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**RELEASED**  
12/10/76

The Honorable Frank Thompson, Jr.  
Chairman, Joint Committee on Printing  
Congress of the United States



Dear Mr. Chairman:

In an August 3, 1976, letter the Chairman of the Joint Committee on Printing asked us to review the General Services Administration's proposal to reduce its Region 3 printing plant workload on a 36-month schedule.

The Chairman pointed out that, as a result of its review of the Region 3 plant's operations, the Joint Committee had requested the Administrator of General Services to reduce the plant workload to a maximum practical level. Although he believed the reduction could be made in 1 year, the Chairman said he would interpose no objection to a maximum time of 18 months.

General Services Administration officials believed that an 18-month reduction would have a disastrous effect on their Working Capital Fund, but that the reduction could be accomplished in an orderly fashion within a 36-month period.

We reviewed the 18-month and 36-month alternatives and their effects on the Region 3 printing operations and determined that there would be no major difference between the two alternatives. General Services Administration officials believed that the cost of termination payments to employees separated from service because of the reduction would seriously affect the Working Capital Fund if the plant reduction took place over 18 months, but that this effect would be lessened if the plant reduction took place over 36 months. Our analysis showed that estimated severance payments and terminal leave payments would be approximately \$81,000 for an 18-month reduction. These termination payments for a 36-month plant reduction would be about \$33,000 since attrition would reduce the number of employees needed to be separated from service. Termination costs of this magnitude would have little effect on the status of the Working Capital Fund, which was funded with \$450,000 and presently has monthly cash balances in excess of \$700,000.

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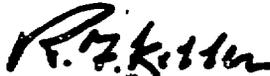
General Services Administration officials also believed that a 36-month reduction was necessary to establish an orderly program for assuring timely delivery of commercially procurable printing sent to the Government Printing Office's Washington Regional Printing Procurement Office. However, according to Printing Office officials, the regional procurement office is obtaining close to 90 percent of its procured printing on schedule and could assume the General Services Administration's workload at any time.

We discussed with General Services Administration officials the results of our analysis of the effect on the Working Capital Fund of the 18-month and 36-month alternatives and they agreed that the Region 3 plant could be reduced on an 18-month schedule. Consequently, the officials said they would submit a letter to the Joint Committee on Printing stating their intention to reduce the Region 3 plant workload to the maximum practical level within 18 months.

As discussed with your office, we also examined the prices charged by the Region 3 printing plant to agencies for printing. The prices charged by all General Services Administration regional printing plants are the same nationwide and are published in a printing and duplicating price schedule. However, Region 3, in addition to the published prices, places a 9-percent surcharge on all printing work done in the plant. This surcharge was instituted to finance the cost of storing and distributing materials, the administrative expenses involved in sending commercially procurable printing to the Government Printing Office, and the cost of delivering supplies from the warehouse in Alexandria, Virginia, to the Region 3 printing plant in Washington, D.C. These types of services are paid from appropriated funds or are charged to customers on an hourly rate at other General Services Administration regional printing plants.

General Services Administration officials said that they are attempting to have the functions presently financed at Region 3 by the 9-percent surcharge paid from appropriated funds. Further, General Services Administration's internal audit staff recently issued a report which recommended that this action be taken.

Sincerely yours,



DEPUTY Comptroller General  
of the United States