

utilization of ADP equipment, including the lease versus purchase subject, and we will keep you informed on the results of this work.

Sincerely yours,

JOSEPH CAMPBELL.

APPENDIX I-C

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., October 14, 1961.

Circular No. A-54.

Subject: Policies on selection and acquisition of automatic data processing (ADP) equipment.

To the Heads of Executive Departments and Establishments:

1. *Purpose.*—This Circular prescribes policies on (a) making selections of equipment to be acquired for use in the automatic data processing (ADP) program of the executive branch, and (b) making determinations as to whether the ADP equipment to be acquired will be leased, purchased, or leased with an option to purchase.

2. *Scope.*—The ADP equipment affected by the policies stated herein includes:

(a) Electronic digital computers, irrespective of use, size, capacity, or price;

(b) All peripheral or auxiliary equipment used in support of electronic computers, whether or not cable-connected and whether selected and acquired with the computer or separately;

(c) Punched-card equipment, whether used in conjunction with or independent of an electronic computer; and

(d) Data transmission or communications equipment that is selected and acquired solely or primarily for use with a configuration of ADP equipment which includes an electronic computer.

Analog computers are covered only when computers of this type are being used as equipment peripheral to a digital computer.

Items of ADP equipment that are (a) physically incorporated in a weapon, or (b) manufactured for the Government under a developmental contract, are not affected by the policies stated herein.

3. *Applicability.*—The policies herein apply to ADP equipment acquired by the Government and to that ADP equipment which is acquired and operated by Government contractors solely to process Government data at Government expense (e.g., Government-owned, contractor-operated facilities). These policies do not apply to ADP equipment acquired by universities and similar institutions with financial assistance through grants-in-aid of Government funds.

The policy provisions of this circular become applicable when a determination has been made that the utilization of ADP equipment is essential. It is assumed that such determinations have been preceded by and are based upon the results of well-documented studies which provide an adequate factual basis for concluding (a) that the functions or processes for which the ADP equipment can be used are essential to perform, and (b) that the systems, procedures, and methods to be employed in performing these functions or processes have been designed to achieve the highest practicable degree of effectiveness with optimum efficiency and operational economy. Guidelines for planning and conducting studies preceding a decision to utilize ADP equipment, for the development of system specifications, and for equipment evaluation and selection are contained in Bureau of the Budget Bulletin No. 60-6, "Automatic data processing (ADP) program of the executive branch: Studies preceding the acquisition of ADP equipment," dated March 18, 1960.

4. *Policies on equipment selection.*—The selection of ADP equipment includes the initial selection of ADP equipment, the selection of ADP equipment additional to that on hand, the selection of ADP equipment to replace ADP equipment on hand, the modification of equipment on hand, usually for the purpose of increasing memory capacity, computational capability, or speed of input or output, or combinations of the foregoing. In all these circumstances, the following policies apply:

(a) The selection of ADP equipment will not be made until system specifications are available to serve as a basis for selection. For purposes