

Analysis of delinquent taxpayers' accounts and preparation of delinquency notices. These operations are now being handled by the use of computers with a saving of approximately \$600,000. This is a 2 percent reduction in cost over previous methods.

Appraisals of property involving 600,000 mortgage insurance requests each year. As a result of the use of computers, the appraisals are processed faster and a broader base is provided on which to compare property values.

The receipt and issuance of supplies throughout the military establishment have been significantly improved by the introduction of a computer based system. The system now in use replaces 16 different manual or mechanical systems.

Calculation and selection of freight charges on Federal Supply Service outbound shipments are now handled through a computer system. This method has saved over \$3 million in freight charges in the last fiscal year alone.

The replacement of punched card equipment with more efficient computers in one of the military services. This has saved over a \$1 million a year and also achieved desirable standardization of administrative systems.

Improved management of computer activities

To achieve the kinds of results cited above requires substantial investments in computer systems and operations. This makes it mandatory that we manage these large investments in the most efficient and economical manner known.

Public Law 89-306 provides the basic authority for improving our procurement practices and for achieving greater utilization of computers and compatibility among them.

To minimize costs, major emphasis is being given to using existing equipment capacity whenever and wherever possible, using excess equipment instead of acquiring new equipment, and employing more economical procurement methods.

In this connection—

The nationwide sharing program has resulted in extensive joint use of existing computer facilities and services among agencies. The sharing services amounted to \$26 million in fiscal year 1966;

Excess equipments valued at about \$70 million were redistributed among Federal agencies for extended use in fiscal year 1966;

A pilot test of a new concept of leasing has resulted in an annual saving of \$69,000. That amount represents a reduction of about 24 percent in the total rental cost of those equipments included in the test. Accordingly, this method will now be used more extensively;

Rental expenditures estimated at \$200 million per year have been avoided by the prudent purchase of computers;

Improved terms and conditions of use advantageous to the Government have been negotiated with manufacturers under the Federal Supply Schedule. Additionally, negotiations leading to bulk procurement actions have resulted in substantial savings; and

Numerous consolidations of small computer facilities into a lesser number of larger, more powerful facilities have been accomplished with savings in both operating costs and manpower.

The attainment of greater compatibility among equipments and systems continues to be a prime objective. To this end—

The Federal Government is expanding its participation and support of efforts to establish equipment and software standards. Seventeen such standards have been announced so far; and

Work is in progress on a program to establish standards in a broad range of data elements and related codes. This is to facilitate the automated exchange and summation of data within the Government, and with industry and the public.

Summary

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.