

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., February 23, 1967.

Charles L. Schultze, Director of the Bureau of the Budget, today issued the first of the semiannual reports on the use and management of electronic computers in the Federal Government. The report was prepared in response to the President's memorandum of June 28, 1966, in which he directed Federal agencies to seek new and better ways for using the Federal Government's computers.

The report highlights areas in which the computer has been used to accomplish work not previously feasible, achieve greater efficiency and reduce operating costs.

The report states that the President's program for managing the Government's large investment in computers has resulted in—

the redistribution within the Government of equipment valued at \$70 million, thereby avoiding expenditures for new equipment;

a saving of \$26 million by using time available on Government computers at locations other than where the requirement existed, rather than acquiring additional equipment; and

avoidance of approximately \$200 million in annual rental costs by the selective purchase of computers, many of which were bought within the past three years and have already been amortized.

The Congress made a significant contribution to the Government's management efforts by enacting P.L. 89-306 in October 1965, legislation sponsored by Congressman Jack Brooks, longtime congressional advocate of an expanded management program. The legislation strengthened the authority of the General Services Administration and the Department of Commerce in the areas of procurement, utilization, standards and research in computer sciences. It also provided for the establishment of an Automatic Data Processing Revolving Fund to facilitate financial arrangements for more economical procurement practices and for the joint utilization of equipment and services. Ten million dollars for the initial capitalization of this fund have been requested in the FY 1968 budget.

The Government uses about 2,600 computers in a wide variety of Government activities, ranging from the tracking of space satellites to the issuance of Social Security check and the processing of supply transactions. Approximately \$1.2 billion is spent annually for the acquisition and operation of these computers, excluding military operational and other classified activities.

Among the examples of computer uses that are cited in the report is the rapid and comprehensive analysis of aircraft accident data, which now permits corrective safety recommendations to be made within weeks instead of months. The computational capability of the computer has also been put to work to improve the national plan for assigning television broadcast channels. The result has been to make 24 additional channels available in areas where they were badly needed.

The report also states that the computer has contributed to greater efficiency and a reduction in operating costs. The recent Census of Agriculture, covering 3 million farms, was completed with a \$2 million dollar saving over the cost of the previous, more limited, Census. Punched card equipment was replaced with computers in one of the military services, thus saving over one million dollars a year with the more efficient operation.

The report concludes:

"This record of accomplishments is impressive and encouraging. But there is much more that can and must be done to—

"Make computer systems more effective;

"Improve further the utilization and methods of procurement;

"Achieve greater compatibility among equipment and systems; and

"Develop appropriate standards of performance.

"To assist all agencies in their management and uses of automatic data processing equipment, the initial phases of a Government-wide information system have been designed and will become operational early in calendar year 1967.

"While significant progress has been made, all agencies will continue to give major attention to achieving the goals set forth in the President's memorandum to all department and agency heads on June 28, 1966."