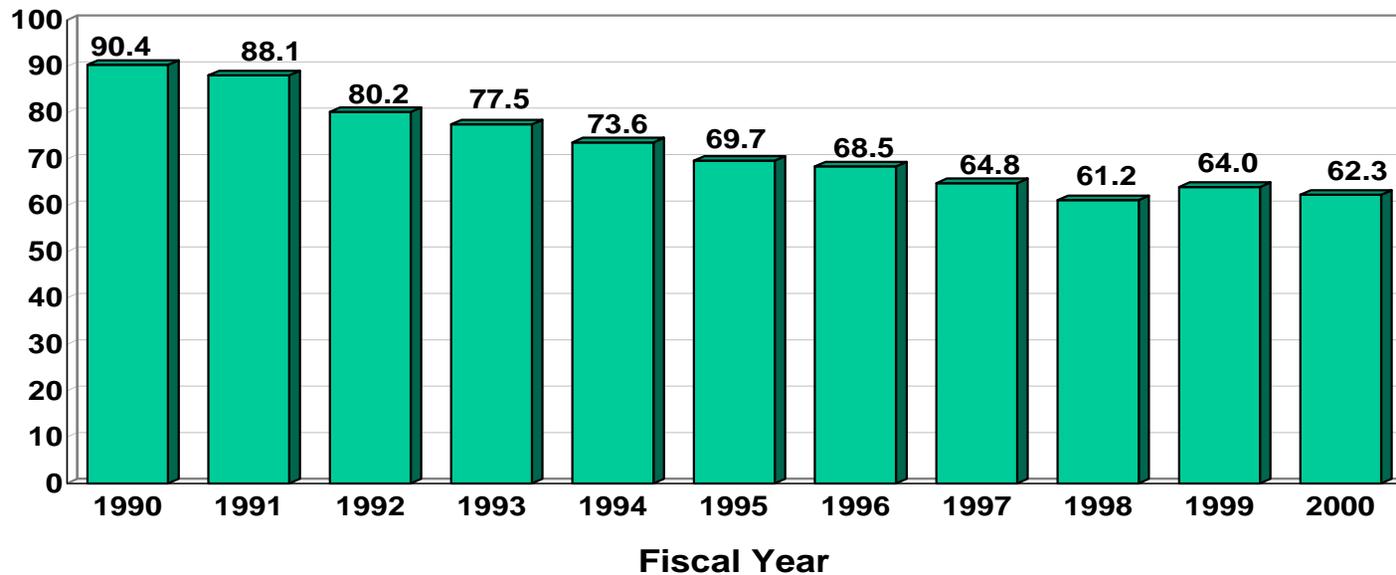
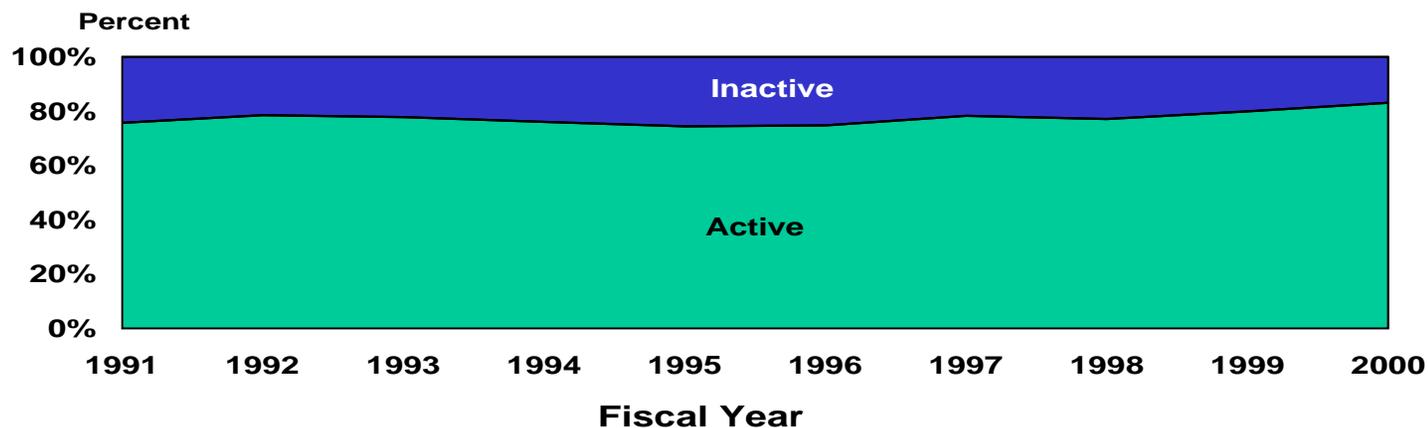


FIGURE 2

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DoD Active Inventory and Inactive Inventory to Total Inventory



Inventory	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Active	66.8	63	60.3	55.9	51.8	51.2	50.7	47.2	51.2	51.7
Inactive	21.3	17.2	17.2	17.7	17.9	17.2	14.1	14	12.8	10.6
Total	88.1	80.2	77.5	73.6	69.7	68.5	64.8	61.2	64.0	62.3

Current Year - \$ Billions at DoD Latest Acquisition Cost Method of Valuation

FIGURE 3

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DoD Secondary Inventory by Item Type

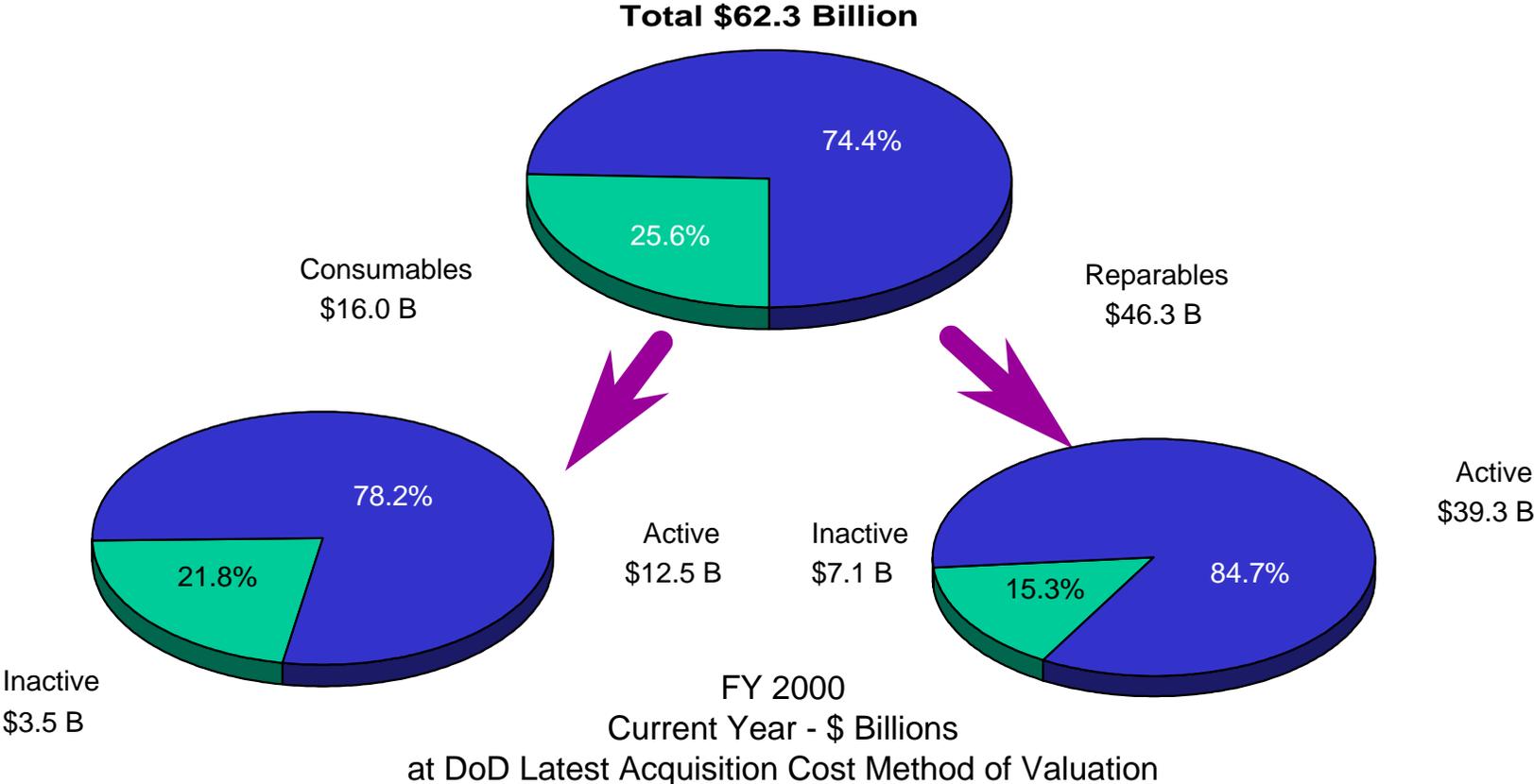


FIGURE 4

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TABLE 1.2A
DEPARTMENT OF DEFENSE SUPPLY SYSTEM INVENTORIES
SEPTEMBER 30, 2000 a/
PRINCIPAL ITEMS

Department of Defense Standard	Thousands of Dollars					
	Army	Navy	Air Force	Marine Corps	DLA	Total
Weapons		92,637	28,729			121,366
Major Aircraft Subsystems and Related Equipment		416	449,233			449,649
Major Ship Subsystems, Small Craft and Related Equipment		973,898				973,898
Munitions and Related Equipment	29,747,764	13,536,549	6,838,152	5,566,951		55,689,416
Missile Systems and Related Equipment	295,094	20,356,186	87,213	357,769		21,096,262
Tank, Combat, and Tactical Vehicle Subsystems				271,474		271,474
Support Vehicles and Railway Equipment			107	299,196		299,303
Electronics, Communications, Control and Information Systems, and Related Equipment	19,766	1,006,480	424,045			1,450,291
Propulsion Systems, Aircraft Engines, and Related Equipment		3,436,089	8,319,367			11,755,456
Uncategorized Major Equipment	99,391	730,703	198,187		22,866	1,051,147
TOTAL PRINCIPAL ITEMS	30,162,015	40,132,958	16,345,033	6,495,390	22,866	93,158,262

* Navy's principal inventory values for ammunition are based on Conventional Ammunition Integrated Management System (CAIMS).

TABLE 1.2B
DEPARTMENT OF DEFENSE PRINCIPAL SUPPLY SYSTEM INVENTORIES
(Billions of Dollars)

PRINCIPAL ITEMS							
Fiscal Year a/	Total b/	Approved Acquisition Objective c/	In-Transit d/	Economic Retention	Contingency Retention e/	Potential Reutilization/ Disposal	
1973	19.4	15.0	0.4	1.5	1.2	1.3	
1974	22.7	17.6	0.4	1.9	1.7	1.1	
1975	29.9	24.5	0.4	2.6	1.5	0.9	
1976	27.5	22.0	0.2	2.8	1.5	1.0	
1977	26.7	20.2	0.2	2.8	2.3	1.2	
1978	26.2	19.9	-0.3	3.1	2.1	1.5	
1979	30.6	24.0	0.3	3.3	1.9	1.1	
1980	31.9	26.2	0.2	2.6	1.6	1.3	
1981	40.0	33.3	0.5	2.3	2.0	1.9	
1982	47.5	39.8	0.9	2.8	2.4	1.6	
1983	53.6	46.0	0.7	2.5	3.0	1.4	
1984	61.9	51.9	1.4	2.8	3.2	2.6	
1985	69.2	57.9	1.4	3.2	3.5	3.2	
1986	74.9	62.3	1.8	3.2	5.0	2.6	
1987	142.9	131.9	1.3	3.7	4.3	1.7	
1988 f/	165.5	139.9	1.3	5.8	15.5	3.0	
1989	180.2	157.6	1.0	5.4	15.0	1.2	
1990	197.4	181.1	3.0	5.0	5.4	2.9	
1991	203.4	190.0	2.2	5.2	5.9	*	
1992 g/ h/	72.0	--	--	--	--	--	
1993	81.1	--	--	--	--	--	
1994	97.7	--	--	--	--	--	
1995	92.6	--	--	--	--	--	
1996	78.4	--	--	--	--	--	
1997	95.2	--	--	--	--	--	
1998	90.4	--	--	--	--	--	
1999	93.1	--	--	--	--	--	
2000	93.2	--	--	--	--	--	

* Less than \$100 million

a/ See Note on FOREWORD page.

b/ Figures may not add to totals due to rounding.

c/ Approved Force Retention Stock was deleted as a category effective September 30, 1991.

Data has been consolidated into this category.

d/ This category, formerly titled Unstratified Assets, was renamed effective September 30, 1991.

e/ Numeric Retention Stock was deleted as a category effective September 30, 1991. Data has

been consolidated into this category.

f/ Army inadvertently omitted munitions & related equipment valued at \$12+ billion dollars. The \$12+ billion dollars are not included.

g/ DoD 4140.1-R, "DoD Materiel Management," dated January 1993, no longer requires principal items to be broken out by retention category, since principal items are not part of the DoD stratification process.

h/ The reduction in value from 1991 to 1992 reflects the removal of whole tanks and helicopters from the principal item value. Prior to 1987, tanks and helicopters in the repair cycle were included in this report. From 1987 to 1991, all tanks and helicopters were included. The policy as of January 1993 is not to include tanks or helicopters, since major weapon systems are reported elsewhere and are not part of the supply system inventory for any Service.

GLOSSARY

Active Inventory: Materiel which is expected to be consumed within the budget year (2 years) and materiel that has been purchased to meet specific war reserve requirements.

Approved Acquisition Objective (AAO). The quantity of an item authorized for peacetime and wartime requirements to equip and sustain U.S. and Allied Forces, in accordance with current DoD policies and plans. This quantity shall be sufficient to support other U.S. Government Agencies, as appropriate.

War Reserve Materiel. Mission essential secondary items; principal and end items computed as part of the acquisition process; and munitions authorized for sustainability planning in Secretary of Defense Planning Guidance. In the SSIR, secondary items classified as War Reserve Materiel are shown as a memo entry subset of the Approved Acquisition Objective.

Intransit Assets. Materiel that is between storage locations, either wholesale or retail or materiel shipped from vendors after acceptance by the government but not yet received by the inventory manager. Intransit assets are not included in the records of wholesale inventory used in the stratification process.

Inactive Inventory: Materiel that is not expected to be consumed within the budget period but is likely to be utilized in future years.

Economic Retention Stock. That portion of the quantity of an item greater than the AAO determined to be more economical to retain for future peacetime issues than to dispose and satisfy projected future requirements through new procurement and/or repair. To warrant economic retention, items must have a reasonably predictable demand rate.

Contingency Retention Stock. That portion of the quantity of an item greater than the AAO and economic retention stock for which there is no predictable demand or quantifiable requirement, and that normally would be allocated as Potential Reutilization/Disposal Stock except for a determination that the quantity will be retained for specific contingencies.

Potential Security Assistance Materiel. Materiel that supports weapon systems phased out, or in the process of being phased out, of use by the Department of Defense but temporarily held for programs authorized by the "Foreign Assistance Act of 1961," as amended (40 USC. 512(a)), and the "Arms Export Control Act of 1976," as amended (DoD 4160.21-M-1), or other related statutes by which Department of Defense provides materiel by grant, credit, or cash sales in furtherance of National policies and objectives. It is a memo entry subset of Contingency Retention Stock.

Potential Reutilization and/or Disposal Materiel: Component materiel identified by an item manager for possible disposal but with potential for reutilization; or (2) materiel that has the potential for being sent by an item manager to the Defense Reutilization and Marketing Service for; (a) possible reutilization by another DoD Component or by a Federal, State, or local government agency; or for disposal through sale to the public.

Excess: Materiel that has completed reutilization screening within the DoD and is not required for the needs and the discharge of responsibilities of any DoD activity.

Secondary Item: An item that is not defined as a principal item and includes repairable components, subsystems, and assemblies, consumable repair parts, bulk items and material, subsistence, and expendable end items, including clothing and other personal gear.

Principal Item: An end item or a replacement assembly of such importance to operational readiness that management techniques require centralized individual item management throughout the supply system to include items stocked at depot level, base level, and using unit level.