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BY THE COMPTROLLER GENERAL

**Report To The Chairman,  
Joint Committee On Printing**

OF THE UNITED STATES

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**Agency Printing Plants--  
Choosing The Least Costly Option**

Printing plants in Federal agencies produced over \$234 million in printing in 1980. In spite of this large volume, management is not in a position to judge whether the current way of doing business is best or whether better alternatives exist.

More controls over agency printing plants are needed to determine (1) if the plants are justified, and at what levels of operation, and (2) the best alternatives available for accomplishing in-house printing needs.



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COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON D.C. 20548

B-202786

The Honorable Charles McC. Mathias  
Chairman, Joint Committee on Printing

Dear Mr. Chairman:

We have completed our review of selected agency printing plants. This review is a followup to our 1974 and 1977 reports 1/ which found that agency printing plants could realize substantial savings and increase productivity by (1) procuring more printing commercially and (2) seeking alternatives to printing work in-house. Some of these alternatives included creating central printing activities within selected geographic regions, or developing quick-copy duplicating centers, or both. These alternatives are still viable, however, we found that better management information is needed before they can be evaluated and the optimal one chosen.

Since 1972, when the commercial procurement program became totally operational, economies have been realized by emphasizing the procurement of commercial printing. However, little has been done to achieve economies by modifying the in-house printing structure. The net effect is that the agency printing structure has remained relatively intact even though:

--The amount of work commercially procured has significantly increased from \$79 million in 1966 to \$427 million in fiscal year 1979.

--The availability of duplicating systems (which reduce printing needs) has escalated.

Most agencies have kept their own printing plants, and in large metropolitan areas, several plants are located close to each other. Washington, D.C., the most densely populated area, has 50 agency printing plants which produce about 2.9 billion production units annually. 2/ The plants had a fiscal year 1979 operating cost of about \$37.6 million.

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1/"Agency Printing and Duplicating Operations Need Management Improvement" (B-114829, Nov. 1, 1974).

"Government Printing Operations Improvement Since 1974" (LCD-77-408, Feb. 22, 1977).

2/A production unit is defined as one sheet of paper, 8-1/2 x 11 inches, one side only, one color.

Recognizing that the emphasis on commercially procured printing would significantly affect agency printing plants, the Joint Committee on Printing, in 1972, started a program to examine the justification of each plant's continued operation at its previous or current level. However, because of the extreme impact that paper shortages had on both in-house and commercial printing, the program was suspended in December 1973.

Additionally, there are few, if any, incentives for agencies to independently analyze what they are printing in-house and whether the work could be printed cheaper by other agency plants or by commercial printers. Therefore, more management attention and control is needed.

#### BACKGROUND

Government printing activities today are voluminous, multifaceted, and widely dispersed. The printing organization has many interrelated components which include the Government Printing Office (GPO), six GPO field printing plants, 14 GPO regional printing procurement offices, and approximately 300 agency printing plants. (See map in app. I.)

In fiscal year 1980 slightly more than half of Government printing (\$475 million) was procured commercially, with the remainder almost equally split between GPO (\$198 million) and the agency printing plants (\$234 million). There are also many agency duplicating and copying operations. Although we have no reliable data on the overall costs of these centers, we do know that they are the fastest expanding portion of the Government reproduction system. An ad hoc advisory committee reported to the Joint Committee in May 1979 that the annual operating costs for duplicating and copying centers are estimated at over \$450 million.

The Joint Committee, which is responsible for overseeing Government printing, sets the regulations and criteria for printing operations. In addition, the Committee monitors the actions of GPO and the various agency printing plants.

#### OBJECTIVES, SCOPE, AND METHODOLOGY

In addition to following up on our prior reports on agency printing and duplicating operations, we attempted to identify those issues management needs to address to ensure that printing is being done economically and efficiently.

We visited three agency printing plants--Department of Commerce, Department of the Interior, and the General Services Administration--in the Washington, D.C., area. We selected these plants primarily because of their size and also because their operating costs reflected both the high and low range of all plants in the Washington, D.C., area. Two of the plants, Commerce and General Services, are relatively large and produced 136.1 and 108.9 million production units, respectively, in fiscal year 1979. Interior, on the other hand, produced only 41.3 million units in fiscal year 1979. The costs per thousand units at Commerce, General Services, and Interior during 1979 as reported were \$12.69, \$11.64, and \$23.09, respectively.

We reviewed available documentation at these plants and interviewed key officials at GPO activities. We also interviewed members of the Joint Committee staff and officials at the printing plants. A draft of this report was provided to the printing plant managers who said they agreed with the report findings and recommendations.

We drew a 10-percent random sample from 1 month's (considered a typical month by plant officials) printing requisitions. The Region 3 Regional Printing Procurement Office analyzed the requisitions to determine whether they were commercially procurable and, if so, at what cost. (See app. II for sample results.)

MORE MANAGEMENT  
ATTENTION NEEDED

It is generally less expensive to acquire printing through a centralized procurement process. The reason: savings can be achieved through economies of scale and specialization. In the past, printing done by commercial sources generally was less costly. Therefore, the Joint Committee directed, as its principle policy, that the commercial procurement of printing be maximized. Thus far, the results have been favorable.

In addition to the economies available through centralized procurement, similar economies may be achieved through alternative structures within the in-house printing system. For example, work which must be printed in-house because it is time sensitive, cannot be performed in the private sector, or is filler work could potentially be completed more economically by consolidating plants, creating an efficient regional central plant, and/or developing duplicating centers.

Although we are not criticizing the policy for maximizing commercial procurement, we are concerned that the policy assumes that commercial procurement is less costly than other printing approaches. This assumption may be valid if the costs of commercial procurement are compared with printing obtained through the existing in-house structure. However, it may not hold true if alternative centralized in-house structures, which achieve similar economies of scale and standardization, are selected.

As discussed below, better management information is needed before alternative approaches can be selected and/or refinements can be made in current policies.

Need for better  
management information

The problem with determining whether printing is being obtained as efficiently and economically as possible is that information, such as the type of printing being done, and the plant, press, and personnel capacities in relation to utilization are loosely monitored. For example:

- The amount of commercially procurable work being done in-house is not known. Our tests showed that it could be as high as 23 percent. (See app. II.) In other words, a substantial amount of procurable work is being done in-house as filler work at higher costs.
- The justifications for keeping work in-house are not recorded. The amount of work done because it is time sensitive or commercially procurable filler work is not on record nor is there any feasible way to reconstruct this information.
- The current utilization of plants, presses, and people versus existing capacities is not known.
- No common criteria exist for work which is time sensitive. Agencies have established turnaround times which determine whether to print in-house or to commercially procure work. However, the times vary from 3 to 9 days and are not based on procurement specialists' guidance as to the types of printing that can be procured within desired time frames.
- Although there is a dramatic variation in reported printing costs at the plants within the Washington, D.C., area, there have been no analyses done to determine why such variations occur. As shown in appendix III, the

cost per thousand production units in fiscal year 1979 as reported for plants in the Washington, D.C., area ranged from \$8.28 to \$64.09. Also, no consistent correlation can be made between the number of units produced and the costs. For example, Interior and the U.S. Postal Service produced about the same number of units, 41.3 and 43.6 million units, respectively. Yet the cost per thousand units as reported was \$23.09 for Interior and \$8.45 for the Postal Service.

Economies through  
alternative approaches

Consolidating plants, creating an efficient regional central plant, and/or developing duplicating centers have been shown to be viable alternatives to the current printing structure and would improve productivity and reduce printing costs.

A regional central plant would provide an excellent opportunity to equip it with modern equipment. Most of the existing plants have older presses and other types of equipment which are not as efficient as the current state-of-the-art equipment. In addition, today's modern duplicating centers possess capabilities equal to that of small printing plants, and therefore, add a new dimension to the printing equation.

The potential for consolidating printing plants or converting them to duplicating centers has been adequately demonstrated. For example, printing plants in San Francisco and New York have been reduced to duplicating centers, and the Air Force, in an independent action, has significantly reduced its printing operations by 300 printing presses and 200 personnel authorizations.

This potential was also demonstrated in a 1979 Defense Audit Service report. <sup>1/</sup> The report found that Defense activities (1) often established printing and duplicating centers without considering the availability of services from nearby Defense components and (2) supported these centers with more equipment and personnel than needed. As a result, of the 66 printing and duplicating activities reviewed, 31 could not be justified at their current operating levels.

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<sup>1/</sup>"Report on the Audit of DOD Printing and Duplicating Operations" (Feb. 7, 1979).

The Audit Service recommended that the Deputy Assistant Secretary of Defense (Administration):

- Systematically review the printing and duplicating centers in areas where there were large concentrations of Defense activities and take actions to consolidate operations where appropriate.
- Identify all Defense printing and duplicating centers and consider these organizations' capabilities before acquiring additional printing and duplicating equipment.

Generally, agencies react to suggestions for plant consolidations with concern over personnel turbulence and uneasiness about another agency's ability to meet their requirements. These are legitimate concerns, but ones which can be addressed and resolved. Consolidations or closing actions, once identified, can be implemented over a period of years in such a way as to minimize, if not eliminate, the need to dismiss employees. Regarding the quality of interagency services, we have analyzed numerous interagency service agreements over the years and have concluded that, once the parochial barriers are broken, the services rendered are as good or better than single agency support.

Need for an effective  
long-range plan

Filling the information void and selecting the best printing alternatives will not be achieved in a short time frame. Therefore, a long-range plan is needed to achieve these goals.

The plan should represent a coordinated effort between the agencies, the Office of Management and Budget, and the Joint Committee. It should provide the framework for developing the necessary management information, examining the printing needs and capabilities on a geographical basis, selecting alternative printing approaches, and modernizing the printing/duplicating production capabilities accordingly. In this manner, economies of scale and specialization through consolidation or the creation of regional printing plants can be achieved with a minimal disruption of personnel.

RECOMMENDATIONS

We recommend that you require Federal agencies to review the need for their printing plants and to rejustify the plants' continued existence at current operating levels. The agencies should also certify that they have considered other options, such as interagency support, and that they have selected the least costly viable option. In support of these actions, we suggest that your Committee work with the agencies to establish better criteria for identifying commercially procurable work.

In addition, we recommend that the Committee develop, along with the agencies and the Office of Management and Budget, a long-range plan for (1) examining printing needs and capabilities on a geographical basis and (2) selecting those alternatives that would ensure effective service at a reasonable cost.

JOINT COMMITTEE STAFF COMMENTS

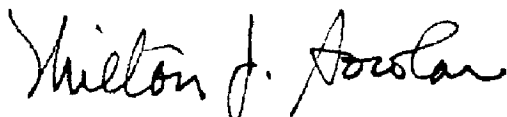
We provided a draft of this report to the staff of the Joint Committee on Printing. They agreed with the report findings and recommendations.

The staff said that it has some ongoing actions which address, in part, our recommendation dealing with justifying agency printing plants. Ongoing actions mentioned included inspection tours of individual plants and regional meetings designed as open forums on all aspects of printing and distribution. We are aware of these actions and believe that they are beneficial in determining how individual plants are being operated. However, more emphasis needs to be placed on the potential for economies through alternative printing approaches, such as interagency support or a centralized regional plant.

In addition, the staff is revising the printing and binding regulations. This would appear to be a good opportunity to ensure that the Committee, in the future, receives the management data necessary to develop and support a long-range plan.

We are sending copies of this report to the Director, Office of Management and Budget.

Sincerely yours,

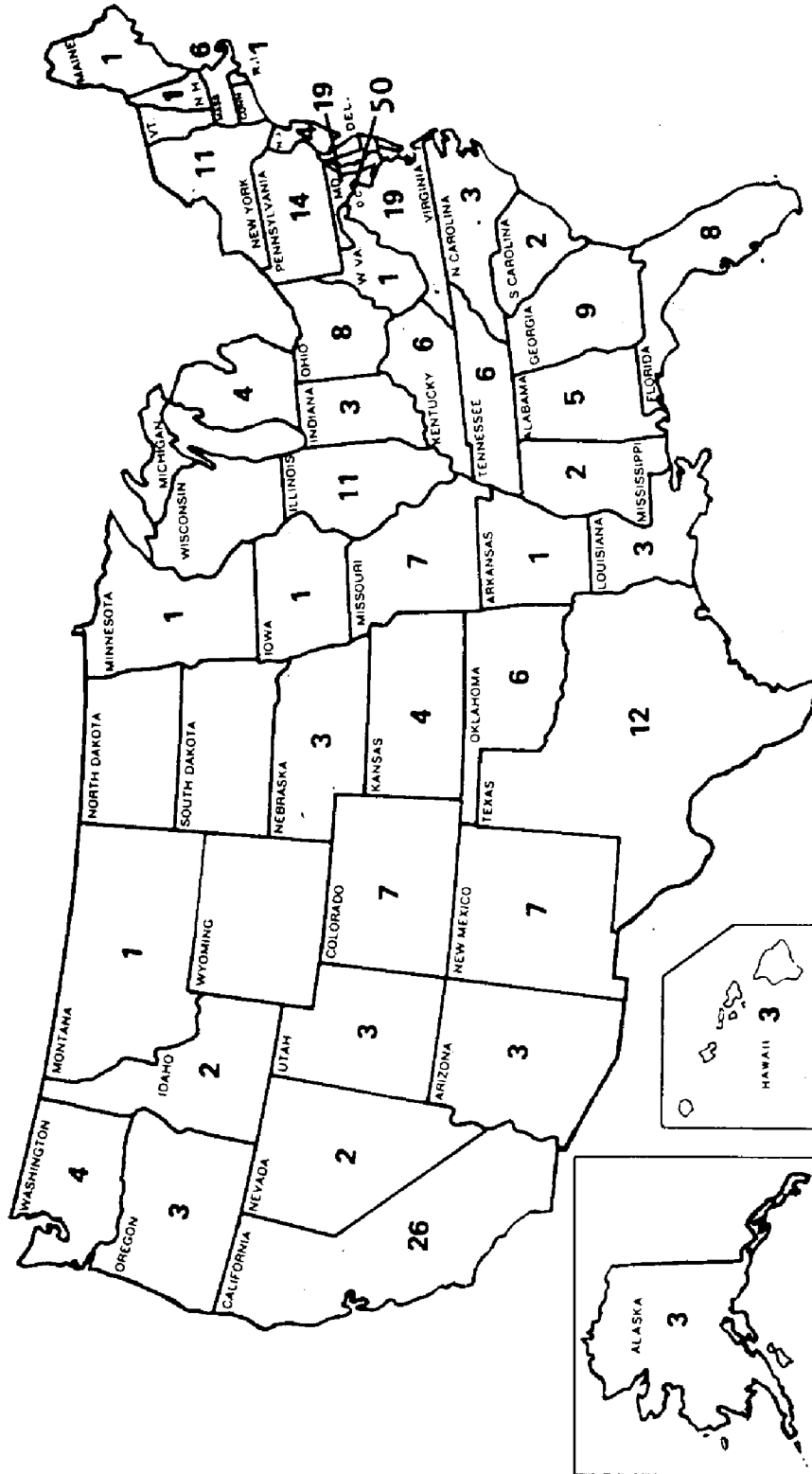


Acting Comptroller General  
of the United States



NUMBER AND LOCATION OF AGENCY PRINTING

PLANTS IN THE UNITED STATES



RESULTS OF OUR SAMPLETO ISOLATE PROCURABLE FILLER WORK

Agencies are allowed to keep some commercially procurable printing in-house. However, there is no system to show how much of this work is kept in-house nor the reasons why.

To determine the potential for increasing commercial procurements, we drew a 10-percent random sample from jobs done in-house by the agencies included in our review during a 1-month period. We then had the Region 3 Printing Procurement Office examine the jobs to determine whether they could have been commercially procured within the time frame requested by the customers. We also asked the Office to develop cost and savings information.

The results were as follows:

<u>Agency</u>	<u>Commercially procurable jobs done in-house</u>  (percent)	<u>Potential cost savings-- commercial vs. in-house</u> <u>(note a)</u>
Department of Commerce	23	\$35,641
Department of the Interior	19	21,240
General Services Administration	17	21,657

a/Cost savings are for 1 month only.

As the table shows, a substantial amount of work can still be procured commercially within the customer's desired time frames.

## APPENDIX III

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<u>Agency</u>	<u>Cost per thou- sand units</u>	<u>Total production units</u>  (millions)
Federal Energy Regulatory Commission	\$19.76	105.1
Federal Trade Commission	16.65	23.9
General Accounting Office	13.18	56.1
General Services Administration	11.64	108.9
Government Printing Office: Field plant only	8.81	496.3
Department of Health and Human Services:		
Bethesda, Md.	15.59	106.8
Rockville, Md.	10.79	52.9
Washington, D.C.	11.66	84.4
Department of Housing and Urban Development	15.49	39.2
Department of the Interior	23.09	41.3
Interstate Commerce Commission	10.61	73.4
Department of Justice	19.67	115.4
Department of Labor	20.55	44.0
Library of Congress	14.37	50.0
National Aeronautics and Space Administration:		
Greenbelt, Md.	26.46	15.6
Washington, D.C.	19.80	8.8
National Labor Relations Board	9.64	53.1
Navy:		
Bellevue, D.C.	64.09	5.1
Quantico, Va.	9.17	71.7
Suitland, Md.	24.46	4.9
Washington, D.C.	12.68	237.7
Nuclear Regulatory Commission	13.00	13.3
Securities and Exchange Commission	17.00	13.3

<u>Agency</u>	<u>Cost per thou- sand units</u>	Total production <u>unit</u>  (millions)
Small Business Administration	\$13.41	12.6
Department of State	10.35	145.0
Department of the Treasury:		
Washington, D.C.	16.63	57.7
U.S. Customs Service	13.94	8.1
Internal Revenue Service	18.66	24.5
U.S. Information Agency	14.31	24.2
U.S. International Trade Commission	11.04	15.2
U.S. Postal Service	8.45	43.6
Veterans Administration	12.68	89.4
Federal Election Commission	20.22	4.1