

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., July 9, 1967.

Hon. LAWSON B. KNOTT, Jr.,
Administrator, General Services Administration,
Washington, D.C.

DEAR LAWSON: This letter amends the policy guidance for the implementation of Public Law 89-306 that was provided to the General Services Administration by my letter of May 4, 1966. It confirms understandings reached by representatives of the Bureau of the Budget and the General Services Administration on this subject. The purpose of the amendment, which adds a paragraph 4. to section B., is to provide specific guidance for purchase leaseback contractual arrangements for automatic data processing equipment.

"B. Review of the ADP Procurement Process"

* * * * *

"4. GSA will develop and monitor a program for the use of purchase leaseback arrangements with commercial leasing firms if it is determined that such arrangements are in the best interests of the Government. Consideration should be given to such factors as (a) overall costs compared with other methods of procurement, (b) adequacy of maintenance and support services, (c) the availability of equipment modifications, and (d) termination at the Government's option. When the Government chooses to lease installed equipment from a leasing firm instead of from the equipment supplier, it may be necessary for the leasing firm to acquire the installed equipment at commercial purchase prices in order to continue the Government's current right to purchase equipment at prices more favorable than commercial prices. The use of commercial leasing firms should permit Federal agencies to save substantial sums in the cost of leasing that equipment which it does not intend to buy."

Sincerely,

CHARLES L. SCHULTZE, *Director.*

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., December 15, 1966.

Hon. JOHN T. CONNOR,
Secretary of Commerce,
Washington, D.C.

DEAR JACK: Under the terms of Public Law 89-306 (the Brooks bill) the authority vested in the Secretary of Commerce is made subject to "direction by the President and to fiscal and policy control by the Bureau of the Budget" (Section 111(g)). Accordingly, our respective staffs have collaborated in the development of a policy guidance paper for the Department of Commerce (National Bureau of Standards) efforts under the legislation.

The policy guidance paper, which has been agreed to at the staff levels, is enclosed. It has my approval.

It is widely recognized that major hindrances to improving the use of ADP are the absence of: (a) standardization in character sets, input-output media, and interfaces which provide for compatible interchange of information and interoperation of systems and equipment, (b) standardization of computer programming languages, and (c) yardsticks for evaluating software and its effect upon the performance of the computer system. The Department should concentrate on actions which will overcome these deficiencies.

We recognize that as the computer technology evolves and as user interests and needs change, the problems related to effective ADP management will accordingly change. It is therefore necessary that this policy guidance document be subject to continuing review.

The complexities and interrelationships among these problems also require that all actions taken by the Department of Commerce, General Services Administration, and the Bureau of the Budget be closely coordinated and also include full consideration of the viewpoints of the using agencies. The Federal ADP Advisory Council and the Interagency Committee on ADP will serve as principal means for obtaining the views of the using agencies. We are confident that these cooperative efforts will result in an effective action program to achieve improved ADP management.

Sincerely,

PHILLIP S. HUGHES, *Acting Director.*