

requirements in fiscal year 1962. This report recites, as an example, that if 523 of the approximately 1,000 electronic data processing systems installed or planned for installation by the Government on a lease basis by the end of fiscal year 1963 were purchased instead, potential savings would be about \$148 million over a 5-year period and over \$100 million annually thereafter.

With respect to the word "electronic" we suggest that wherever it appears in the bill such word be changed to read "automatic." This change is regarded as desirable to make it absolutely clear that the proposed authority of GSA would extend to complete data processing systems which may include electronic computers as well as such related items as punchcard equipment and tabulating machines which, while as part of the system, may not technically be within the term "electronic."

Further, we recommend elimination of the following language from the bill which appears to have been adopted from section 110 of the Federal Property and Administrative Services Act of 1949 and which has no application to automatic data processing equipment:

Page 3, line 10: "less any liabilities assumed"; page 3, lines 18 and 19: "where appropriate for terminal liability charges."

We construe the authority which would be vested in the Administrator of General Services by the first sentence of the proposed section 111 to "control the purchase, lease, maintenance, and use" of automatic data processing equipment by Federal agencies as broad enough to authorize the exercise of such coordination and control through the issuance of appropriate regulations applicable not only to such equipment owned or leased by and in the possession of Federal agencies but also to use or services of such equipment in the possession of others and obtained by contract or other arrangement. Costs incurred by cost type contractors for acquisition by purchase, lease, contract, or otherwise of automatic data processing equipment or the use thereof required for the performance of such contracts, are costs which are reimbursable by Federal agencies under the terms of such contracts. This constitutes an area of indirect Government utilization of such equipment involving, so we understand, substantial cost to the United States. To remove any question as to whether the proposed authority of the Administrator of General Services to coordinate and control the purchase, lease, maintenance, and use of automatic data processing equipment encompasses such actions by cost type contractors where the expense is passed to the United States through reimbursement, it is recommended that the words "or at the expense of" be inserted in line 8, page 1 of the bill, between the words "by" and "Federal."

The budgetary requirements of the General Services Administration resulting from the enactment of H.R. 5171 would be increased to the extent of appropriations to the revolving fund which the bill would establish for the purchase and lease of automatic data processing equipment and services. Administrative and staff costs would be recovered through rental charges from the Federal agencies using the equipment owned by or leased through the revolving fund. Since 1959, Mr. Chairman, many studies have been made of the use of automatic data processing by the Federal Government and a number of reports have been made on the subject. The recommendations