

Five bureaus of the Treasury Department own or lease a substantial number of computers and related peripheral equipment. They serve a variety of purposes including accounting for and maintaining the issue and retirement records on savings bonds; collection of revenue; compiling statistics on income; plotting courses for search and rescue; supply, fiscal and personnel management; and issuance, payment, and reconciliation of checks. In each instance, the machine was specifically designed or adapted to the function which it performs. Furthermore, personnel operating the equipment require special training.

The Department has given great emphasis to achieving the most efficient utilization of the equipment and of the trained personnel. In addition to making the fullest use required by Treasury operations, the Department permits other Government agencies to use the equipment in periods when it is not required for Treasury programs. We also handle, on a reimbursable basis, the accounting and reconciliation of the money order system of the Post Office. However, the principal use of, and need for, the equipment remain the responsibility of the Treasury Department. The proposed legislation, by centralizing control of EDP equipment in a single agency, would separate the control of the equipment from the agency having the responsibility for the program for which the equipment was specifically designed. The Treasury Department believes that this would be contrary to good managerial practice and to efficient administration.

As for the centralized maintenance of the equipment, the Department's experience indicates that it would cost more for Treasury to maintain the equipment than it would cost the supplier to furnish maintenance. Centralized maintenance should not, therefore, be undertaken unless it is clearly demonstrated that on a Government-wide basis it would be more economical than present arrangements.

Insofar as the centralized procurement of electronic data-processing equipment is concerned, the proposed legislation would be unnecessary since the General Services Administration already has authority to do this. At the present time, the General Services Administration negotiates terms and conditions of computer contracts with suppliers of equipment, but the prices are set by the supplier and procurement actions are directly between the departments and agencies and the suppliers.

In view of the above, the Treasury Department would be opposed to the enactment of the proposed legislation.

The Department has been advised by the Bureau of the Budget that there is no objection from the standpoint of the administration's program to the submission of this report to your committee.

Sincerely yours,

G. D'ANDELOT BELIN, *General Counsel.*

4. Bureau of the Budget

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., May 27, 1963.

Hon. WILLIAM L. DAWSON,
Chairman, Committee on Government Operations,
House of Representative,
Longworth House Office Building,
Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for a report on H.R. 5171, a bill to authorize the Administrator of the General Services Administration to coordinate and otherwise provide for the economic and efficient purchase, lease, maintenance, operation, and utilization of electronic data-processing equipment by Federal departments and agencies. The following is submitted in response to your request.

We understand that a major purpose of the proposed bill is to correct the lease versus purchase situation described by the Comptroller General in his March 1963 report which he based on agency plans for fiscal year 1963. Agency plans for fiscal year 1964, the first effective year for Bureau of the Budget Circular A-54, differ significantly from those for the prior year. In the civil agencies 64 percent of all new ADP acquisitions will either be purchased or, for better budget timing, will be leased with an option to purchase in fiscal year 1965. Additionally, the civil agencies will purchase 18 presently leased computers in fiscal year 1964. Purchase policies and plans for the military departments currently are being reviewed in the Office of the Secretary of Defense.