

Out of the 540 computers installed in Government as of June 1960, only 85 have been purchased. The continuation of the trend toward leasing is evidenced by the fact that for the current fiscal year, only 4 machines are scheduled to be purchased out of the approximately 100 computers scheduled for installation.

In our studies, we have found that in some instances agency regulations favor leasing as a matter of agency policy by considering leasing to be the normal practice and requiring specific cost study justifications for the purchase of equipment. Also, our reviews have disclosed that some agencies have recently concluded studies which support the contention that purchase of certain kinds of equipment is less costly in the long run, particularly where extra shifts of usage of the equipment is involved.

In view of the results of these agency studies, we plan to pursue our review along the lines of attempting to more specifically develop the criteria which should be considered in arriving at lease versus purchase decisions in the agencies. At the present time, since the preponderance of all Government EDP equipment is leased, it is apparent that under existing agency programs, present practices favor leasing rather than outright purchase of equipment. We feel, therefore, at this point in our studies, that agencies should give more favorable consideration to purchasing ADP equipment in those instances where savings can be demonstrated over a period of several years even though large capital outlays would be involved initially. This requirement can be established through Bureau of the Budget regulation, or other executive branch action; and provision could be made for a review of individual agency determinations during the regular budget review cycle, using criteria established by the Bureau of the Budget as an outgrowth of our present study.

This status report has been reviewed with representatives of the Bureau of the Budget and the information discussed herein has their concurrence. We will continue to carry out our studies of this matter and we will keep you advised as further developments occur.

Sincerely yours,

JOSEPH CAMPBELL.

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APPENDIX I-B

COMPTROLLER GENERAL OF THE UNITED STATES,

Washington, November 8, 1961.

B-115386.

HON. JOHN LESINSKI,

*Chairman, Subcommittee on Census and Government Statistics, Committee on Post Office and Civil Service, House of Representatives.*

DEAR MR. CHAIRMAN: In an interim progress report to your committee on the subject of lease versus purchase of automatic data processing equipment in the Federal Government, dated August 26, 1960, we advised you of the status of the study of this matter which we were conducting jointly with the Bureau of the Budget at the request of your committee.

We commented in the report that our studies to that point indicated that agencies should give more favorable consideration to purchasing ADP equipment in instances where savings could be demonstrated over a period of several years even though large capital outlays would be involved initially. We further stated that this requirement could be established through Bureau of the Budget regulations or other executive branch action, and provision could be made for a review of individual agency determinations during the regular budget review cycle, using criteria established by the Bureau of the Budget as an outgrowth of the studies being conducted.

On October 14, 1961, the Bureau of the Budget issued its circular No. A-54 to the heads of executive departments and establishments on policies on selection and acquisition of automatic data processing equipment. A copy of this circular is enclosed for your information and use. This document establishes executive branch policy with regard to not only the question of lease versus purchase of ADP equipment, but also the matter of selection and acquisition of such equipment by the agencies.

We believe that with the release of this circular the initial joint study with the Bureau of the Budget of this matter has been completed. However, our Office plans to carry out additional reviews in individual agencies with respect to the