applied for several years and does not take into account the current high interest rates. The examination of the two choices leads to the preferred alternative. The Post Office Department also used discount rates in certain reports required by the Congress. For example, Public Law 90–15 requires reports on those leased buildings which exceed 20,000 square feet of gross interior space. A comparison is made between the annual cost of leasing and the annual cost of the proposed facility if it were constructed for Federal ownership. The total cost of the project is developed and then converted to an annual cost by using a 4½-percent rate for the period of time of proposed usage by the Government. Depending upon the project this period of time may be from 15 to 40 years at 4½-percent interest. This annual cost of construction for Federal ownership is then compared against the annual cost of leasing as a basis for choosing the preferred alternative." Then they outline further studies which they are making with the purpose and intent of extending this concept to other parts of the Post Office Department.

I think here again it comes back to the point we were discussing a minute ago and that is the fact that this is still in the process of being extended and employed in different programs with the agencies. But again they are doing it without central policy or guidance.

Senator JORDAN. That part of any agency or Department's budget that relates exclusively to services wouldn't be adapted to the application of this kind of technique, would it?

Mr. STAATS. Well, now, they do indicate that they are taking further steps to try to improve the studies that they have been making. They say, for example, the Department is generating standardized guidelines which will stress the use of discount rates in comparative investment decisions. They further indicate that they are developing a methodology for major facility projects including an illustrative example of alternative life cycle costs and state further that the discounting adjustment is applied to the current dollar estimates to convert the expenditures to a present value basis. This correction enables a uniform comparison of investment outlays even though they are made in different years.

This is indicative of the further studies which they are making with the intent of applying this on a more extensive basis in the Department.

Senator JORDAN. If I may turn now to the Department of the Interior and the various rates that are used there in discounting, will you tell us, Mr. Staats, what is the average maturity rate of Federal long-term obligations now, do you know?

Mr. STAATS. Those held by the Treasury?

Senator JORDAN. Yes.

Mr. STAATS. Already issued?

Senator JORDAN. Yes.

Mr. STAATS. The average has been coming down because of the recent experience that I referred to in my statement. More and more of issues are on a shorter-term basis. We can supply more specific information for the record.

(The following material was subsequently supplied:)

Current information concerning the average time until maturity of Federal long-term obligations can be found in the December 1967 Treasury Bulletin. The following table is taken directly, or is computed from data on page 31 of that issue of the Treasury Bulletin:

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