

Mr. MAHONEY. We have some figures, Mr. Congressman, but this is a changing figure from month to month. You may realize that the sales price for this equipment declines each month. Also some equipment is offered for sale at accelerated discounts. We calculated a total that we could equate back to the 523 machines that were used here in the example in our March report. We did this to give some feeling for what dollars would be involved if the Government elected to purchase all of these machines.

In that case the total additional outlay for the Government in the fiscal year involved would be something in the order of \$275 million for that equipment, total additional outlay for the Federal Government to acquire those 523 machines.

Mr. STINSON. \$275 million?

Mr. MAHONEY. Additional.

Mr. STINSON. We would have to spend that this year to start the system that we propose?

Mr. MAHONEY. Yes, sir. This figure changes every month because of the age of the equipment.

Mr. STINSON. How much could it fluctuate, would you say, over the year?

Mr. MAHONEY. It varies by contractor. The biggest supplier reduces purchase prices by 10 percent a year, so this is a fraction of a percent a month.

Also with most suppliers, we have lease-purchase options in the contracts that can be used to apply a percentage of rentals to the purchase price. We are building up equity in these particular cases to apply to the original sales price. It varies considerably by equipment models and it takes a good deal of calculating to come up with a precise figure. We did this for this particular set of equipment as of a few months ago, about the time our report went to press.

Mr. STINSON. Our total capital outlay would be \$275 million to start with?

Mr. CAMPBELL. Yes, relative to these 523 machines.

Mr. STINSON. Thank you.

Mr. BROOKS. I might point out that, of course, it is not contemplated that they would try to buy those in one fiscal year. We do not necessarily have that capacity; the industry probably does not have that capacity to replace them all at one time. It would take a little time to phase them in.

GSA and the Comptroller General would make a decision as to whether or not it was more advisable on a given piece of equipment to purchase it or possibly to lease it.

There are some instances in which the Government might have a good lease term and it would be more advantageous to the Government to lease that machine for a short time. You are not going to go out and buy them all. You have to put a pencil to it and make the best choice.

PURCHASE WHEN ADVANTAGEOUS TO GOVERNMENT

Mr. MAHONEY. The basic thought in our report was that we should buy the equipment most advantageous to us at a particular point in time. Some of this equipment pays off very rapidly. In other cases