FY 1969 INVESTMENT IN THE AUTOMATIC DATA PROCESSING PROGRAM WILL SAVE OVER $5.9 MILLION IN FIVE YEARS AFTER INSTALLATION...

Investment in large scale computer and input/output equipment in FY 1969 - $6,860,000
Reduction in operating costs over five years $12,830,000

Savings obtained as follows:

ACTIVITY	Fiscal Year Costs ($000's) 1971	1972	1973	1974	1975
Annual cost of present transportation scheduling, preparing money orders and records for data processing	$2,934	$2,984	$3,469	$3,769	$4,119
Annual recurring costs:					
Maintenance	500	500	500	500	500
Personnel	30	40	90	120	150
Supplies and Services	50	50	50	50	50
Development (programming)	435	320	220	120	120
One-time installation cost	50				
Total costs per year	$1,065	$910	$860	$790	$820
Total reduction per year	1,869	2,074	2,609	2,979	3,299

CHART 6

Mr. COFFMAN. This is particularly true of the larger facilities that are the core of our mail handling capability.

The material also shows, Mr. Chairman, that leasing the buildings is better than not having them at all. Therefore, we have been required to lease a great many buildings in the last 6 or 7 years in order to keep us from falling on our faces because that was the only means by which we could get the facility when we needed it.

Carrier motorization also has an impressive return on investment. This year we propose to invest $24 million and to save $39 million, with a net savings of more than $15 million as a result of this.

Mr. BROOKS. How are you supposed to save money by mechanizing the carriers?

Mr. COFFMAN. Most of the vehicles are to be used on routes that are not now motorized, where the carrier is now walking. He can cover much more territory if we can furnish him a vehicle than if he has to walk.

Perhaps Mr. McMillan would like to comment on this.

Mr. MCMILLAN. Mr. Chairman, on a nationwide basis, motorized routes save $1.13 a day over a foot carrier route. It does not take very long to pay for a vehicle at that rate.

Mr. BROOKS. You save $1.13?

Mr. MCMILLAN. Per day.

Mr. BROOKS. After you motorize the route?

Mr. MCMILLAN. Yes. This includes—this is net, a net savings.

Mr. BROOKS. Well, this is just another example—like leasing and buying buildings.

Mr. MCMILLAN. We have at this time some 86,000 routes that we would like to motorize and we expect to have them all motorized by 1971.

Mr. BROOKS. How many are motorized now?

Mr. MCMILLAN. About 47,000.